



BEING THE
BEST...



Cover Illustration

'Being the best...' is always an endeavour and never an accomplishment. If you think you have reached the top, look at the stars and you will realise everything that can be accomplished, has not yet been.

INSIDE THIS REPORT

An Overview

02 Best Equity Broker | **04** Financial Highlights | **06** Chairman's Message |

About IIFL

08 Innovative. Reflective. Humane. | **10** Corporate Identity | **14** Research Capabilities |
15 Trader Terminal | **16** Global Investor's Conference | **18** Financial Literacy Campaign |
20 Corporate Social Responsibility |

Business Discussion

22 Major Highlights 2010-11 | **23** Business Divisions |

Statutory Reports

34 Directors' Report | **42** Management's Discussion & Analysis | **50** Corporate Governance Report |

Financial Statements

63 Standalone Financial Statements | **96** Consolidated Financial Statements |

'Being the best..' is the motto of every individual at Team IIFL. Although it is a never ending journey, pursuit of making yourself better at what you do every day is never tiring either. The harder we work to excel, the better and more energized we feel. The journey itself is more rewarding than the ultimate outcome. Then there are these milestones like two prestigious awards for 'Being the best' in the year 2011 itself, which reinforce our commitment to continue the journey with double the vigor.

The key to our success is how efforts of all the team members are integrated towards organizational goal and vision. That's where our unique culture of 'owner mindset' makes all the difference. This is a company where owners work and workers own. Everybody works towards making his or her company the best in delivering value to the customer, making it a better place for fellow owner-worker, produce superior financial returns and earn respect from the society at large. This effort is towards achieving the collective vision of 'Being the Most Respected Company' in financial services space.

In the year 2011 itself, we have received two reputed awards for being the Best Broker in India.

'Best Equity Broker of the Year' – Bloomberg UTV, 2011

IIFL was awarded the 'Best Equity Broker of the Year' at the recently held Bloomberg UTV Financial Leadership Awards, 2011. The award was presented by the Hon'ble Finance Minister of India, Shri Pranab Mukherjee. The Bloomberg UTV Financial Leadership Awards acknowledge the extraordinary contribution of India's financial leaders and visionaries from January 2010 to January 2011.



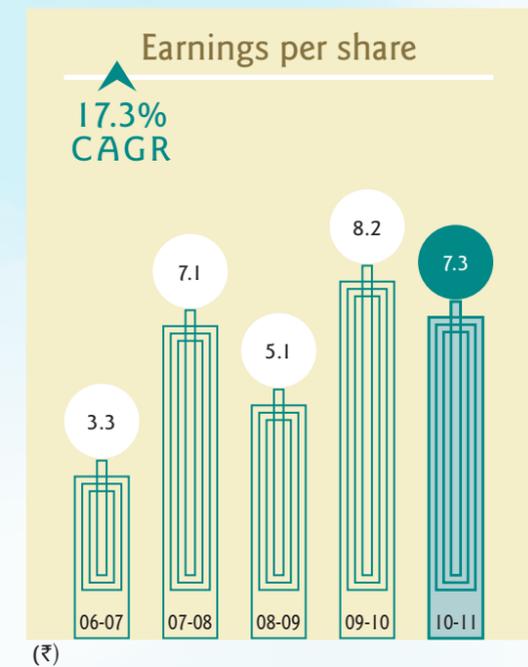
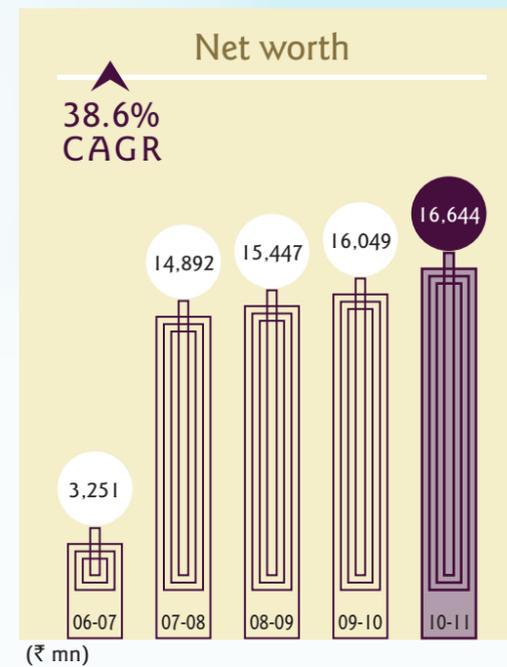
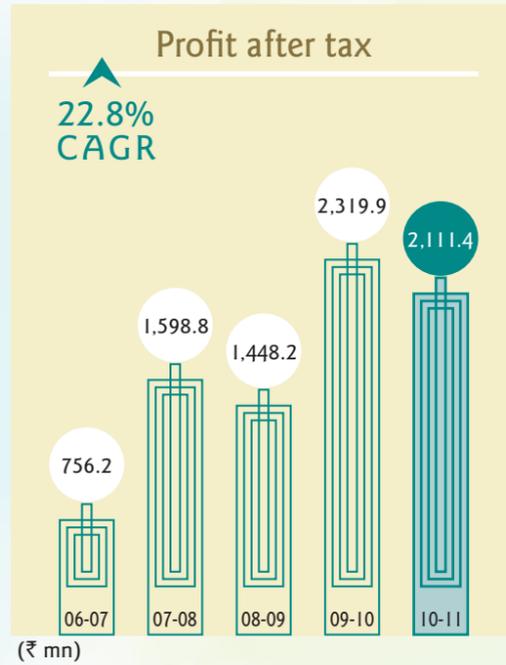
'Best Broker in India' – Finance Asia, 2011

IIFL has been awarded the 'Best Broker in India' by Finance Asia. The award is the result of Finance Asia's annual quest for the best financial services firms across Asia, which culminated in the Country Awards 2011.

Other recent awards

- ☒ Recognised as the 'Fastest Growing Equity Broking House - Large firms' by Dun & Bradstreet, 2009
- ☒ Rated amongst the top 3 for 'Best Brokerage' in India by AsiaMoney, 2009
- ☒ Awarded the Best Market Analyst, 2009 in the 'Oil & Gas' and 'Commodities' sectors at Zee Business
- ☒ Won the 'Most improved brokerage, India' award in the AsiaMoney polls, 2008
- ☒ Awarded 'Best Broker in India' at the Finance Asia Country Awards, 2008







'Being the Best' is a journey and not a destination. History is replete with examples of how quickly the pecking order can change in almost all human endeavours. Somebody has aptly put 'Many of us who are fallen today will be in high esteem tomorrow and many of us who are in high esteem today will be fallen tomorrow'. How else would it have been possible for your Company with barely a decade's history in broking to be adjudged as the 'Best Equity Broker' by likes of Bloomberg UTV and Finance Asia. These awards, however, place an enormous responsibility on the IIFL team to live up to the expectations of customers, employees, shareholders and society in general. There will be occasions when competition outsmarts us. The question arises can your Company remain the best and ahead of others in the decades to come and if yes, how?

Taking examples from large MNCs, we have likes of Procter & Gamble who have remained amongst the best for several decades. There are likes of Apples, who lost the honor but regained it with a vengeance and then there are General Motors, who could not climb the ladder to pinnacle ever again. The successful companies are inspiration for us but not models for blind emulation. This is because we operate in different times, different sectors and a different world in terms of technology, consumer and employee behavior and regulatory regime.

Our vision is to be the 'Most Respected Financial Services Company' in India. We can remain true to our vision by being the best and not necessarily the biggest or the fastest. Many-a-time, expectations of employees, customers, shareholders and society seem conflicting, but a deeper insight reveals that they complement one another and in fact, can be achieved only together. For instance, a corporate that does not make itself the best place for employees, will not for too long deliver the best products to customers or best returns to shareholders. Our endeavour is to put in place a robust system with appropriate building blocks glued together by values and culture that will last generations.

With focus on financial services, we endeavour to excel in four key areas, which can be summarised as our 'STAR' edge comprising Service, Technology, Advice and Reach.

We are a **service-oriented** organization. For our people with 'owner mindset', service comes from the heart and not from manuals or training alone. Traditionally 'service' has been understood to fix an issue or information gap and encompass activities like quick resolution of queries, making available information asked for and fixing a quality issue, among others. We endeavour to redefine 'service' by not only being proactive, but also being educative and incessantly striving to enhance and enrich customer experience. For instance, our thematic research which does not have buy or sell recommendations, proactive calls by our customer care cell, 'ask analyst' for online response on any query about a stock or an investment, providing dedicated equity advisors, portfolio analysis, and so on.

Technology is the backbone of our business. Our entire technology, right from the front office i.e. customer trading interface to mid-office which is the risk management and back office that takes care of accounting, contracts and statements, are all proprietary technology.

Our vision is to be the 'Most Respected Financial Services Company' in India. We can remain true to our vision by being the best and not necessarily the biggest or the fastest. Many-a-time, expectations of employees, customers, shareholders and society seem conflicting, but a deeper insight reveals that they complement one another and in fact, can be achieved only together.

Most of our Trader Terminal users can settle for nothing else. Its power works like magic from streaming quotes, instant order confirmation to charts, technical analysis, research and online ledger and bills. Our software has handled over a million trades in a day, i.e. 50 trades per second. As a strategy, we continue to invest in core technology and applications and have outsourced infrastructure and maintenance. We believe that technology is not a product that you buy one time, plug and play, but requires continuous investments to upgrade with changes in business and environment on one hand and progress in technology globally on the other.

Our key service offering is financial **advice**. As an intermediary in the financial services industry, customers pay us for advising them and executing their transactions. With technology, the relative value of execution will decline continuously and therefore advice will make all the difference. Historically, the broking industry built its business model around efficient execution. The radical changes in technology have automated execution considerably and commoditised it. Increasingly, the client will not need any other human intervention given advances in internet and mobile technologies. Interestingly, as a Company, we were founded on an advisory platform and built an execution platform later. We do not want to be complacent with the accolades that we receive for our research. We continue to invest in quality people, training and building the knowledge base to ensure that our advisory skills are second to none.

To be competitive, you have to **reach** out to the customer wherever he or she is. We are present in 3,000 business locations in over 500 towns and cities in India. We also have regulated subsidiaries in six different countries. This makes our reach amongst the widest in financial services companies other than banks. Besides, we reach our customers through internet, mobile and call centers.

None of the above or even all of the above do not guarantee that we can achieve and retain our supremacy forever. The above success drivers will keep changing and will also vary based on the perception and strategy of the incumbent management team. The key to be the best in your Company's business is simple- to have the best people work for you. It is also important that people fit into the culture and are aligned to the organization. Our culture is to attract smart people who are humble and hard working and give them a trusting and empowering environment. They may make mistakes but they have the humility to change and correct themselves. They quickly adapt to the changing business environment and continuously learn from the competition as well. They also hire similar people to work for them. This is our mantra in the journey of being the best.

Nirmal Jain
Chairman

CUSTOMERS

We put ourselves in the shoes of our customers and enhance their experience with innovative products and proactive services. We believe, the more closely we see our business from the customer's point of view, the more likely we are to meet their evolving needs. We try to provide best value with superior products and reasonable pricing.



EMPLOYEES

In an ever changing world, there is one constant that can make or break an organisation – its people. We try to provide our people a conducive environment with autonomy to think laterally, question conventions and elevate organisational performance. The result is a deeply fulfilling work experience. IIFL also promotes a culture of fair compensation and ownership with wealth through ESOPs. We provide an enabling environment for continuous skill development through training and varied responsibilities. We reflect on how we can empower our people and expand their horizons.



SHAREHOLDERS

We try to stay ahead of competition and provide superior returns on equity by virtue of sustained growth. Our business model is adequately de-risked owing to adequate exposure across multiple asset classes and an extensive knowledge repository.



SOCIETY

IIFL is a responsible financial services player contributing substantially to national development and wealth creation. The IIFL Foundation will further extend its CSR initiatives to reach a wider cross-section of people. We believe in highest standards of corporate governance and fool proof compliance to all the regulations. A combination of superior products and services, along with a deeply humane approach has strengthened our brand nationally and internationally.

What it takes to become a frontrunner in financial services

VISION

To become the Most Respected Company in the financial services space in India.

VALUES

Team IIFL adheres to a set of values that can be summarised as GIFTS namely Growth, Integrity, Fairness, Transparency and Service.

GROWTH

We are driven to grow faster than the rest of the industry and encourage calculated risks and empowerment at all levels.

TRANSPARENCY

We believe in as much transparency as practically possible, with our stakeholders, media and public at large.

INTEGRITY

We ensure utmost honesty and integrity, in letter and in spirit, in all our dealings with people – internal or external.

SERVICE

We are a service organisation, committed to delight our customers with superior advice and service, delivered with humility and sincerity.

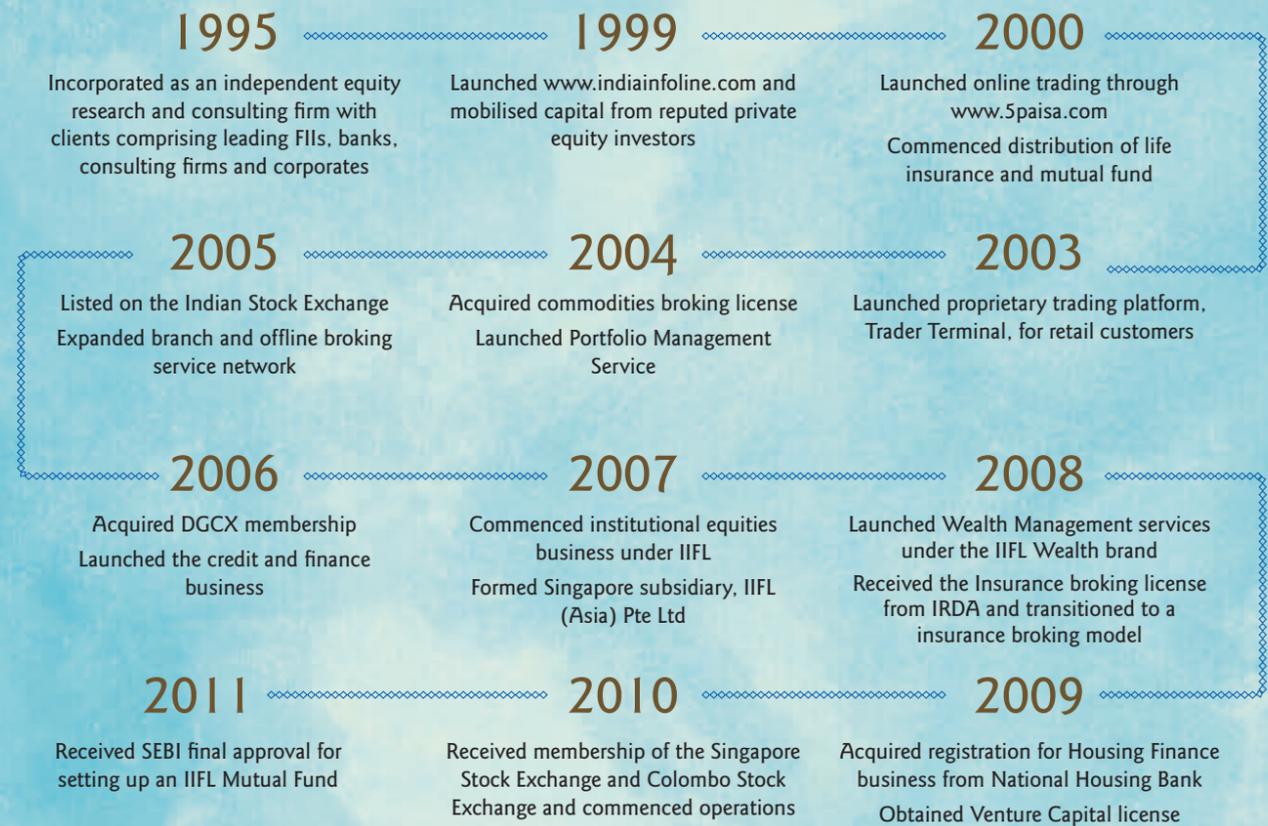
FAIRNESS

We believe in fair dealings, devoid of any fear or favour, with all stakeholders including employees, customers and vendors.

COMPREHENSIVE PORTFOLIO

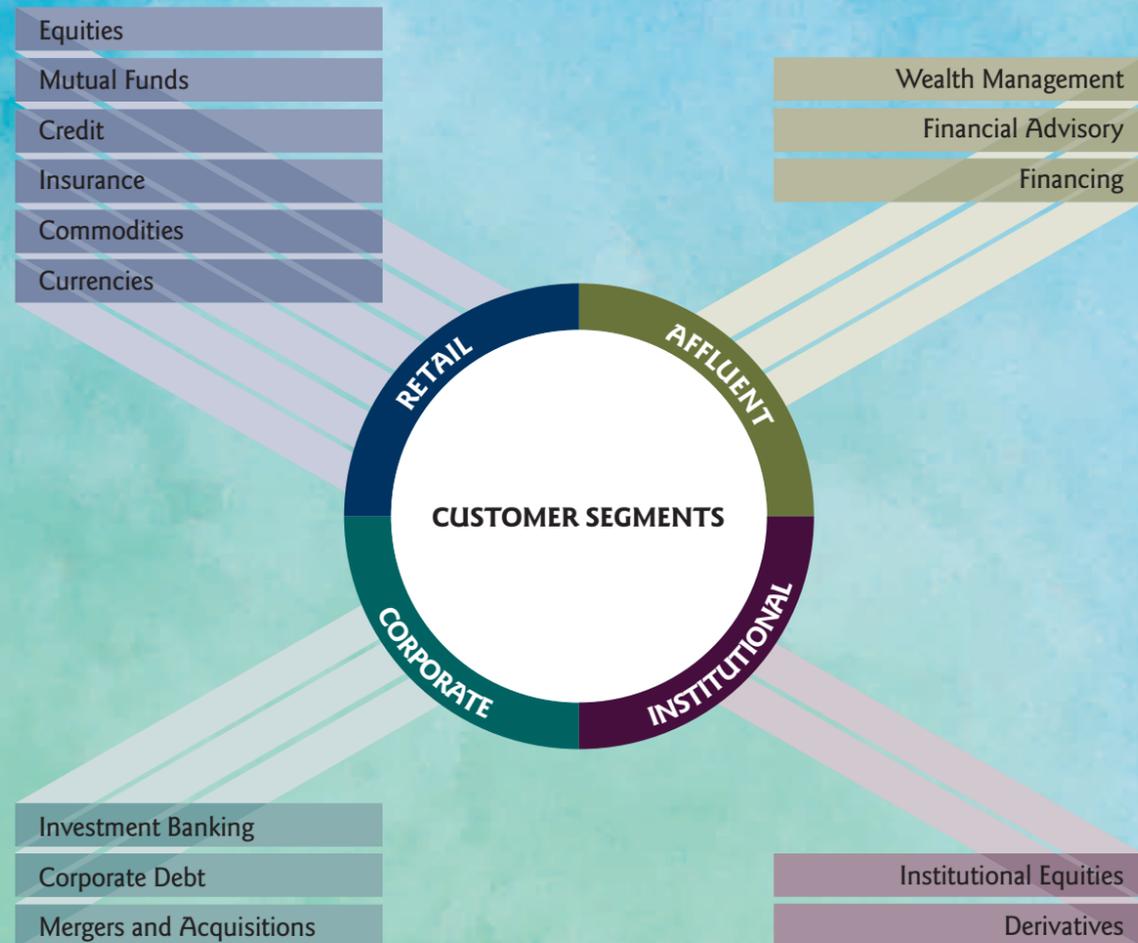
Retail Broking	Institutional Equities	Commodities & Currency Broking	Credit and Finance
Wealth Advisory	Asset Management	Financial Products Distribution	Investment Banking

CUTTING A LONG STORY SHORT



1995 IIFL commenced operation as a research Company	1+ million customers across various businesses verticals	6 Present in six countries globally	₹ 200+ billion of assets under advice	10,000+ India Infoline team as on March 31, 2011	3,000+ Business locations across India	2011 IIFL today has emerged as a leading one-stop solution provider in the Indian financial services space
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Touching Multiple Customers



Filings and listings

- ☒ IIFL is registered with the Bombay Stock Exchange of India Ltd (BSE) and the National Stock Exchange of India Ltd (NSE) for securities trading (cash and derivatives segment), with MCX Stock Exchange Ltd (MCX/SX) and NSE for currency derivatives segment, with Multi Commodity Exchange of India Ltd (MCX), National Exchange of Commodities & Derivatives (NCDEX) for commodities trading and with Central Depository Services (India) Ltd (CDSL) and National Securities Depository Ltd (NSDL) as depository participants. It is also registered as a Category I merchant banker and as a portfolio manager with Securities and Exchange Board of India (SEBI). Its equity shares are listed on the BSE and the NSE

- ☒ IIFL Securities Pte. Ltd is registered as a Trading and Clearing Member of Singapore Stock Exchange for dealing in Securities and acting as Corporate Advisory under Capital Market Services licence issued by the Monetary Authority of Singapore

- ☒ IIFL's subsidiary in Sri Lanka, namely IIFL Securities Ceylon (Pvt) Ltd, is a member of the Colombo Stock Exchange

- ☒ IIFL subsidiaries – India Infoline Investment Services and Moneyline Credit Limited – are registered with the Reserve Bank of India (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

- ☒ IIFL Mutual Fund, the India Infoline Ltd sponsored mutual fund, received final regulatory approval from Securities and Exchange Board of India (SEBI) to commence operations

- ☒ IIFL is registered as a Trading and Clearing member of Currency Derivative segment of United Stock Exchange

- ☒ IIFL Capital Limited, the wholly owned subsidiary is registered as a Trading and Clearing member from National Stock Exchange, Bombay Stock Exchange and MCX Stock Exchange

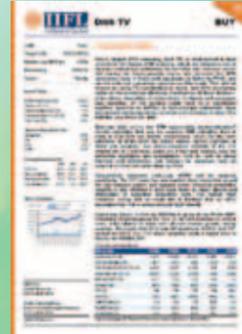
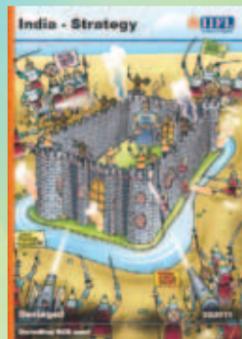
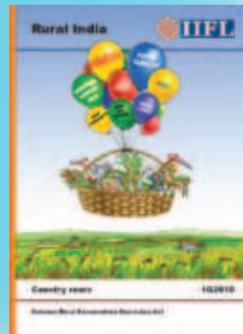
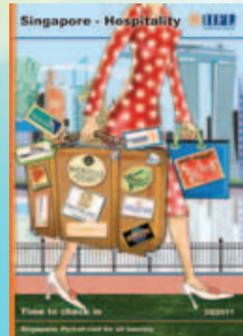
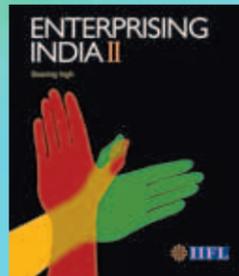
Strategy to stay ahead

Business Strategy	Customer Strategy	People Strategy
Continuously assimilate, analyze and apply knowledge to power superior financial decisions	Drive stickiness through high quality research and service	Attract exceptionally talented and driven people
Focus on core competence in financial services	Maintain cutting-edge proprietary technology	Ensure conducive environment to work in with trust and empowerment
Ensure de-risked business through multiple products and diverse revenue streams	Wide, multi-modal network serving as one-stop shop to customers	Ownership through a generous merit based Employee Stock Option Scheme

Driving the knowledge edge

At IIFL, our core competence lies in research, which has been assiduously built over the years. We have come out with a number of comprehensive research reports, which have been well received by industry experts. IIFL has separate research teams for the institutional and the retail customer segments. The research is available on international wire services like Bloomberg, Thomson First Call and Internet Securities. The 50 member strong research team is based in Mumbai, Singapore and Colombo and covers 200+ stocks.

Few recent thematic research reports



To educate and update the clients, IIFL brings out research reports on a daily, weekly, fortnightly, monthly, quarterly and yearly basis, spanning technical and fundamental research on funds, stocks, indexes, derivatives, commodities, insurance, corporate earnings and SMEs. Very recently, IIFL has ventured into regional research reports and books. During the year, IIFL research articles have been published in many regional newspapers.

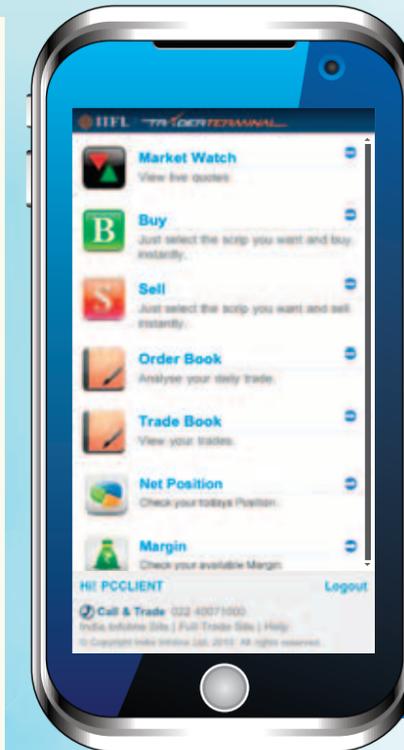
IIFL has 'Ask Analyst' feature on its website, wherein clients can ask the research team questions on all sectors, and receive their answers within 24 hours. Another feature which the website carries is the 'Live Chat', wherein clients can call and have discussions with the research team.

Trader Terminal

The Trader Terminal is a new world class trading software that provides single-screen products access to Equities, Derivatives, Commodities, Currencies, Mutual Funds and IPOs. The principal advantage is faster execution, multiple options for investors to trade from their desktop, over the web and using their mobiles.

Some of the features include:

- ☑ Real-time scrip updates, market depth, indices and charts, chart types and indicators
- ☑ Single login for desktop, web and mobile
- ☑ New scrip bar to change scrips
- ☑ Commodity charts
- ☑ Enhanced line studies
- ☑ User defined zoom in/out
- ☑ Predefined intervals
- ☑ Independent buy/sell window
- ☑ Global order window
- ☑ Market information from Dow Jones News Wire
- ☑ Links to news and research sites
- ☑ Expandable real-time market depth and best five bids and updates
- ☑ Complete trade information (order confirmation, order book and order details)



Trade on the Trader Terminal through your mobile



Trade across Equities, Commodities, Currencies, MFs, all in one screen



Easy access to our world-class research



Advanced charting options and technical analysis tools

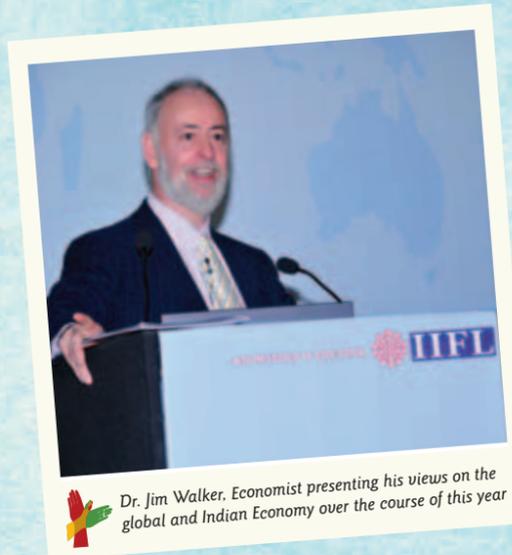


Streaming quotes and instant order confirmation

GLOBAL INVESTOR'S CONFERENCE

IIFL organised a global investor's conference, 'Discover Sri Lanka' in Colombo in July 2010. It was attended by over 50 leading global and major local investors and 25 Sri Lankan corporates, along with senior Government officials.

IIFL also organised a global investor conference 'Enterprising India – II' in Mumbai in February 2011. It attracted the participation of over 400 institutional investors from over 75 Indian and Sri Lankan companies and some widely acclaimed speakers. The conference had a strong line-up of quality investors, including a number of marquee long-only funds with estimated investments of over US\$ 100 bn in India.



Dr. Jim Walker, Economist presenting his views on the global and Indian Economy over the course of this year



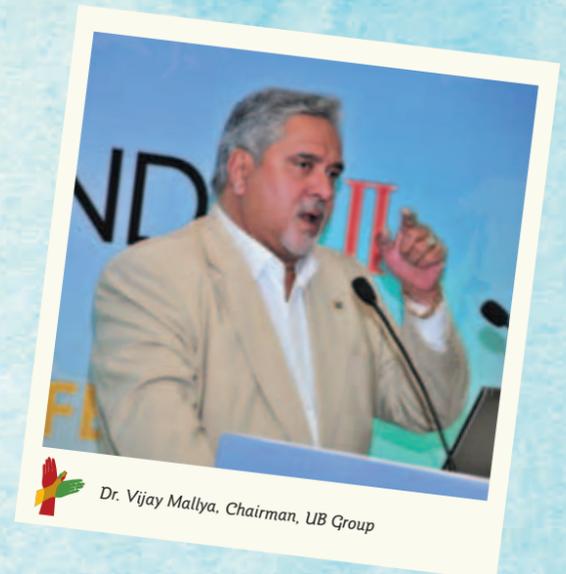
Dr. Shashi Tharoor speaking on emerging markets and geopolitics and highlighting the importance of India & China



Mr. Gautam Adani, Executive Chairman, Adani Group



Ms. Shikha Sharma, MD & CEO, Axis Bank at the Enterprising India II Conference



Dr. Vijay Mallya, Chairman, UB Group



Mr. Dilip Shanghvi, CMD, Sun Pharma with Mr. Nirmal Jain, Chairman, IIFL



Mr. Shekhar Gupta, one of India's most respected journalists and Editor-in-Chief of The Indian Express



Mr. Keki Mistry, Vice Chairman & CEO, HDFC

400 +

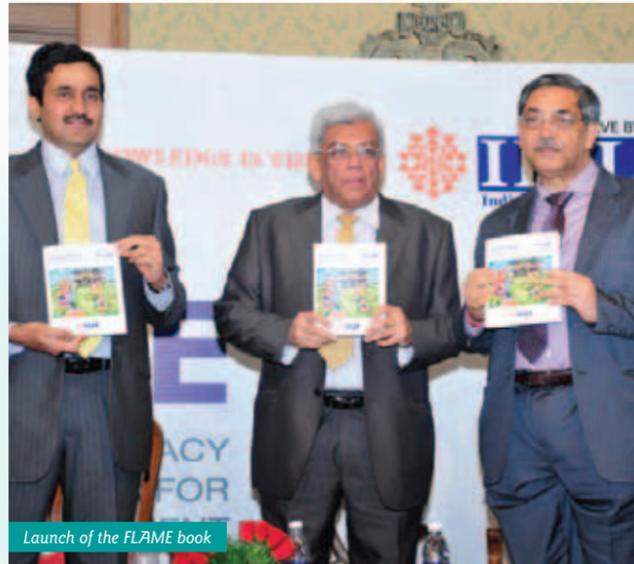
Institutional investors participated in the Enterprising India II Conference

50 +

leading global and local investors attended the 'Discover Sri Lanka' conference



Dr. K C Chakrabarty, Deputy Governor, RBI



Launch of the FLAME book



Launch of FLAME Campaign by IIFL



Mr. Deepak Parekh, Chairman, HDFC

FLAME

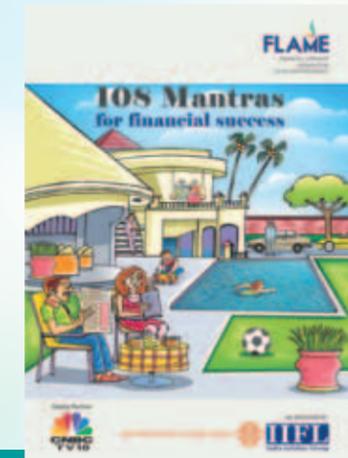
FINANCIAL LITERACY
AGENDA FOR
MASS EMPOWERMENT

FLAME (Financial Literacy Agenda for Mass Empowerment)

FLAME is IIFL's unique CSR initiative, disseminating knowledge for financial literacy among the masses. Financial literacy can aid financial inclusion, which can result in long term sustainable economic growth and poverty alleviation. FLAME was launched by Dr K C Chakrabarty, Deputy Governor, RBI and Mr Deepak S Parekh, Chairman, HDFC at a function attended by the leading luminaries from the financial services space. As a part of the FLAME initiative, IIFL has planned an elaborate set of activities, which comprise:



Financial Literacy Campaign in leading newspapers



IIFL publication - '108 Mantras for Financial Success'

a. Financial awareness workshops across cities and towns all over India

As a part of this initiative, IIFL has been organising financial awareness workshops all over India. Here, our expert speakers spread financial literacy by disseminating knowledge about various financial products and the associated risks and returns.

b. A comprehensive mass media campaign

The idea is to disseminate the various concepts, which form a part of the literacy drive in an easy-to-grasp way. A daily campaign using cartoon illustrations, facilitating faster comprehension and assimilation is underway in leading publications.

c. Books and publications

Multiple publications are planned, which would seek to highlight the various concepts of finance as a part of this initiative. Our first book, '108 mantras for Financial Success', targeted for small investors is now available at multiple bookstores across the nation. The publication is also distributed at the workshops held in various cities.

d. Financial awareness helpline

IIFL will set up a helpline, in its own call center, where anyone can call up and get answers to their queries pertaining to financial services. This helpline, manned by IIFL's trained professionals, will provide solutions to such queries. We are also using smses and social media to reach more people and address their queries.

e. The FLAME portal (www.flame.org.in) is dedicated to the cause of spreading financial literacy.

It disseminates concepts of financial literacy and awareness, and is equipped with innovative features (such as 'chat with a FLAME-bearer') to help users direct their queries to IIFL's financial experts for swift resolution. The website is rapidly becoming popular by virtue of its rich content.

f. Tie-ups with educational institutes

IIFL will tie-up with educational institutes including B - Schools across the country. The objective is to educate the investors of tomorrow, today.

g. Leaderspeak

These will be financial awareness workshops where we will get industry luminaries to interact with the audience to explain the various concepts in the field of finance and investing.



IIFL FLAME meet at Bhavnagar, Gujarat



FLAME portal www.flame.org.in is dedicated to the cause of spreading financial literacy

DRIVING A SOCIAL AGENDA

IIFL believes that societal development initiatives should best begin from one's immediate surroundings and then radiate outwards. The Company regularly participates in a variety of healthcare and educational initiatives.

IIFL's initiatives

BARSANA CAMP

This year the Barsana camp started on January 31, 2011 and the screening went on till February 4, 2011. The surgeries then continued till February 17, 2011. Over 2,900 patients were screened and 874 cataract and other surgeries and procedures were performed. Over 2,100 patients attended the dental camp. All related procedures like scaling, filling and extraction were performed by the dental team of 54 members consisting of dentists and other para medical staff.



PANDHARPUR MEDICAL CAMP

The IIFL Foundation also sponsored the Pandharpur medical camp which was held by the Bhaktivedanta Hospital in July 2010 at Pandharpur. Free medical treatment was given at 4 camp sites, to approximately 49,815 pilgrims who had visited Pandharpur during Ashadi Ekadashi. The pilgrims were treated for fever, injuries, fractures, gastroenteritis, myalgia, headache, epilepsy, malaria, respiratory infections, etc, during the camp.



BLOOD DONATION DRIVES

IIFL regularly organizes blood donation drives via camps at its various locations across India. Over 800 employees have participated in these camps so far.



COMMUNITY CHEST, SINGAPORE

IIFL donated its entire first week's commissions from trading operations in Singapore Exchange (SGX) to Community Chest, Singapore. Community Chest raises funds for critical social service programmes to help children with special needs, people with disabilities, frail and lonely elderly and families facing difficulties.

IIFL JOINS HANDS WITH EMBRACE, A NON-PROFIT ORGANIZATION HELPING VULNERABLE BABIES TO SURVIVE AND THRIVE

This initiative is to help fight hypothermia in babies. IIFL, in association with Embrace, contributes significantly by distributing free 'Embrace Infant Warmers', an innovative technology that provides heat to an infant at a constant temperature. The warmer is carefully engineered to maintain the baby's temperature at a consistent 37°C for 4-6 hours with no electricity and is easy to use.



TEACH FOR INDIA

IIFL firmly believes that every child in India should obtain excellent education and is playing its role to support the cause. IIFL has joined hands with Teach for India in supporting the overall costs incurred by Teach for India to support 3 young professionals working in one of the Municipal school in Mumbai. This in turn has supported the education of 110 students of grade 4 and 5 for whole year.



Reviewing 2010-11 Performance

BUSINESS

1. IIFL MUTUAL FUND

During the year, IIFL Mutual Fund, the India Infoline Ltd sponsored mutual fund, received final regulatory approval from Securities and Exchange Board of India (SEBI) to commence operations. This will enable commencement of the mutual fund business and the launch of mutual fund schemes in due course.

2. INTERNATIONAL EXPANSION

IIFL's Singapore subsidiary received the final approval from Singapore Stock Exchange for its equities broking business. The subsidiary commenced its broking operations from December 2010. IIFL donated its entire first week commissions from trading operations in SGX to Community Chest, Singapore.

The Company also received approval from the Colombo Stock Exchange and SEC, Sri Lanka for undertaking broking business, becoming the first Indian broker to set up business in Sri Lanka.

CUSTOMER ENGAGEMENT

1. 'ENTERPRISING INDIA - II'

IIFL's global investor conference 'Enterprising India - II' held in Mumbai received an overwhelming response. The conference attracted a participation of over 400 institutional investors, over 75 Indian and Sri Lankan companies and select specialist speakers. The conference had a strong line-up of quality investors, including a number of marquee long-only funds with estimated investments of over US\$ 100 bn in India

2. 'DISCOVER SRI LANKA' CONFERENCE

IIFL's global investor conference, 'Discover Sri Lanka' was held in Colombo in July 2010. The same was attended by more than 50 leading global and local investors and 25 Sri Lankan corporates, along with senior government officials.

3. RETAIL INVESTOR MEETS

IIFL conducted several investor meets and camps across India, on its own as well as with leading media house ET Now to spread financial literacy and awareness about risk-return of various products, aspects of financial planning and understanding of investor rights.

TECHNOLOGY DEVELOPMENTS

1. LAUNCH OF LATEST VERSION OF TRADER TERMINAL

The Company launched the latest version of Trader Terminal, which enjoys lightning-fast execution speed, world-class user interface and a single-click access to its world-class research. The new terminal offers the facility to trade in cash, derivatives, mutual funds, IPOs, currencies and commodities all in one screen. Besides, investors can now trade from their desktops, over the web or using their mobile phones.

2. OUTSOURCING TECHNOLOGY INFRASTRUCTURE TO IBM

IIFL has entered into a ten year IT outsourcing agreement with IBM to transform its IT Infrastructure and establish a direct linkage between business performance and IT costs. The ₹ 3 bn agreement would help IIFL deliver enhanced levels of customer satisfaction, ensure continuous audit readiness, strengthen IT security framework and compliance and provide better visibility and control of IT operations. The agreement covers IIFL's 700 branches. IBM will set up a centralised helpdesk, a pan-India services desk, applications and infrastructure in branches, and deploy service management processes to cover assets, IT security, capacity, network, storage, incident /problem/change, and technology, among others.

SOCIAL RESPONSIBILITY

FLAME - A UNIQUE CSR INITIATIVE

IIFL launched its financial literacy campaign FLAME (Financial Literacy Agenda for Mass Empowerment). FLAME is IIFL's unique CSR initiative to reach out to millions of people and spread financial literacy among the masses, to facilitate their inclusion in India's economic prosperity.

FLAME was launched by Dr K C Chakrabarty, Deputy Governor, RBI and Mr Deepak S Parekh, Chairman, HDFC at a function attended by the leading luminaries from the financial service segment. In the last two months, we have made substantial progress and our campaign has received an overwhelming response. This year the campaign will be extended to high school and junior college students with the objective of creating awareness about money, income, expenditure, savings and investment from childhood days.

Business Divisions: A Snapshot



Equities and Commodities Broking

PRODUCTS OFFERED

- Equities
- Derivatives
- Currencies
- Commodities

KEY STRATEGIES

- Move from an execution to an advisory model
- Deliver quality research to clients with regular market updates and actionable ideas across asset classes
- Leverage technology to create a superior front end and generate easy to read MIS reports
- Implemented a multi modal, high quality customer service delivery mechanism



Financial Product Distribution

PRODUCTS OFFERED

- Life insurance
- Mutual funds
- Fixed deposits
- Bonds/ Debentures

KEY STRATEGIES

- An open architecture sales model
- Leverage research to analyse product offerings from various manufacturers to select best breed product in each category
- Intensive training of the sales team to ensure matching of the right product for client needs, increasing client conversion and retention
- Leverage research and financial planning tools to ensure client needs are catered to



Wealth and Asset Management

PRODUCTS OFFERED

- Wealth Management:** Family Office & Wealth Structuring Solutions, Distribution of Structured Products/ Mutual funds/ Bonds/ Debentures, etc.
- Portfolio Management and Advisory Services (PMS)**

- Asset Management:** Launch of domestic AMC

KEY STRATEGIES

- Offer customised wealth solutions for HNI's and corporates across all products
- Expand globally, enabling access to NRIs
- Have received SEBI approval to launch a domestic Mutual Fund and have filed draft offer documents with the regulators



Investment Banking

PRODUCTS OFFERED

- Capital raising, through IPOs, QIPs, Private placements
- Corporate advisory and M&A

KEY STRATEGIES

- Continue to build Investment Banking team and infrastructure
- Leverage research to identify client needs and offer solutions



Credit and Finance

PRODUCTS OFFERED

- Home loans/ Loan against property
- Loan against shares
- Gold loans
- Medical equipment financing

KEY STRATEGIES

- Primarily focused on secured lending
- Robust credit underwriting process and controls in place



International Business

PRODUCTS OFFERED

- Wealth Management
- Institutional Equities

KEY STRATEGIES

- Leverage our research capabilities
- Offer specialised India products to NRI's and international investors



Equities and Commodities Broking

4%
Market share

₹ 53.4 bn
Average daily turnover, an increase of 52.5% over 2009-10

1 mn +
Customer base

BRIEF SNAPSHOT

IIFL is a member of BSE and NSE and offers online and offline broking and advisory services in the cash, derivatives and currency segments to retail and institutional clients. IIFL Commodities, a member of MCX and NCDEX offers commodities trading as well.

IIFL is the first Indian broker to receive membership of the Colombo and Singapore Stock Exchanges for stock broking and has commenced broking operations in Colombo and Singapore this year.

India Infoline Ltd has also received Trading and Clearing membership of Currency Derivative Segment of United Stock Exchange. Further, IIFL Capital Limited, a wholly owned subsidiary, received Trading and Clearing membership from National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and MCX Stock Exchange. IIFL Capital Limited will commence its operations during the second quarter of this year.

IIFL's in-depth, thematic and thought provoking research has been well received by clients. With a 50 member research team in Mumbai, Singapore and Colombo, the Company covers more than 200 stocks.

Trader Terminal, IIFL's proprietary trading platform, has been widely acknowledged as one of the best available for investors in India. This year, IIFL upgraded the Trader Terminal, which has a lightning fast execution speed, world class user interface and single-click access to our high quality research. The new terminal offers the facility to trade in cash, derivatives, mutual funds, IPOs, currencies and commodities all in one screen.

The Company serves over 950,000 customers in the equities segment through its wide network of over 3,000 business locations across 500 cities in India.

The Company has received a number of awards for its pioneering services to clients, both retail as well as institutional. In 2011-12 itself, the Company received two successive awards:

- ☒ Awarded the 'Best Equity Broker of the Year' at the recently held Bloomberg UTV Financial Leadership Awards, 2011
- ☒ Awarded the 'Best Broker in India' by Finance Asia Country Awards in 2011

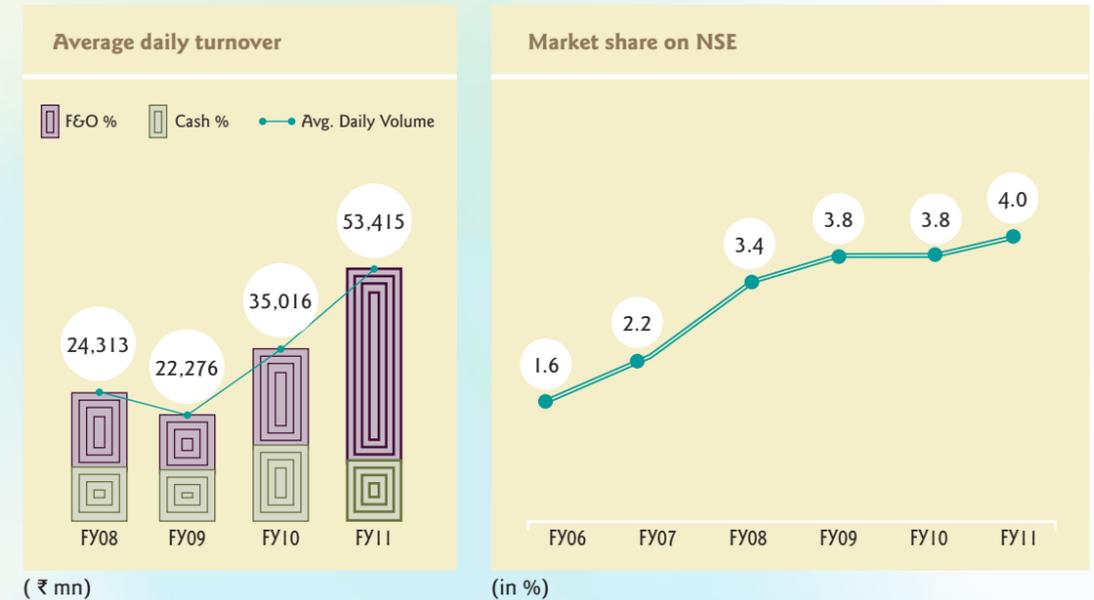
CORE COMPETENCIES

- ☒ Over 10 years experience in broking services
- ☒ A 50 member professional research team covering over 200 stocks
- ☒ Proprietary risk management systems, tested for large volumes as well as high volatility
- ☒ Strong in-house developed technology for Internet, mobile trading and back office
- ☒ Present in over 3,000 business locations across 500 cities and towns in India
- ☒ Impeccable track record on compliance and customer service

MAJOR HIGHLIGHTS, 2010-11

- ☒ Average daily turnover in equities segment increased by 52.5% to ₹ 53.4 bn
- ☒ Broking yields are witnessing pressure due to change in product mix in favour of futures and options segment
- ☒ Equity market share in NSE was 4%, up from 3.8% in 2009-10
- ☒ Commenced broking operations in Colombo and Singapore this year
- ☒ Average daily turnover in commodities increased by 81% to ₹ 7.4 bn
- ☒ Commodities market share on both exchanges (MCX and NCDEX) increased to 2% from 1.7% in 2009-10

Equity segment performance



FUTURE ROADMAP

- ☒ Move from an execution to an advisory model
- ☒ Deliver quality research to clients with regular market updates and in depth research reports across multiple asset classes
- ☒ Leverage upon the increased internet penetration to expand clientele base by investing in cutting edge technology
- ☒ Continually enhance customer experience by delivering ever improving service standards
- ☒ Continuously create an employee friendly work environment to retain talent

INDUSTRY OVERVIEW

With the rapid growth in options volumes, the share of F&O segment in overall market volumes continued to increase. The share of F&O segment increased to 86% of total volumes from 76% in 2009-10 leading to further pressure on yields. (Source: NSE and BSE)

Total traded volumes in commodities exchanges rose 56% in 2010-11 on back of strong gold and silver prices and increased awareness of commodities trading. (Source: MCX and NCDEX)

High FII net inflows continued in 2010-11, boosting the markets to record highs in November 2010-11. Foreign institutional investors (FIIs) were net purchasers of stocks and debt securities worth US\$ 223.26 bn in 2010-11. (Source: IBEF)

Given India's overall macro economic growth story, long term potential of equities and commodities trading in India is good on back of low penetration and return generating potential of these asset classes.



Credit and Finance

₹ 32.9 bn

Loan book doubled during the year

<1%

Less than one percent NPAs indicates a healthy loan book

BRIEF SNAPSHOT

India Infoline Investment Services Ltd (a 98.82% subsidiary of IIFL) and its subsidiaries provide a wide array of secured loan products. The Company offers home loans, loan against property and loan against shares / debentures. The Company has recently launched gold loans and medical equipment financing.

IIFL's robust credit and risk management processes have resulted in less than 1% NPAs. The Company has deployed proprietary loan-processing software that enables stringent credit checks and fast application processing.

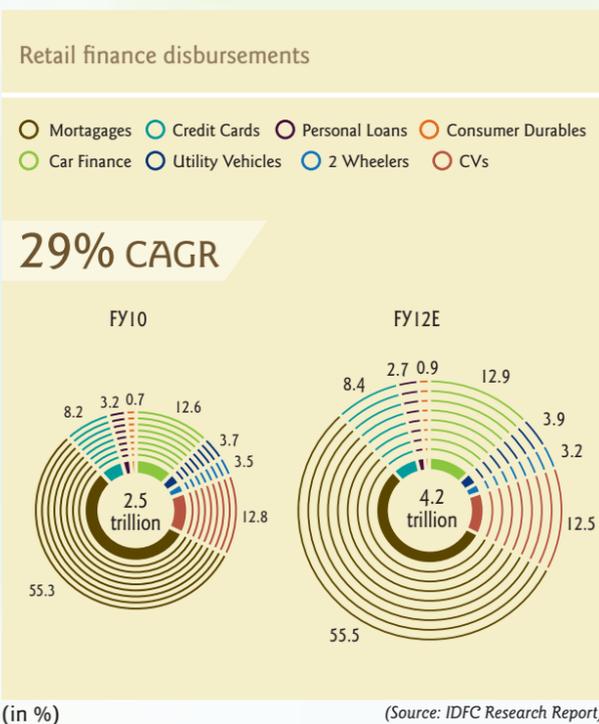
INDUSTRY OVERVIEW

India is witnessing increasing urbanisation, which will fuel demand for homes and commercial space. There is a huge demand supply mismatch for dwelling units which means demand for loans will remain robust in long to medium term, irrespective of short term hikes in interest rates. (Source: IDFC Indian Retail Finance)

The retail finance market is witnessing growth on back of increased affordability, increasing propensity to consume, along with increasing availability of credit.

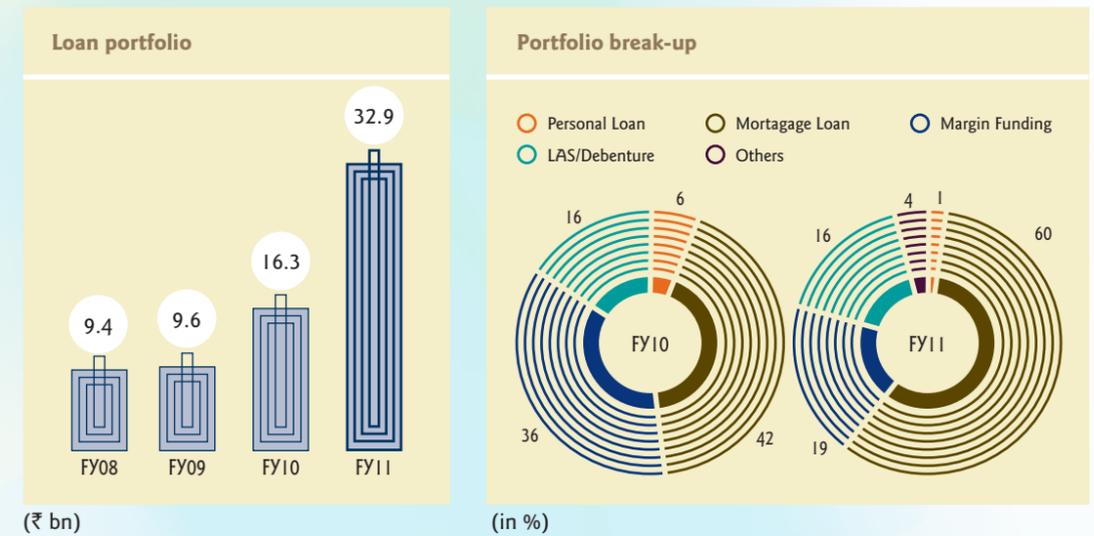
The organised gold loan market has grown from ₹ 416 bn in 2009-10 to ₹ 616 bn in 2010-11. It is expected to witness a 35% CAGR in between 2009-12. (Source: IDFC Indian Retail Finance)

Driven by various catalysts such as increasing population, rising income levels, changing demographics and illness profiles with a shift from chronic to lifestyle diseases, Healthcare industry is expected to show a strong growth of 23% p.a. to become a US\$ 77 bn industry by 2012. (Source: Yes Bank ASSOCHAM: Healthcare Services in India. 2012: The path ahead)



MAJOR HIGHLIGHTS, 2010-11

- ☒ The loan book more than doubled during the year to ₹ 32.9 bn in 2010-11 from ₹ 16.3 bn in 2009-10
- ☒ Home loans and loan against property contributed 60% of the loan portfolio, while capital market products contributed 35%. Our unsecured portfolio of personal loans was 1% of the total portfolio. Our personal loans business was discontinued in 2008
- ☒ Launched healthcare financing, which includes project financing for brown field health projects, medical equipment and ancillary equipment finance and refinance on existing equipment. The loans are given to doctors, clinics, nursing homes, diagnostic centres and hospitals
- ☒ Also launched gold loans during the year



FUTURE ROADMAP

- ☒ Expand the recently launched healthcare and gold loans portfolio
- ☒ Strengthen customer relationships for upsell and cross sell opportunities

CORE COMPETENCIES

- ☒ Experienced team of professionals with work experience at globally respected financial houses
- ☒ Well spread out, pan India distribution network and a large client base gives cross sell opportunities
- ☒ Sound credit management system and procedures resulting in a quality portfolio with less than 1% NPAs



Financial Product Distribution

₹ 2.8 bn
Insurance premium mobilisation up 12.7% yoy

139,417
No. of lives insured during the year

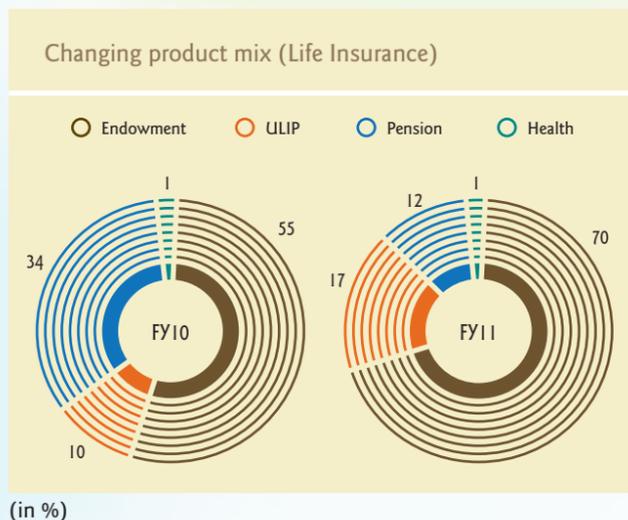
BRIEF SNAPSHOT

IIFL is a pan India distributor of many financial products including life insurance, mutual funds, bonds, debentures, etc. The Company today distributes a wide product basket to suit every investment need for diverse age-groups, preferences and backgrounds. Of these products, the dominant product category is life insurance and the business is conducted through India Infoline Insurance Brokers Ltd. It maintains a prudent balance between endowment, ULIPs and retirement products to suit the risk appetite of investors.

IIFL has adopted an 'open architecture' model to distribute products of major insurance companies including SBI Life, ICICI Prudential, Reliance Life Insurance, Bajaj Allianz Life, Birla Sun life, Life Insurance Corporation, Max New York Life Insurance, MetLife, Kotak Life Insurance and others.

MAJOR HIGHLIGHTS, 2010-11

- ☑ Insurance premium (API) grew 12.7% to reach ₹ 2,753 mn
- ☑ Share of endowment products increased from 55% to 70%
- ☑ Initiated online sales of insurance policies, upgraded dialler systems for tele calling
- ☑ Proactively met the challenges caused by regulatory changes post September, 2010 by investing in training infrastructure and resources



FUTURE ROADMAP

- ☑ Ensure in-depth research of all products being marketed with a comparative analysis leading to informed decision making by customers
- ☑ Intensive training of the sales team to ensure matching of the right product for client needs, increasing client conversion and retention
- ☑ Implement adequate technologies and processes that would help us in customer service and retention, along with generating cross sell opportunities

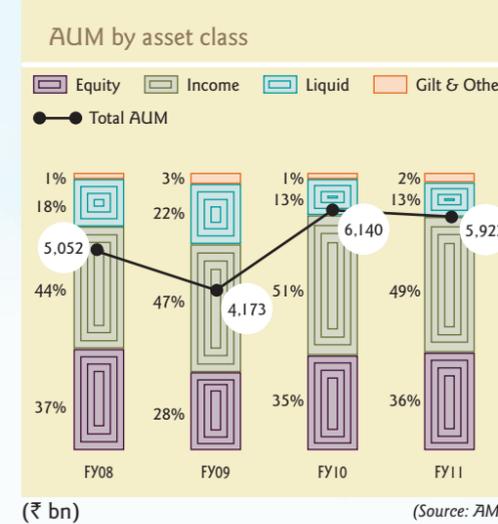
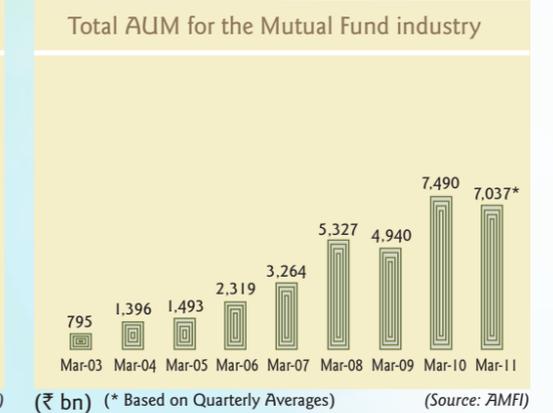
INDUSTRY OVERVIEW

The macro economic scenario, changing demographics and increased disposable incomes in the hands of the people have pushed growth in the insurance industry. However, the insurance and mutual fund industry has gone through a challenging phase in the last few quarters due to regulatory changes. The changes made by the regulator have been favourable for the consumers and will benefit the industry in the long term.

In the last two years, LIC, the dominant public sector undertaking has managed to regain its market share, which it was losing to private sector entrants.

The insurance sector is expected to reach US\$ 350 - 400 bn by 2020. The total penetration of insurance (premium as percentage of GDP) has increased from 2.3% in 2001 to 5.2% in 2011-12. The total premium of 23 life insurance companies has gone up by 15% to US\$ 28.3 bn in 2010-11. India's US\$ 41 bn life insurance industry is considered to be the fifth largest life insurance market globally, growing at a rapid pace of 32-34% annually. (Source: IBEF)

Net inflow in mutual funds industry for the fiscal year 2010-11 was ₹ 9,741 bn, an increase of 91% over 2009-10. However, due to the abolition of entry loads in 2010-11, mutual fund industry was not able to garner fresh inflows into the equity fund category. There was a net outflow in equity funds of ₹ 184 bn in 2010-11. (Source: AMFI)



CORE COMPETENCIES

- ☑ With over a decade experience in the distribution sector, IIFL is a dominant player with a proven track record of consistent growth, especially in life insurance
- ☑ Strong relationships with all life insurance and mutual fund manufacturers
- ☑ Diverse product portfolio that suits investment needs of different age groups and preferences
- ☑ Engaged in regular interaction with business partners for an updated knowledge on new products, trends and policies
- ☑ Robust distribution network comprising branch offices, feet-on-street team supported by tele calling



Investment Banking

BRIEF SNAPSHOT

IIFL launched its investment banking division in 2006, leveraging in-depth research, strong institutional placement capabilities, wide retail reach and relationships with both issuers and investors.

The Investment Banking group is led by professionals having over 20 years of experience in the business. In the last fiscal year, IIFL's Investment Banking team has managed and advised ten transactions including the IPO of Talwalkars Better Value Fitness Limited, the GDR of Cox & Kings Limited and the QIPs of Vardhaman Textiles Limited and Tilaknagar Industries Limited.

Snapshot of key transactions during the year

Client	Date	Instrument	Transaction Value	Role
Hindustan Composites Limited	2011	Buyback	₹ 315 mn	Manager to Buyback
Tilaknagar Industries Limited	2010	QIP	₹ 1,350 mn	BRML
Power Grid Corporation of India Limited	2010	FPO	₹ 74,423 mn	Syndicate Member
Vardhaman Textiles Limited	2010	QIP	₹ 2,000 mn	Sole BRML
Cox & Kings Limited	2010	GDR	₹ 3,040 mn	BRML
Arch Pharmed Labs Limited	2010	Private Placement	₹ 800 mn	Sole Advisor
Talwalkars Better Value Fitness Limited	2010	IPO	₹ 774 mn	Sole BRML
Videocon Industries Limited	2010	Rights	₹ 11,563 mn	Lead Manager

CORE COMPETENCIES

- ☒ A professional investment banking team with a requisite skill-set and over 20 years experience in leading investment banks and regulatory organisations
- ☒ Strong research and relationships with issuers and investors, makes it possible to place large issues with marquee investors
- ☒ Clientele base across all segments – institutional investors, HNIs, retail investors and corporate

MAJOR HIGHLIGHTS, 2010-11

- ☒ Advised and managed 10 transactions including IPOs, Qualified Institutional Placements, GDR Offering and a Rights issue
- ☒ Became Sole Book Running Lead Manager for the ₹ 774 mn IPO of Talwalkars Better Value Fitness Limited and ₹ 2,000 mn QIP of Vardhaman Textiles Limited
- ☒ Book Running Lead Manager for the ₹ 1,350 mn QIP of Tilaknagar Industries Limited
- ☒ Lead Manager to the ₹ 11,563 mn rights issue of Videocon Industries Limited and the ₹ 3,040 mn GDR of Cox & Kings Limited
- ☒ Created a robust pipeline of transactions likely to be executed in the future

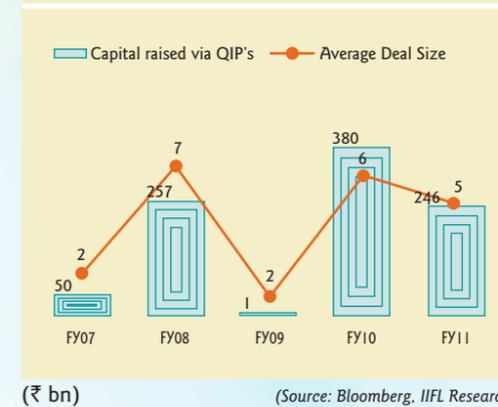
INDUSTRY OVERVIEW

Demand for Indian equities from global investors is rising because of India's long term growth potential. The market capitalisation of Indian stocks increased in FY11 with the market capitalisation on the S&P Nifty touching ₹ 67,026 bn during the year. (Source:NSE)

On a full year basis, approximately ₹ 962 bn was raised in the Indian capital markets in 2010-11. Of this, approximately ₹ 330 bn was raised across 52 IPOs in 2010-11, as against ₹ 248 bn raised by 40 companies in 2009-10. Similarly, ₹ 246 bn was raised across 49 QIPs as against ₹ 380 bn raised across 80 QIPs in fiscal year 2010-11. (Source: Bloomberg)

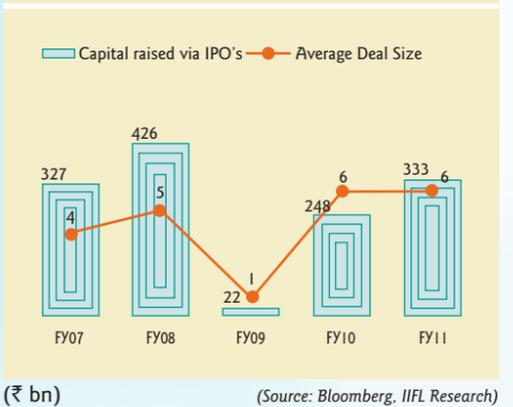
India continues to be a very attractive destination for PE investments, locally and from abroad. Private equity deal value was US\$ 9.1 bn across 324 deals in 2010-11, much higher than the US\$ 5.5 bn across 276 deals seen in 2009-10. (Source: IBEF)

Capital raised through QIPs



(₹ bn) (Source: Bloomberg, IIFL Research)

Capital raised through IPOs



(₹ bn) (Source: Bloomberg, IIFL Research)

FUTURE ROADMAP

- ☒ Leverage the track record of successful deals and a strong brand to expand the pipeline of transactions
- ☒ Build industry leading execution skills to handle specific client solutions
- ☒ Focus on specific industry groups to generate value-creating ideas for clients



Wealth and Asset Management

> ₹ 200 bn
Assets under advisory

> 2,500 families
Client base

BRIEF SNAPSHOT

IIFL offers private wealth advisory services to HNIs and corporate under the 'IIFL Private Wealth' brand through its subsidiary, IIFL Wealth Management Ltd. The subsidiary manages Family Offices along with investment advisory for equity, mutual funds, real estate, fixed income, structured products and also offers portfolio management services across asset classes.

The advisory team at IIFL Private Wealth comprises experienced professionals from premier business schools. Senior financial advisors bring with them between 5-10 years of industry experience and are well equipped to manage investments for clients across asset classes.

India Infoline Asset Management Company has received SEBI approval to launch a domestic Mutual Fund and has filed draft offer documents with the regulators.

IIFL Inc, the group's US subsidiary is registered with SEC as a Registered Investment Advisor (RIA) and with SEBI as a Foreign Institutional Investor (FII). The subsidiary offers investment advisory services to global funds and international institutional investors.

MAJOR HIGHLIGHTS, 2010-11

- ☑ Assets under Advisory (AUA) crossed ₹ 200 bn across a client base of over 2,500 families
- ☑ Established global presence in London, Dubai and Mauritius
- ☑ Introduced the Family Office, a multi-manager wealth advisory platform
- ☑ Tie up with Interactive Brokers LLC enabling IIFL to offer its investors the ability to invest across 80 exchanges globally under the RBI's Liberalised Remittance Scheme
- ☑ Pioneered secondary market transactions in government enterprise bonds such as NABARD and IIFCL
- ☑ Received approval from SEBI to launch domestic AMC and has filed draft offer documents with the regulators

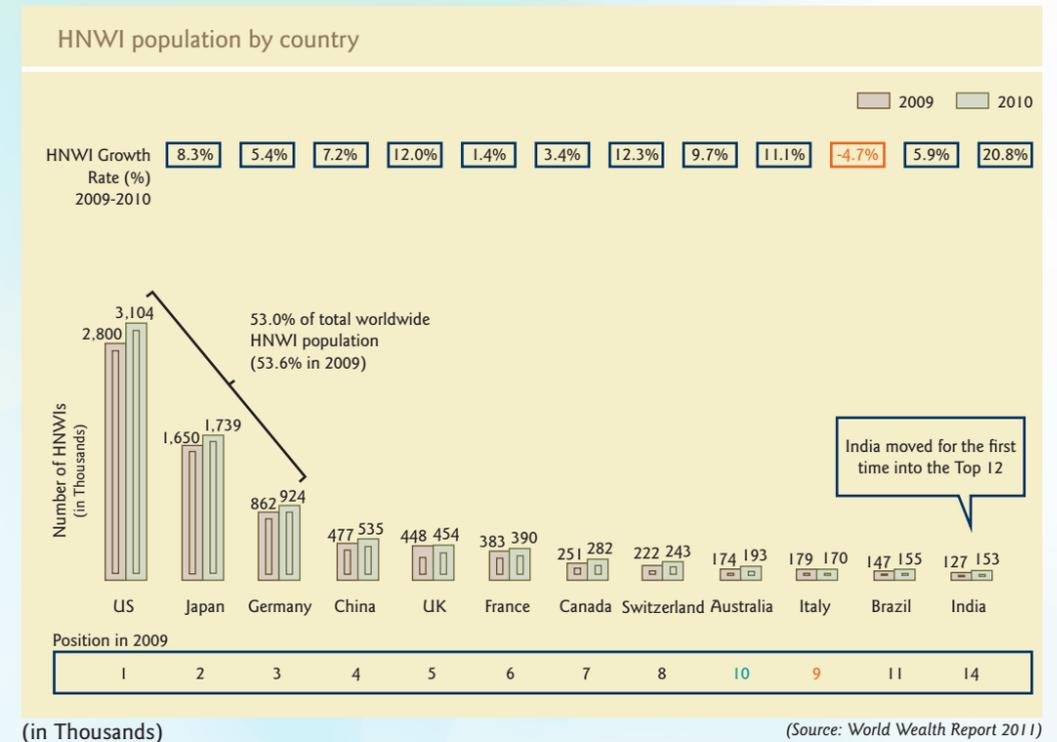
CORE COMPETENCIES

- ☑ Strong product platform across all asset classes backed by research, thus providing the client access to the best products in the industry to suit their needs.
- ☑ Open architecture model enables us to choose any product that may deliver superior risk-adjusted returns
- ☑ Comprehensive MIS, daily research and product library available to clients, online as well as through relationship managers
- ☑ Wealth Structuring capabilities which aims at providing appropriate structures that protect, preserve and pass on wealth efficiently for clients across their family tree

INDUSTRY OVERVIEW

The increasing wealth of the burgeoning middle class and high class segments in India is the main driver of growth for wealth and asset management services. India's high net worth individuals population became the world's twelfth largest in 2010-11 as it switched places with Spain (which dropped to fourteenth). (Source: World Wealth Report)

India is slated to become a US\$ 1 trillion market (in Assets under Management) for wealth management providers by 2012, with a target market size of 42 mn households. The client segmentation promises growth across all high networth (HNW) client categories. Ultra-HNW (in excess of US\$ 30 mn), is expected to have a total population of 10,500 households by 2012, super-HNW (between US\$ 10 and \$ 30 mn) and HNW (between US\$ 1 mn and \$ 10 mn) is expected to have a population of 42,000 households and 320,000 households respectively by 2012. (Source: Celent Research)



FUTURE ROADMAP

- ☑ To further expand our geographical existence overseas
- ☑ To become Advisor of first choice for HNI/UHNI clients with an investible surplus of ₹ 50 mn
- ☑ Invest in training infrastructure and resources to further enhance the existing knowledge and skill set of employees
- ☑ Build a technology platform for superior execution of External Wealth Managers and Corporate Wealth clients
- ☑ Launch mutual fund products for the domestic investors and leverage current distribution network to increase AUM

Directors' Report

Dear Members,

India Infoline Limited

Your Directors have pleasure in presenting the Sixteenth Annual Report along with the audited statements of accounts of your Company for the financial year ended March 31, 2011.

I FINANCIAL RESULTS

A snapshot of the financial performance of the Company and its major subsidiaries for the financial year 2010-11 is as under:

Name of Company	Revenues	Profit before interest, depreciation and tax	Profit after tax
			₹ mn
Aggregate	14,739.4	6,067.5	2,147.3
India Infoline Limited	7,995.5	2,832.4	1,223.6
India Infoline Investment Services Limited	4,519.1	3,254.4	826.6
Moneyline Credit Limited	314.8	108.4	32.3
India Infoline Distribution Company Limited	67.0	6.2	(0.6)
India Infoline Housing Finance Limited	294.0	181.1	64.2
India Infoline Marketing Services Limited	930.1	151.9	(51.2)
India Infoline Insurance Services Limited	89.5	37.1	0.8
India Infoline Insurance Brokers Limited	609.7	70.0	45.6
India Infoline Commodities Limited	468.7	90.0	30.5
India Infoline Media and Research Services Limited	202.0	193.2	16.1
IIFL Realty Limited	364.9	358.7	(9.8)
IIFL Wealth Management Limited	1,134.4	426.0	250.6
IIFL (Asia) Pte. Limited	(53.8)	(69.9)	(79.2)
IIFL Inc.	60.9	1.6	0.4
IIFL Securities Ceylon (Pvt) Limited	18.4	5.7	3.3
India Infoline Venture Capital Fund	4.0	(102.6)	(103.1)
India Infoline Trustee Company Limited	-	(0.5)	(0.3)
India Infoline Asset Management Company Limited	2.0	(14.1)	(10.4)
India Infoline Commodities DMCC	-	(20.1)	(20.4)
IIFL Capital Pte. Limited	60.2	(25.4)	(17.9)
IIFL Securities Pte. Limited	207.9	10.2	32.5
Inter Company Adjustments	(2,609.6)	(1,463.9)	(117.4)
Other Subsidiaries	59.7	37.1	31.1



The consolidated financial performance is as under:

	₹ mn	
	2010-11	2009-10
Gross total income	14,739.4	11,238.8
Profit before interest, depreciation and taxation	6,067.5	4,373.1
Interest and financial charges	2,357.9	291.4
Depreciation	581.7	534.6
Profit before tax	3,127.9	3,547.1
Taxation - Current	1,073.6	1,201.1
- Deferred	(127.7)	(37.4)
- Short or excess provision for income tax	34.7	42.9
Net profit for the year	2,147.3	2,340.5
Less: Minority interest	(35.9)	(20.6)
Net Profit after minority interest	2,111.4	2,319.9
Less: Appropriations		
Interim dividend	860.4	852.0
Dividend distribution tax	147.3	144.8
Transfer to general reserve	206.0	152.1
Transfer to special reserve	185.5	102.4
Net Profit After Tax and Appropriation	712.2	1068.6
Less: Adjustments for Minority Interest and Fair Value	190.4	672.6
Add: Balance brought forward from the previous year	2,483.1	2,087.1
Balance to be carried forward	3,004.9	2,483.1

Segment wise information is as under:

	₹ mn	
	2010-11	2009-10
Equity brokerage and related income	6,697.3	7,018.1
Financing and Investing income	6,180.5	2,917.8
Marketing and distribution income	1,842.7	1,293.1
Other income	19.0	9.8
Balance to be carried forward	14,739.4	11,238.8

A snapshot of the stand-alone financial performance of India Infoline Limited is as under:

	₹ mn	
	2010-11	2009-10
Gross total income	79,955.5	6,981.9
Profit before interest, depreciation and taxation	2,832.4	2,754.2
Interest and financial charges	859.0	102.5
Depreciation	240.8	318.6
Profit before tax	1,732.6	2,333.1
Taxation - Current	512.3	831.6
- Deferred	(10.9)	(58.2)
- Short or excess provision for income tax	7.6	39.6
Net profit for the year	1,223.6	1,520.1
Less: Appropriations	-	-
Interim dividend	859.2	852.0
Dividend distribution tax	127.6	144.8
Transfer to general reserve	123.0	152.0
Add: Balance brought forward from the previous year	1,623.4	1,252.1
Balance to be carried forward	1,737.2	1,623.4

II REVIEW OF OPERATIONS

On a consolidated basis, the Company's income increased by 31.1% to ₹ 14.74 bn and EBITDA increased by 38.7% to ₹ 6.07 bn. The income growth was primarily driven by credit and financing business. With significant increase in cost as well as quantum of borrowings, interest cost was ₹ 2.36 bn in the year under review, as compared to ₹ 291.36 mn in the previous year. Consequently profit before and after tax was a shade lower in the year. Profit after tax before minority interest decreased by 8.3% to ₹ 2.14 bn.

Income from equity broking and related activities decreased marginally by 4.6% and stood at ₹ 6.70 bn. Income from Financing and Investing significantly increased by 111.8% and stood at ₹ 6.18 bn. Marketing and distribution income increased by 42.5% to ₹ 1,842.7 mn. Other income increased to ₹ 19.0 mn.

III KEY INITIATIVES

IIFL Mutual Fund

During the year under review, IIFL Mutual Fund, sponsored by your Company, received final regulatory approval from the Securities and Exchange Board of India (SEBI) to commence operations. This will enable commencement of mutual fund business and launching of mutual fund schemes in due course.

IIFL, with its distribution reach spanning over 500 cities/towns, is well placed to take the mutual fund penetration wider and deeper. Your Company sees an opportunity for mutual fund mobilization in tier-II and tier-III cities. We aim to leverage upon our in-depth understanding of technology and reach to offer retail investors a variety of products with minimal expense ratio and encourage them to invest for the long term.

Asia Expansion

During the year, on the global financial services business, the Company's Singapore subsidiary received the final approval from Singapore Stock Exchange for its equity broking business. The subsidiary commenced its broking operations from December 2010. Similarly the Company's subsidiary in Sri Lanka received the approval from Colombo Stock Exchange and SEC, Sri Lanka for undertaking broking business in July 2010, thereby becoming the first Indian broking Company to set up broking business in Sri Lanka. We expect both these subsidiaries to scale up their business substantially during the current year and going forward.

Other International Initiatives

Under the advisory, wealth management and distribution business, the Company has set up subsidiaries in UK and Dubai and received approvals from the overseas regulators

during the year. We expect these subsidiaries to commence business during the current year.

New Memberships

Your Company has received Trading and Clearing membership of Currency Derivative Segment of United Stock Exchange of India Limited. Further IIFL Capital Limited, the wholly owned subsidiary received Trading and Clearing membership from National Stock Exchange of India Limited, Bombay Stock Exchange Limited and MCX Stock Exchange Limited.

Investors Conferences

Your Company's institutional and retail research products have been well appreciated by the target audience. "Enterprising India-II", your Company's second Global Investors Conference, held in February 2011 at Mumbai had participation from leading corporate and eminent leaders/speakers and received an overwhelming response from investors. IIFL's Global Investor Conference, 'Discover Sri Lanka' held in Colombo in July 2010 had an encouraging participation from more than 50 leading global and local investors and several leading Sri Lankan corporates along with a number of heads of government undertakings, banks and government officials. IIFL conducted several investor meets and camps across India, on its own as well as with leading media house ET Now to spread financial literacy and awareness about risk- return of various financial products, aspects of financial planning and understanding of investor rights.

Employee Skill Upgradation

Your Company had taken several steps to train its employees. It has introduced various training modules covering functional knowledge as well as skill set development. These modules are delivered through internet e-learning platform as well as classroom sessions followed by tests. The training programme will cover all sales and customer relationship managers to clear the test in a time bound manner.

Financial Literacy Campaign

Your Company has taken a pioneering initiative to spread financial literacy. It launched a comprehensive financial education and awareness initiative, FLAME - Financial Literacy Agenda for Mass Empowerment on February 18, 2011. FLAME was launched by Dr K C Chakrabarty, Deputy Governor, RBI and Mr Deepak S Parekh, Chairman, HDFC at a function attended by the leading luminaries from the financial services space.

Under this initiative IIFL Group has launched a series of advertisements in leading newspapers on financial literacy and also plans to conduct seminars and issue training materials to the public for spreading financial literacy.

IV AWARDS AND RECOGNITIONS

Your Company has been awarded the 'Best Equity Broker of the Year' at the Bloomberg UTV Financial Leadership Awards, 2011. The award was presented by the Hon'ble Finance Minister of India, Shri Pranab Mukherjee on March 26, 2011.

V BUYBACK

Pursuant to the resolution passed by the Board of Directors of the Company and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buyback of securities) Regulations, 1998, the Company made a public announcement on December 24, 2010, to buy-back the Company's equity shares at a price not exceeding ₹ 99.0 per share, aggregating to ₹ 1.04 bn. The Buyback was successfully completed and the Company bought back 12,999,877 equity shares and utilised maximum offer size of ₹ 1.04 bn.

VI DIVIDEND ON EQUITY SHARES

During the year 2010-11, the Company declared and paid interim dividend of 150% i.e. ₹ 3 per share (face value of ₹ 2 per share). The same is considered as final. The total dividend paid in 2009-10 was ₹ 3 per share. The total outflow on account of dividend payout (including dividend distribution tax and surcharge) was ₹ 986.8 mn (previous year ₹ 996.8 mn).

VII TRANSFER TO RESERVE

The Company proposes to transfer ₹123 mn to the General Reserve and retain ₹ 113.79 mn to the profit and loss account.

VIII ALLOTMENT OF SHARES

During the year 2010-11, your Company allotted 14,194,925 equity shares of ₹ 2 each on exercise of stock options under the Employee Stock Option Schemes of the Company. Towards the said allotments, the Company received a total consideration of ₹ 605.4 mn including premium of ₹ 577 mn.

IX DEPOSITS

During the year 2010-11, your Company did not accept/renew any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under and as such, no amount of principal or interest was outstanding as on the balance-sheet date.

X SUBSIDIARY COMPANIES

The Company had 22 subsidiaries at the beginning of the year. 7 subsidiaries namely

- 1) IIFL Trustee Services Limited
- 2) Finest Wealth Managers Private Limited
- 3) IIFL Securities Ceylon (Pvt) Limited
- 4) IIFL Private Wealth Hong Kong Limited
- 5) IIFL Capital Ceylon Limited
- 6) IIFL Private Wealth (Mauritius) Limited and
- 7) IIFL Private Wealth Management (Dubai) Limited

have been set up/acquired during the year 2010-11. Consequently, the total number of subsidiaries as on March 31, 2011 is 29.

Pursuant to the general exemption granted by the Ministry of Corporate Affairs vide circular dated February 8, 2011, the Board of Directors had at their meeting held on May 7, 2011 approved attaching the consolidated financials of all the subsidiaries of the Company along with that of the Company. The copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of each of the subsidiary Companies are not attached to the accounts of the Company for financial year 2010-11. The Company will make available these documents/details upon request by any member of the Company. These documents/details will also be available for inspection by any member of the Company at its registered office and also at the registered offices of the concerned subsidiaries. The Annual Report of all the subsidiaries shall be uploaded upon the website of the Company. As required by Accounting Standard - 21 (AS-21) issued by the Institute of Chartered Accountants of India, the Company's consolidated financial statements included in this Annual Report incorporates the accounts of its subsidiaries. A summary of key financials of the Company's subsidiaries is also included in this Annual Report.

XI MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for 2010-11, as required under Clause 49 of the Listing Agreement, is given as a separate statement in the Annual Report.

XII DISCLOSURE OF EMPLOYEE STOCK OPTIONS

During the year 2010-11, the Company granted 250,000 stock options to the employees under its Employee Stock Option Scheme 2008. Details as per the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Option Purchase Scheme) Guidelines, 1999, are attached as an annexure.

Directors' Report

XIII DIRECTORS

The Board at its meeting held on May 7, 2011, elevated the existing Executive Director, Mr. R Venkataraman as "Managing Director", and consequently the existing Chairman and Managing Director, Mr. Nirmal Jain has been re-designated as the "Executive Chairman" subject to necessary approvals.

In accordance with Sections 255 and 256 of the Companies Act of 1956 read with Article 137 of the Articles of Association of the Company, Mr. A. K. Purwar, retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting of the Company. Mr. Sat Pal Khattar, Non Executive Director of the Company, resigned with effect from October 27, 2010. The Board places on record sincere appreciation of Mr. Sat Pal Khattar's contribution towards growth of your Company over the last decade.

XIV DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards were followed;
- (b) Appropriate accounting policies were selected and applied consistently and that judgments and estimates made were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2011, and of its profit for the year ended on that date;
- (c) Proper and sufficient care was taken to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts were prepared on an ongoing concern basis.

XV CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The additional information required in accordance with sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is appended to and forms part of this Report.

XVI CORPORATE GOVERNANCE REPORT

The Securities and Exchange Board of India (SEBI) prescribed Corporate Governance standards. Your Directors reaffirm their commitment to these standards and this Annual Report carries a section on Corporate Governance.

A certificate from the Statutory Auditors, M/s Sharp & Tannan

Associates, Chartered Accountants, regarding compliance with the conditions of Corporate Governance as stipulated under clause 49 of the listing agreement is annexed herewith.

XVII PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the annexure to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding the aforesaid information. The annexure is available for inspection at the registered office of the Company. Any shareholder interested in the said information may write to the Company Secretary at the registered office of the Company.

XVIII STATUTORY AUDITORS

M/s. Sharp & Tannan Associates, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. M/s Sharp & Tannan Associates have sought re-appointment and confirmed that their re-appointment shall be within the limits of Section 224(1B) of the Companies Act, 1956. The necessary eligibility certificate under Section 224(1B) of the Companies Act, 1956 was received from them. The Audit Committee and Board of Directors recommend the appointment of M/s Sharp & Tannan Associates, Chartered Accountants as the Statutory Auditors of the Company.

The notes to the accounts referred to in the Auditors Report are self-explanatory and therefore do not call for any further comments.

XIX APPRECIATION

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the government, regulators, stock exchanges, other statutory bodies, and Company's bankers for the assistance, cooperation and encouragement extended to the Company.

Your Company's employees are instrumental in your Company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged. Your involvement and support as shareholders is also greatly valued. Your Directors look forward to your continuing trust in us.

On behalf of the Board

Nirmal Jain
Chairman

Dated: May 7, 2011



Annexure to the Directors' Report

Information relating to conservation of energy, technology absorption and innovation and foreign exchange earnings/outgo forming part of the Directors' Report in terms of Section 217(1)(e) of the Companies Act, 1956.

(A) CONSERVATION OF ENERGY

The Company is engaged in providing financial services and as such its operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy. Several environment friendly measures were adopted by the Company such as:

- ▶ Installation of capacitors to save power,
- ▶ Installed TFT monitors that saves power,
- ▶ Automatic power shutdown of idle monitors,
- ▶ Creating environmental awareness by way of distributing the information in electronic form,
- ▶ Minimising air-conditioning usage,
- ▶ Shutting off all the lights when not in use and
- ▶ Education and awareness programs for employees

The Management frequently puts circulars on corporate intranet, IWIN for the employees educating them on ways and means to conserve the electricity and other natural resources and ensures strict compliance of the same.

(B) TECHNOLOGY ABSORPTION AND INNOVATION

The Management understands the importance of technology in the business segments it operates and lays utmost emphasis on the system development and use of best technology available in the industry. The management keeps itself abreast of technological advancements in the industry and ensures continued and sustained efforts towards absorption of technology, adaptation as well as development of the same to meet business needs and objectives.

Software: The Company developed and deployed the Trader Terminal, its proprietary trading platform, which is more user-friendly and has rich features that are superior to the other trading platforms available in the market. During the year, the Company successfully developed and rolled out its property mobile trading platform TT mobile and enabled customers to trade through their mobile. The Company also successfully developed a browser-based trading platform using .NET technology which is light and at the same time provides its users rich experience. Back-office software was developed in-house on net technology that gives far more flexibility and advantage. We could successfully migrate few back office operations

to remote locations with in-house developed software. The management believes in making the best use of technology and available resources.

Network: The management invested considerable resources in deploying the latest technologies in areas of wide area networking using MPLS, video communications, VoIP, automated dialers voice logger systems and other customer relationship management (CRM) tools and software. Storage consolidation using EMC helped us meet the ever-growing demand on performance and better manageability.

The Company successfully consolidated its core network on Cisco high-end switches with double redundancy resulting in better performance and zero downtime. The Company also made significant strides in using cloud technology for customer-facing servers providing rapid and inexpensive ramp-up or down of capacity in line with business requirements.

(C) FOREIGN EXCHANGE EARNINGS/OUTGO

- a) The foreign exchange earnings of the Company were NIL.
- b) The foreign exchange expenditure was ₹ 916.49 mn.

(D) RESEARCH AND DEVELOPMENT (R&D)

The Company is engaged in financial services and so there were no activities in the nature of research and development involved in the business. Being in financial services, we provide financial and equity research to the customers which is not in the nature of research and development.

Amount of expenditure incurred on Research and Development:

Particulars	March 31, 2011	March 31, 2010
Capital	Nil	Nil
Revenue	Nil	Nil

Directors' Report

Disclosure as required under Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

	Particulars	ESOP 2005	ESOP 2007	ESOP 2008
	Options outstanding as at the beginning of the year	5,850,550.00	3,975,450.00	45,661,500.00
a	Options granted during the year	-	-	250,000.00
b	Pricing Formula			The Exercise Price may be decided by the compensation committee in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines and any amendments thereto, subject to a maximum discount of 35% to the market price.
c	Options Vested**	2,006,290.00	1,015,900.00	20,439,570.00
d	Options Exercised**	2,649,025.00	282,900.00	11,263,000.00
e	Total number of shares arising as a result of exercise of options	2,649,025.00	282,900.00	11,263,000.00
f	Options lapsed *	2,381,800.00	110,500.00	45,900.00
g	Variation in terms of Options	None	None	None
h	Money realised by exercise of Options (In mn)	79.89	13.00	512.48
i	Total number of options in force**	819,725.00	3,582,050.00	34,602,600.00
	** The number of options have been reported as on 31-03-2011			
	* Lapsed Options includes options cancelled/lapsed.			
	Particulars			ESOP 2008
j	Employee wise details of options granted to:			
	- Senior Management			Nil
	- any other employee who receives a grant during the year of option amounting to 5% or more			Nil
	- employees who were granted option, during the year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the Company at the time of grant			Nil
k	Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20 'Earnings per Share'			
l	Pro Forma Adjusted Net Income and Earning Per Share			

Disclosure as required under Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Contd.)

Particulars		₹
Net Income		
As Reported		1,223,618,546
Add: Intrinsic Value Compensation Cost		7,123,578
Less: Fair Value Compensation Cost		427,070,050
Adjusted Pro Forma Net Income		803,672,074
Earning Per Share: Basic		
As Reported		4.25
Adjusted Pro Forma		2.79
Earning Per Share: Diluted		
As Reported		3.74
Adjusted Pro Forma		2.46
m	Weighted average exercise price of Options granted during the year whose	ESOP 2008
	(a) Exercise price equals market price	105
	(b) Exercise price is greater than market price	NA
	(c) Exercise price is less than market price	NA
	Weighted average fair value of options granted during the year whose	
	(a) Exercise price equals market price	66.52
	(b) Exercise price is greater than market price	NA
	(c) Exercise price is less than market price	NA
n	Description of method and significant assumptions used to estimate the fair value of options	The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same has been detailed below:
	Weighted average values for options granted during the year	
	Variables	ESOP 2008
	Stock Price	108.80
	Volatility	75.26%
	Riskfree Rate	7.67%
	Exercise Price	105.00
	Time To Maturity	5.00
	Dividend yield	1.64%
		66.52

STOCK PRICE: Closing price on NSE as on the date of grant has been considered for valuing the grants.

VOLATILITY: We have considered the historical volatility of the stock till the date of grant to calculate the fair value.

RISK-FREE RATE OF RETURN: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

EXERCISE PRICE: The Exercise Price may be decided by the compensation committee in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines and any amendments thereto, subject to a maximum discount of 35% to the market price.

TIME TO MATURITY: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the maximum period after which the options cannot be exercised.

EXPECTED DIVIDED YIELD: Expected dividend yield has been calculated as an average of dividend yields for the four financial years preceding the date of the grant.

MACROECONOMIC OVERVIEW

Indian economy came out quite unscathed from the global financial turmoil in the year 2008-09. It has also emerged resilient and continued its robust growth momentum. During the year under review, the Indian economy posted an impressive growth of 8.6% yoy. This growth was driven by the rural sector which benefited from good monsoons, increased flow of bank credit and generous funding by the government on various employment and other schemes. While the growth during FY 2004-08 was driven primarily by accelerated capital formation, the growth for the last 2 years has been driven by consumption and rising income. The services sector which has been a dominant part of India's GDP, also has maintained its strong growth momentum. On the flip side, inflation was the major concern for the policy makers for the year under review. The policy makers responded by tightening the monetary policies and increasing the interest rates very aggressively. During the year under review, the Central Bank, RBI increased the repo rate by 175 basis points to 6.75% and the reverse repo rate by 225 basis points to 5.75%. The primary causes of inflation have been:

- (i) increase in crude oil and other commodities driven by benign global liquidity aided by US Central Bank's Quantitative Easing (QE1 and QE2) and
- (ii) Spiraling food prices caused by supply falling short of relatively inelastic demand.

In the last few quarters however, the gross capital formation has decelerated and there is apprehension that economic growth will be impacted with a lag. While the private sector capital expenditure is marred by high interest rates and lower operating margins with raw material price escalation, the government supported capital expenditure is impacted by faltering policy making, political uncertainties and delays in decision making. The government however is trying to get its act together. Recently, government took long pending decision on price hike for petroleum products and the market's immediate response was positive.

Nobody has any doubt in the potential and robust India growth story in the long term. The key variables to watch out for in the short term would be global crude and commodity prices, local inflation and monetary policy stance, government decisions on reforms, policies and infrastructure and monsoon.

Financial Markets

During the year under review, the Indian capital markets showed resilience to a number of negative news. The key benchmark indices Sensex and Nifty moved up by about 11% yoy. This was primarily

driven by FII inflows at a healthy US\$ 30 bn during the year. However the enthusiasm was not matched by local participants in the market namely mutual funds, insurance companies and retail investors. The market sentiment and environment remained volatile and choppy. This also led to continued fall in relative share of cash market turnover and delivery volumes. But there was a huge jump in derivatives (futures and options) volumes, where one takes a larger position backed by a small cash margin. The overall market volumes went up by stupendous 40% yoy, whereas the cash market volumes fell by 17%. This understandably led to fall in weighted average brokerage yield of most players and operating margins came under a major squeeze. This can lead to a consolidation in the industry. The survivors should emerge stronger and benefit from the long term industry growth.

Insurance and Mutual Fund industry passed through a transition phase in terms of regulatory regime. The policy initiatives have been favorable for the customer and therefore they should benefit the industry in the long term. However significant fall in income of intermediaries and distributors have impacted the efforts for mobilization of fresh money in these sectors. It may take some more time for manufacturers and distributors to adjust their cost and productivity structure and to tap the opportunity from the growing national income and savings. The likely industry consolidation will help the larger and well managed players in the medium term.

During the year under review interest cost witnessed a significant increase. This impacted the net interest margin for many NBFC companies like ours. However the credit growth continues and by and large NPAs remain under control for the industry. There is significant latent demand for mortgages, houses and consumer credit. In the short term, demand growth may be subdued as high interest cost will increase the EMI and the ability of a household to fund a new house. There is significant growth potential in other secured credit products such as SME, vehicles, gold, health care facilities, educational institutions etc.

IIFL SEGMENT OVERVIEW

In this section, the discussion pertains to the consolidated financials of India Infoline Limited along with all its subsidiaries. As a significant part of the Company's business is conducted through its subsidiaries, your Company believes that the consolidated accounts provide a more accurate representation of the performance of your Company as compared to the stand-alone performance. Therefore management's discussion and analysis pertains to the consolidated results.

The broad composition of consolidated income has been as follows:

	Year ended March 31, 2011	% in total income	Year ended March 31, 2010	% in total income
Equities brokerage & related	6,697.3	45.4%	7,018.1	62.4%
Financing and investment	6,180.5	41.9%	2,917.8	26.0%
Marketing and distribution	1,842.7	12.5%	1,293.1	11.5%
Others	19.0	0.1%	9.8	0.1%
Total income	14,739.4	100.0%	11,238.8	100.0%

Equities broking and related income

It comprises, the income received from broking and related activities in the cash and derivatives segments of equities on BSE and NSE and commodities trading on MCX and NCDEX. The related income includes income derived from wealth management advisory and investment banking services.

During the year, our equities broking and related income declined 4.6% yoy to ₹ 6.7 bn. This was on account of significant fall in average brokerage yield on the traded turnover. On the major exchange, NSE, we increased our market share to 4% in the year under review as compared to 3.8% in the previous year. The fall in brokerage yield has been an industry wide phenomenon attributed primarily to change in product mix and to some extent to increasing competitive activity. The product mix on the exchange has changed in favour of Futures and Options segment, which accounted for 86% of volumes for the year under review as compared to 76% in the previous year, with corresponding fall in relative share of cash segment. Within cash segment also, relative share of delivery volumes has fallen. Brokerage rates, as per industry norms, tend to be significantly higher for delivery volumes, followed by intra-day and futures & options. The brokerage yield is typically lowest for options contract. To illustrate on an average, brokerage per rupee of turnover of cash delivery trade can be as high as 8 to 10 times that of a trade in futures or options segment. Besides, when industry income pie is not growing, like any other competitive business, the pricing tends to be cut-throat.

Not deterred by short term cyclical head winds, the Company continued to grow its distribution network and client base. During the year, the Company's client base increased to 0.95 mn as against 0.8 mn in the previous year. As on March 31, 2011 the Company had over 3,000 business locations spread across more than 500 cities and towns across India.

Our average daily volume in the commodities brokerage business was ₹ 7.4 bn during financial year 2010-11 as compared to ₹ 4.1 bn in financial year 2009-10, registering a growth of 80% yoy. Our overall market share on both exchanges (MCX and NCDEX) increased to 2% from 1.7% in the previous year. Commodities trading is penetrating wider and deeper across India. The

trading volumes in commodities comprise a number of diverse commodities from Gold, Silver, Wheat to Crude oil and many more. They are relatively less susceptible to capital market sentiment.

The Company continued to successfully scale up the wealth management business with Assets under Advice crossing the ₹ 200 bn mark. It is one of the industry's strongest platforms across various product propositions, which feed into a strong advisory setup. The Company believes that in medium to long term, the advisory business will have greater pricing power and stickier relationships with customers.

During the year our Investment Banking team successfully advised and managed ten transactions including IPOs, Qualified Institutional Placements, GDR Offering and Rights issue. The investment banking business, being deal driven is more erratic and difficult to predict from quarter to quarter basis. For instance, in the previous year, while it started off well with a good deal pipeline in the first and second quarter, the momentum suddenly petered off in the second half of the year.

Financing and investing income

The income from financing and investments stood at ₹ 6.1 bn during the year, up 111% yoy over 2009-10. The Company's product offerings include margin funding, loan against shares, loan to promoters, loan against commercial and residential property, gold loans and financing of healthcare equipment. The Company's portfolio stood at ₹ 32.9 bn as at March 2011, a 102% increase over ₹ 16.3 bn as at March 2010. Predominantly the Company's loan book comprises secured lending with collateral of property, securities, gold, equipment, etc. The loan book as at March 31, 2011, comprised ₹ 11.6 bn (₹ 8.4 bn in FY10) of loan against capital market products, ₹ 19.5 bn (₹ 6.9 bn in FY10) of loan against property and ₹ 1.8 bn (₹ 1 bn in FY10) being others. Besides, based on available opportunities, the Company also deploys funds in equities, commodities or currencies arbitrage activities. The relative contribution of arbitrage activities in the income of year under review however was not significant. The growth in loan book in the current year was driven by the Company's capability to originate retail and wholesale assets against collateral of property through its nationwide distribution

Management's Discussion & Analysis

network and quick turnaround in the economic and credit environment. The loan against securities book tends to be more volatile depending on capital market sentiment.

Compared to other NBFCs in the peer group, your Company's balance sheet is relatively under-leveraged and hence has capacity to meet funds requirement for growth in the near future without resorting to fresh equity capital.

Distribution and marketing income

Distribution and marketing income comprises commission, brokerage and marketing income generated from distribution of third party products such as insurance, mutual funds and online marketing activity on the Company's website. A significant part of this income is contributed by commission and brokerage on life insurance premium mobilized as an insurance broker. The Company sold insurance policies issued by various life insurance companies including ICICI Prudential Life Insurance, Reliance Life Insurance, Max New York Life and Bajaj Life Insurance. During the year the Company's income from Distribution and marketing was ₹ 1.8 bn, which is an increase of 42.5% yoy.

Costs

The following table sets forth the expenditure that the Company incurred under various heads:

	₹ mn	
	March 31, 2011	March 31, 2010
Direct cost	2,152.7	1,675.9
Employee cost	3,925.3	3,178.9
Administration and other expenses	2,593.9	2,010.8
Finance cost	2,358.0	291.4
Depreciation	581.7	534.6
Total expenses	11,611.6	7,691.6

Direct cost

Direct costs consist of brokerage related charges, exchange and statutory charges, marketing expenses and commissions and direct costs relating to financing business. Direct costs have increased 28.5% on a year-on-year basis to ₹2.2 bn, in line with growth in total income. Consequently, direct costs were 15% of revenues in FY2011—level similar to that in the previous year.

Employee cost

Employee costs were ₹ 3.92 bn for FY2011, which is up 23.5% on a year-on-year basis. This increase in employee cost is primarily on account of rise in average salary levels owing to inflation, competitive pressures as job market recovered from its slumber in the previous two years and relative strengthening of senior management team.

Administrative cost

Our administrative costs comprise expenses incurred on rent, electricity, tele communication, technology, infrastructure, printing and stationery, travel, courier, advertisement, legal and professional etc. Administrative expenses during the year stood at ₹ 2.6 bn, a rise of 29% as compared to 2009-10. The increase in administrative cost is mainly due to increase in infrastructure for supporting long term growth of the business.

Depreciation expense

Depreciation in FY2011 was ₹ 581.7 mn compared to ₹ 534.6 mn in FY2010 an increase of 9%. This increase has primarily been on account of ongoing capital expenditure on expanding our overall infrastructure.

BALANCE SHEET**SOURCES OF FUNDS****Share capital**

Your Company's share capital has increased from ₹ 570.4 mn last year to ₹ 572.8 mn, as a net result of exercise and allotment of 14,194,925 equity shares of ₹ 2 each to employees under the Company's employee stock options schemes and buy back of 12,998,877 shares.

As on March 31	2011		2010	
	Equity Shares (No.)	₹ mn	Equity Shares (No.)	₹ mn
Share Capital - beginning of the year	285,214,775	570.4	283,400,000	566.8
ESOP Plan	14,194,925	28.4	1,814,775	3.6
Buy Back	(12,998,877)	(26.0)	-	-
Share Capital - end of year	286,410,823	572.8	285,214,775	570.4

Reserves and surplus

The Company's net worth (excluding minority interest) grew from ₹16.1 bn in 2009-10 to ₹16.6 bn in 2010-11. Your Company's book value per share rose from ₹ 56.27 per share to ₹ 58.11 per share (excluding minority interest). The increase in networth is on account of retained profits, partly negated by buy-back which was at a price, higher than the then book value. Summary of reserves and surplus is provided in the table below.

	Balance as at March 31, 2010	Additions	Deductions/ Adjustments	Balance as at March 31, 2011
Securities premium account	11,540.3	604.5	(1,086.3)	11,058.5
General reserve	471.9	206.0		677.9
Capital reserve	597.7	-	-	597.7
Capital redemption reserve	5.1	26.0		31.1
Special reserves	323.2	185.5	-	508.7
Employee stock options outstanding	37.8	7.1		44.9
Foreign exchange fluctuation reserve	15.5	128.9	-	144.4
Profit and loss account	2,483.1	712.2	(190.4)	3,004.9
	15,474.6	1,870.2	(1,276.7)	16,068.1

Securities Premium

	₹ mn	
	March 31, 2011	March 31, 2010
Balance - beginning of year	11,540.3	11,559.9
Add : Premium on ESOP exercise	577.0	53.0
Add: Proceeds from issuance of minority share capital	27.5	(70.8)
Less : Buy back	(1,014.0)	-
Less : Transfer to capital redemption reserve	(26.0)	-
Less : Share issue expenses	(16.5)	(1.8)
Less : Bonus issue of shares (Minority Interest)	(29.8)	-
Balance - end of year	11,058.5	11,540.3

Management's Discussion & Analysis

Loans

Secured loans outstanding as on March 31, 2011 were ₹ 15.7 bn compared to ₹ 3.6 bn as at the previous year end. The Company availed of long term secured loans from banks and mutual funds primarily to fund the medium to long term requirements of its lending business. These loans are mainly secured against the receivables of the Company.

Your Company's unsecured loans as on March 31, 2011 were ₹ 13.6 bn compared to ₹ 11.6 bn as at the previous year end. The unsecured loans were taken mainly from mutual funds to finance the Company's short term requirements of its lending business.

APPLICATION OF FUNDS

Fixed Assets

During the year, the Company's gross block rose by 14% to ₹ 5.6 bn from ₹ 4.9 bn in the previous year. The new addition to fixed assets included the Company's new head office at Thane, where the Company has invested in the state-of-the-art technology to support inter alia its backoffice, customer service and call center operations. The Company continued to invest in technology, call center infrastructure, upgradation of existing offices as well as new regional offices in the country.

A statement of movement in fixed assets is given below:

As on March 31	2011	2010	Growth %
Computers	476.1	397.9	19.7%
Electrical equipment	423.9	309.7	36.9%
Furniture & fixture	1,210.9	961.0	26.0%
Office equipment (Air conditioners, etc.)	494.4	410.7	20.4%
Buildings (Including land)	1,067.2	967.2	10.3%
Land/Leasehold land	1,813.8	1,783.0	1.7%
Vehicles	7.4	-	-
Software	83.7	72.3	15.8%
Non compete fees	12.4	27.4	(54.7)%
Gross block	5,589.8	4,929.2	13.4%
Less : accumulated depreciation	1,542.9	997.8	54.6%
Net block	4,046.9	3,931.4	2.9%
Add : Capital work in progress	371.0	340.9	8.8%
Net fixed assets	4,417.9	4,272.3	3.4%
Depreciation			
as % of revenue	3.95%	4.80%	
as % of average gross block	10.41%	12.50%	
Accumulated depreciation as % of gross block	27.60%	19.80%	

Investments

Your Company's investment portfolio stood at ₹ 3.4 bn as of March 31, 2011, as compared to ₹ 4.8 bn as at the previous year end. Of this ₹ 2.98 bn were deployed in fixed income schemes of various mutual funds and ₹ 178 mn in equity of various companies. Your Company also holds private equity investment of ₹ 247.7 mn (₹ 100.2 mn as on March 31, 2010) besides ₹ 16.8 mn in 130,000 shares in The Bombay Stock Exchange Ltd. (₹ 16.8 mn as on March 31, 2010)

	₹ mn	
March 31, 2011	2011	2010
Cash balance	285.1	5.7
Bank balances in India		
Current accounts	4,326.0	4,957.1
Deposit accounts	3,422.8	2,998.7
Unclaimed dividend account	6.7	3.5
Bank balances held by subsidiaries outside India		
Current accounts	204.8	90.7
Deposit accounts	60.6	1.2
Total cash and bank balances	8,306.0	8,056.9
Deposits (reported under 'Loans & advances')	1,186.9	61.1
Investment in mutual funds/Equity shares (reported under 'Investments/Stock in trade')	3,857.5	5,359.8
Total cash and cash equivalents	13,350.4	13,477.8
Cash and equivalents/Total assets	21.6%	30.4%
Cash and equivalents/revenues	90.6%	119.9%

Deferred tax assets and liabilities

Deferred tax assets and liabilities have been computed as per the provisions of the Income Tax Act, 1961. Deferred tax assets are ₹ 284.3 mn as on March 31, 2011. Some of the Company's international subsidiaries are in investment phase and are expected to be profitable in three to five years' time.

Working capital

As on March 31, 2011, the Company's working capital stood at ₹ 37.8 bn as compared to ₹ 22.0 bn last year. There has been a significant growth in the loan book resulting in Loans and Advances increasing to ₹ 39.3 bn in the current year from ₹ 20.2 bn in the previous year. Cash and bank balances were marginally higher at ₹ 8.3 bn as compared to ₹ 8.1 bn in the previous year. Of this ₹ 3.5 bn (₹ 3.0 bn in the previous year) was kept in fixed deposits with banks as margin for bank guarantees for our broking business. Sundry debtors balance as at year end stood at ₹ 4.9 bn as compared to ₹ 6.1 bn as at the previous year end, reflecting lower velocity particularly in the cash market towards the end of year under review as compared to the same in the previous year. Stock on hand mainly comprises fully hedged arbitrage position as on March 31, 2011 and certain bonds stock as at year end. Current liabilities as on March 31, 2011 were ₹ 15.5 bn as compared to ₹ 12.9 bn in the previous year. Current liabilities include amounts payable to the stock exchanges towards payin which fluctuate on a day-to-day basis. Provisions, including provisions for taxation, gratuity and leave encashment stood

at ₹ 26.8 mn as compared to ₹ 105.4 mn in the previous year. Provisions for gratuity and leave encashment are made based on actuarial valuation.

Human resources

Your Company's business critically depends on quality of manpower. Your Company's philosophy has been to hire the best talent and then give them autonomy to take decisions and implement. The Company has over the years, developed a work culture which is unique and can be summarized as people with 'Owner Mindset'. All the employees are aligned to the culture; they think, act and behave like owners as if it were their own business. This alone has enabled the Company to grow from a small startup to one of the leading companies in financial services, in a span of a decade and in the face of competition from bulge bracket institutions and corporate houses. The Company's recruitment, re-training, rewarding and retention policies are developed to protect and fortify the core culture. Today, the Company offers a strong brand, a challenging work environment conducive for independent decision making and competitive compensation including stock ownership. This allows the Company to attract and retain extremely qualified professionals with impeccable professional track records. The total employee strength of the Company and its subsidiaries was 10,924 as on March 31, 2011.

Management's Discussion & Analysis

Risk management

Risk management is integrated seamlessly into business strategy at your Company. The objective of our risk management process is to insulate the Company from the risks associated with the business while simultaneously creating an environment conducive for its growth. It entails a comprehensive estimation, control and review of risk to protect organizational value. The top management has a "hands – on" approach at a strategic level, at the same time delegating and decentralizing operations. Risk Management also forms a critical part of our training module across all levels so that all employees are trained on risk management and implications thereof.

At the Company, a governance process has been institutionalised, which ensures that risk management concepts are applied to all business and risk types. Decision making levels are based on the Company's objectives and risk tolerance limits. Strategies, policies and limits are designed to ensure that risks are prudently diversified. Risk mitigating activities are reviewed periodically by senior management and further at the Board.

Our experienced compliance and risk management team also plays a vital role in ensuring that the rules and regulations are followed, not just in letter but also in spirit. The risk management discipline is centrally initiated but prudently decentralized; percolating to the line managers and helping them mitigate risks at the transactional level, the most effective form of risk management.

Market risk

The financial services sector is affected by a variety of factors linked to economic development in India and rest of the world global fund flows and politics. Any economic event across the globe can have a direct or indirect impact on your Company. To mitigate this we have diversified our revenue streams across multiple product lines and businesses.

Reputation risk

Over the years, your Company has built systems, processes, checks and balances which ensures that operating managers say 'No' to poor quality in pursuit of instant results, short cuts, stop-gap alternatives, unfair / ad hoc policies and cutting corners, among others. Also, it has in place stringent employee trading guidelines and policies. The Company's policy ensures strict disciplinary actions against those deviating from the same.

The Company has institutionalised a number of measures to secure customer interests. Trader terminals provide real-time data and ledger balances of the stocks and funds position enabling customers of their online positions. The Company transfers client funds/securities to the customers designated banks/demat accounts. All receipts and payments from/to customers are done through account payee cheques/DDs with Client Ids and no cash acceptance is permitted. The Company makes a constant and concerted effort to educate customers of the Do's and Don't's.

Credit and Finance risk

For credit and finance business, we have a multi level Credit & Investment Committees consisting of directors of the board / HODs to consider credit and investment proposals. The major credit proposals are formally evaluated and approved by various committees. We have in place the Risk Management Committee and Asset Liability Management Committee (ALCO) consisting of directors and senior officials which regularly meets and reviews the policies, systems, controls and positions of credit and finance business.

The risk committee reviews the risk management processes covering credit and underwriting controls, operations, technology, compliance risks, etc. The ALCO committee involves in balance sheet planning from risk return perspective including the strategic management of interest rate and liquidity risk. Towards this end, the ALCO committee reviews product pricing for various loans and advances, desired maturity profile and mix of the incremental asset and liabilities. It reviews the funding policies of the Company in the light of interest rate movements and desired fund mixes particularly fixed / floating rate funds, wholesale / retail funds, money market funding etc. from time to time.

Technology risk

Over the years, the Company has invested in cutting-edge technologies with a single-minded objective: to enrich end-user experience and better controls.

As a policy, the Company has consistently overprovided for business volumes at every point in its IT network. The Company's servers have been provided with built-in redundancy, auto switch-over capability and stand-by servers. Besides, the Company continuously monitors infrastructure performance, ensuring optimum utilization. Our business is intensively linked to technology and hence to mitigate risk of technology failure we have multiple options for internet bandwidth and internet connectivity and back end service providers. We have sophisticated firewalls to protect our IT infrastructure and have also invested in disaster recovery centers. Recently your Company has entrusted a multi-year contract with IBM to manage all its IT infrastructure and facilities. The deal is unique in that it is contracted on outcomes rather than resources, and will dramatically improve security, reliability and availability against measured service level commitments. The agreement covers IIFL's 700 branches. IBM will set up a centralised helpdesk, a pan-India services desk, applications and infrastructure in branches, and deploy service management processes to cover assets. IT security, capacity, network, storage, incident/problem/change and technology among others.

Compliance risk

Your Company operates primarily in financial services space. Each of these businesses is regulated by a different regulator and as such compliance forms a critical part of operations of the group. We are



registered and regulated by SEBI for merchant banking, stock broking, depository participants and portfolio management businesses. India Infoline Investment Services Ltd and Moneyline Credit Ltd are NBFCs registered by Reserve Bank of India and housing finance subsidiary namely India Infoline Housing Finance Ltd is registered with National Housing Bank. Our commodities broking subsidiary is regulated by Forward Markets Commission and our insurance broking subsidiary is registered with IRDA. Besides, our foreign subsidiaries are registered with respective overseas regulatory authorities. Your Company has a full-fledged compliance department, headed by a Chief Compliance Officer, which ensures all the regulatory compliances and reportings of the group.

At your Company, the compliance discipline extends across the entire transaction cycle: KYC process, transaction execution, transaction settlement involving securities, fund transfer, customer reporting's etc. The compliance requirements across the various service points have been communicated comprehensively to all through compliance manuals and circulars. To ensure complete involvement in the compliance process, heads of the every business/zones/area offices and departments submit quarterly compliance reports, the compilations of which are reviewed by the Audit Committee/Board and also submitted to regulatory bodies as per requirement.

Human resources risk

Over the years, your Company has put in place the following initiatives to retain its people capital:

- ▶ Created an environment which is conducive for the overall growth and progress of our employees
- ▶ Empowered employees to take decisions. With the fundamental ethos of 'Owner Mindset' people are treated more like 'co-owners' than employees
- ▶ Goal setting in consultation with key business executives, enhancing a sense of ownership
- ▶ Rolling out an attractive ESOP scheme, where-in 'Owner Mindset' does not just remain as an esoteric proposition but it actually makes owners out of employees
- ▶ Encouraged growth from within as a strategy to plug vacancies.

Internal controls

The Company has invested in ensuring that its internal audit and control systems are adequate and commensurate with the nature of our business and the size of our operations. The Company has retained a reputed global firm Ernst & Young as its Group Internal Auditor. The Company also retains a few specialized Audit firms to carry out specific / concurrent audit of some critical functions such as Half yearly internal audit of broking business mandated by SEBI/Exchanges, KYC process, demat transfers, pay-outs, systems audit, branches & sub brokers audits etc. The Company also has an internal team of professionals at head office in Mumbai, supported by regional teams at zonal offices. The internal team undertakes some special situation audits and follows up on implementation of Internal Auditors' recommendations. The Auditors' reports and recommendations and rectifications / implementations are reviewed by the top management and Audit Committee at regular intervals.

The internal processes have been designed to ensure adequate checks and balances at every stage. The processes are reviewed periodically by Internal Auditors as well as Audit Committee and amended as required. Your Company also has to comply with several specific audits that are required by regulatory authorities such as SEBI / Exchanges / Depositories and the reports are submitted to the regulators periodically.

Outlook

Your Company is well placed to seize the long term opportunity in financial services space in India. India's national income is expected to grow at an annual rate of over 8% in real terms, which will be close to 14-15% p.a. in monetary or nominal terms. Invariably, a developing economy passing through such rapid growth phase, witnesses its financial services sector to grow at 1.5 to 2 times the national income growth. The sector while has tremendous long term potential to grow, has a distinct characteristic of being cyclical. Therefore we see a sort of roller coaster ride. Long term players like your Company, see this as an opportunity rather than an obstacle. Invariably when head winds are strong, the weaker players fall off the roller coaster, paving way for the long term players to emerge strong.

I. CORPORATE PHILOSOPHY

Corporate Governance is about promoting corporate fairness, transparency and accountability.

Corporate Governance deals with laws, procedures, practices and implicit rules that determine a Company's ability to take informed managerial decisions vis-a-vis its claimants – in particular, its shareholders, creditors, customers, the state and employees. There is a global consensus about the objective of good Corporate Governance maximising long-term shareholders value.

Thus, Corporate Governance is a reflection of a Company's culture, policies, it's relationship with the stakeholders and its commitment to values.

The Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines 2009. These guidelines have been published keeping in view the objective of encouraging the use of better corporate governance practices through voluntary adoption which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance. These guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Ministry hopes that adoption of these guidelines will also translate into a much higher level of confidence that is crucial to ensuring long term sustainability and value generation by business. The guideline broadly focuses on areas such as Board of Directors, responsibilities of the Board, audit committee functions, roles and responsibilities, appointment of auditors and mechanism for whistle blower policy. We substantially comply with the Corporate Governance Voluntary Guidelines.

We, at India Infoline, believe that sound Corporate Governance is critical to enhance and retain investors' trust. Accordingly, we always seek to ensure that we attain our performance rules with integrity.

Our Corporate Governance philosophy is based on the following principles.

- ▶ Corporate Governance standards should be complied with in letter as well as spirit
- ▶ Maintain absolute transparency and adequate disclosure practices.
- ▶ Individual preferences and convenience should be subordinate to Corporate conveniences
- ▶ Communicate externally in a truthful manner about how the Company is run internally.
- ▶ Compliance with the laws in which the Company operates.

- ▶ Simple and transparent corporate disclosure driven solely by business needs.
- ▶ Management is the trustee of the shareholders' capital and not the owner.

Your Company understands that the customer is the purpose of our business and every customer is an important stakeholder of your Company, performing ethically and efficiently to generate long term value and wealth for all its stakeholders.

The Report on Corporate Governance, as per the applicable provisions of Clause 49 of the Listing Agreement, is as under:

2. BOARD OF DIRECTORS

(a) Composition of the Board

The Board of Directors of your Company comprises the optimum combination of Executive and Non-Executive Directors, all of whom are leading professionals in their respective fields. The brief profiles of the Directors are as follows:

The Chairman of the Board is an Executive Director and majority of the Board comprises of Independent Directors.

Mr. Nirmal Jain (*Chairman*)

Mr. Nirmal Jain is the founder and Chairman of India Infoline Ltd. He is a PGDM (Post Graduate Diploma in Management) from IIM (Indian Institute of Management) Ahmedabad, a Chartered Accountant and Cost Accountant.

His professional track record is equally outstanding. He started his career in 1989 with Hindustan Lever Limited, the Indian arm of Unilever. During his stint with Hindustan Lever, he handled a variety of responsibilities, including export and trading in agro-commodities. He contributed immensely towards the rapid and profitable growth of Hindustan Lever's commodity export business, which was then the nation's as well as the Company's top priority.

He founded Probity Research and Services Pvt. Ltd. (later re-christened India Infoline) in 1995; perhaps the first independent equity research Company in India. His work set new standards for equity research in India. Mr. Jain was one of the first entrepreneurs in India to seize the internet opportunity, with the launch of www.indiaonline.com in 1999. Under his leadership, your Company not only steered through the dotcom bust and one of the worst stock market downtrends but also grew from strength to strength.

Mr. R. Venkataraman (*Managing Director*)

Mr. R Venkataraman, Co-Promoter and Managing Director of India Infoline Ltd., is a B.Tech (electronics and electrical communications engineering, IIT Kharagpur) and an MBA (IIM Bangalore). He joined the India Infoline Board in July 1999. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of US, BZW and Taib Capital Corporation Limited. He worked as the Assistant Vice President with G E Capital Services India Limited in their private equity division. He has a varied experience of more than 20 years in the financial services sector.

Mr. Kranti Sinha (*Independent Director*)

Mr. Kranti Sinha – Board member since January 2005 – completed his masters from the Agra University and started his career as a Class I Officer with Life Insurance Corporation of India. He served as the Director and Chief Executive of LIC Housing Finance Limited from August 1998 to December 2002 and concurrently as the Managing Director of LICHFL Care Homes (a wholly-owned subsidiary of LIC Housing Finance Limited). He retired from the permanent cadre of the Executive Director of LIC; served as the Deputy President of the Governing Council of Insurance Institute of India and as a member of the Governing Council of National Insurance Academy, Pune apart from various other such bodies. Mr. Sinha is also on the Board of Directors of Hindustan Motors Limited and Cinemax (India) Limited.

Mr. Nilesh Vikamsey (*Independent Director*)

Mr. Nilesh Vikamsey – Board Member since February 2005 - is a practicing Chartered Accountant for 26 years and Senior Partner at M/s Khimji Kunverji & Co., Chartered Accountants, a member firm of HLB International, a world-wide organization of professional accounting firms and business advisers, ranked amongst the top 12 accounting groups in the world.

He is an elected member of the Central Council of Institute of Chartered Accountant of India (ICAI), the Apex decision making body of the second largest accounting body in the world. He is the Chairman of its Research Committee, Vice Chairman of its Corporate Laws & Corporate Governance Committee and member of its various other committees.

He is a representative of the ICAI on the Committee for Improvement in Transparency, Accountability

and Governance (ITAG) of South Asian Federation of Accountants (SAFA) and also on the Committee constituted by Ministry of Corporate Affairs (MCA) on issues of applicability of Foreign Investments in LLPs.

He is a member of Review, Reforms & Rationalization Committee (IMC), Member of Legal Affairs Committee of Bombay Chamber of Commerce and Industry (BCCI), member of Accounting and Auditing Committee of Bombay Chartered Accountant Society (BCAS) and also on its Core Group, Corporate Members Committee of The Chamber of Tax Consultants (CTC) and a Regular Contributor to WIRC Annual Referencer on "Bank Branch Audit".

Mr. Vikamsey is also a Director of India Infoline Investment Services Limited, Rodium Realty Limited, ICAI Accounting Research Foundation and few Private Limited companies and Trustee in Sayagi U Ba Khin Memorial Trust (Vipassana International Academy) and few Trusts focusing on Education.

Mr. A. K. Purwar (*Independent Director*)

Mr. Purwar is currently the Chairman of IndiaVenture Advisors Pvt. Ltd., investment manager to IndiaVenture Trust – Fund I, the healthcare and life sciences focussed private equity fund sponsored by the Piramal Group. He is the Chairman of IL & FS Renewable Energy Limited from March 2008 and India Infoline Investment Services Ltd from November 2009.

He is working as Independent Director in leading companies in Telecom, Steel, Textiles, Power, Auto components, Renewable Energy, Engineering Consultancy, Financial Services and Healthcare Services.

Mr. Purwar was the Chairman of State Bank of India, the largest bank in the country from November '02 to May '06 and held several important and critical positions like Managing Director of State Bank of Patiala, Chief Executive Officer of the Tokyo branch covering almost the entire range of commercial banking operations in his illustrious career at the bank from 1968 to 2006. Mr. Purwar also worked as Chairman of Indian Bank Association during 2005 - 2006

He is the recipient of several awards including "CEO of the year" Award from the Institute for Technology & Management (2004); "Outstanding Achiever of the year" Award from Indian Banks' Association (2004); "Finance Man of the Year" Award by the Bombay Management Association in 2006.

Corporate Governance Report

The other Board and Board Committees in which the Director is Member or Chairman are as under:

Name of the Director	Relationship with other Directors	Directorships in India under Section 275 of the Companies Act, 1956	Other Directorships ²	Membership of other Board Committees ³	
				Member	Chairman
Mr. Nirmal Jain	N.A.	9	2	1	Nil
Mr. R. Venkataraman	N.A.	10	1	2	Nil
Mr. Kranti Sinha	N.A.	2	Nil	4	2
Mr. Nilesh Vikamsey	N.A.	2	4	2	2
Mr. A. K. Purwar	N.A.	9	5	5	2

Note:

1. Directorship held by the Directors, as mentioned above, does not include Directorships in Private Limited Companies which are neither a subsidiary nor holding company of public company, foreign companies and companies not carrying business for profit.
2. Other Directorships are those, which are not covered under Section 275 of the Companies Act, 1956.
3. The committees considered for the above purpose are those prescribed in the Listing Agreement viz. Audit Committee and Share Transfer and Investor Grievance Committee.

(b) Meeting of Board of Directors

The Board Meetings were convened after giving proper notice and detailed agenda. The Board meets at least once a quarter and the time gap between two Board Meetings is not more than four (4) calendar months. The Board of the Company met six (6) times during the last financial year on April 24, 2010, July 30, 2010, October 27, 2010, December 23, 2010, February 5, 2011 and March 1, 2011.

The attendance of Directors at the Board Meeting and last Annual General Meeting was as under:

Name of the Director	Total Board meetings	Board meetings attended	Annual General Meeting dated July 30, 2010 whether attended
Mr. Nirmal Jain	6	6	Yes
Mr. R. Venkataraman	6	6	No
Mr. Kranti Sinha	6	5	Yes
Mr. Nilesh Vikamsey	6	6	Yes
Mr. A. K. Purwar	6	6	Yes
Mr. Sat Pal Khattar *	3	2	No

* During the year 2010-11, Mr. Sat Pal Khattar resigned as a Non Executive Director of the Company with effect from October 27, 2010.

The following information is provided to the Board either as a part of the agenda of the meeting or by way of presentation during the meeting:

- ▶ Annual operating plans, budgets and performances.
- ▶ Quarterly, half-yearly and annual results of your Company and its' subsidiary companies
- ▶ Minutes of meeting of Audit Committee and other committees of the Board of Directors
- ▶ Minutes of all the subsidiary companies
- ▶ Information on appointment of all the key managerial personnel below the Board level
- ▶ Significant regulatory matters
- ▶ Detailed risk analysis
- ▶ Details of potential acquisitions or disinvestments
- ▶ Details of potential joint venture or collaborations
- ▶ Details of investments
- ▶ Details of deployment of capital issue proceeds
- ▶ Compliance of statutory regulations, listing agreements
- ▶ Significant investments, transactions and arrangements of subsidiary companies
- ▶ Such other material and significant information

The Board performs following functions in addition to overseeing the overall business and management:

- ▶ Review, monitor and approve major financial and business strategies and corporate actions;

- ▶ Assess critical risks facing your Company – review options for their mitigation;
- ▶ Ensure that processes are in place for maintaining the integrity of
 - The Company
 - The financial statements
 - Compliance with law
 - Relationships with customers, suppliers and other stakeholders
- ▶ Delegation of appropriate authority to the senior executives of the Company for effective management of operations.

(c) Details of Director's remuneration

The details of remuneration paid during the year ended March 31, 2011 were as follows:

Name of the Director	Salary and perquisite	Commission	Cont to PF and other funds	Sitting fees	Stock options granted	No. of equity shares held	Convertible warrants
Mr. Nirmal Jain	17,812,500	Nil	17,280	Nil	Nil	51,200,000	Nil
Mr. R. Venkataraman	12,825,000	Nil	14,640	Nil	Nil	19,862,510	Nil
Mr. Sat Pal Khattar *	Nil	Nil	Nil	80,000	Nil	NIL	Nil
Mr. Kranti Sinha	Nil	500,000	Nil	180,000	Nil	32,500	Nil
Mr. Nilesh Vikamsey	Nil	500,000	Nil	200,000	Nil	32,500	Nil
Mr. A. K. Purwar	Nil	500,000	Nil	120,000	Nil	32,500	Nil

* **Note:** Mr. Sat Pal Khattar, Non Executive Director, resigned from the Directorship of the Company with effect from October 27, 2010.

(d) Periodic review of compliances of all applicable laws

Your Company adopted a system whereby all the acts, rules and regulations applicable to your Company were identified and compliance with such acts, rules and regulations is monitored by dedicated team on a regular basis. Your Company obtains report on compliance from all the heads of departments and business on a periodical basis, and is monitored through surprise inspections and internal audit. A consolidated compliance report along with status of compliance with respect to various laws, rules and regulations applicable to your Company is placed before the Board on quarterly basis and reviewed by the Board.

3 AUDIT COMMITTEE

The Audit Committee of your Company comprises two Independent Directors and one Executive Director. The Committee is chaired by an Independent Director, Mr. Nilesh Vikamsey, a qualified Chartered Accountant and diploma holder in information system audit. All the members of the Audit Committee are financially literate and possess thorough knowledge of the financial services industry.

The Audit Committee of the Company met four (4) times during the last financial year on April 24, 2010, July 30, 2010, October 27, 2010 and February 5, 2011. The gap between two Audit Committee Meetings was not more than four (4) months:

The constitution of the Audit Committee and attendance of each member of the committee is given below:

Name of the members	Designation	Non-Executive/ Independent	Qualification/Profession	No. of committee meetings held	Committee meeting attended
Mr. Nilesh Vikamsey	Chairman	Independent	Chartered Accountant	04	04
Mr. Kranti Sinha	Member	Independent	Corporate Consultant	04	04
Mr. R Venkataraman *	Member	Executive Director	B.Tech and MBA	01	01
Mr. Sat Pal Khattar *	Member	Non- Executive	Lawyer	03	02

* **Note:** Mr. Sat Pal Khattar, Non Executive Director, resigned from the Directorship of the Company with effect from October 27, 2010. The Board of Directors of the Company appointed Mr. R Venkataraman as a member of Audit Committee on November 19, 2010.

The scope of the Audit Committee includes the references made under Clause 49 of the Listing Agreements as well as Section 292A of the Companies Act, 1956, besides the other terms that may be referred by the Board of Directors. The broad terms of reference of the Audit Committee are:

- ▶ To supervise the financial reporting process and all financial results;
- ▶ Review statements and disclosures and recommend the same to the Board;
- ▶ Review the adequacy of internal control systems of the Company, including the scope and performance of the internal audit function; review of related party transactions; reviewing with management performance of internal and statutory auditors and fixing their remuneration;
- ▶ Holding discussions with statutory auditors on the nature and scope of audit, ensuring compliance with all the applicable accounting standards; Compliance with the listing and other legal requirements and the Company's financial and risk management policies and
- ▶ Compliance with the statutory requirements.

The minutes of the previous Audit Committee Meeting form part of the agenda papers circulated for the Board Meeting.

The Company Secretary of the Company acts as the Secretary to the Committee.

4 COMPENSATION/ REMUNERATION COMMITTEE

The Compensation/ Remuneration Committee comprises three Independent Directors with Mr. Kranti Sinha as the Chairman of the Committee, Mr. Nilesh Vikamsey and Mr. A. K. Purwar as members of the Committee. The Compensation/ Remuneration Committee reviews and makes recommendations on annual salaries, perquisites, performance linked bonus, stock options, pensions and other employment conditions of Executive and Non-Executive Directors and senior employees. The Committee conducts discussions with the HR department and lays down suitable remuneration policies for the employees.

The Compensation/ Remuneration Committee also administer your Company's Stock Option plans. The stock options granted by the Committee are disclosed in detail in the Directors' Report.

During the year 2010-11, Mr. Sat Pal Khattar, member of Compensation/Remuneration Committee, resigned from the Directorship of the Company with effect from October 27, 2010. The Board of Directors of the Company appointed Mr. A. K. Purwar as a member of Compensation/ Remuneration Committee on November 19, 2010.

5 SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

The Share Transfer and Investor Grievance Committee comprises Mr. Kranti Sinha, Independent Director as the Chairman and Mr. Nirmal Jain and Mr. R. Venkataraman, Executive Directors as the Members.

During 2010-11, the Company received 42 complaints from SEBI/ Stock Exchanges / MCA/ Investors. All complaints were redressed to the satisfaction of the shareholder. No complaints were pending either at beginning or at the end of the year. There were no shares pending for transfer as on March 31, 2011. The Committee met once during 2010-11.

The Name, designation and address of Compliance Officer of the Company is as under:

Name and designation:	Mr. Sunil Lotke, Company Secretary
Address:	IIFL Centre, Kamala City, Off. Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
Contacts:	Tel: +91 22 4249 9000 Fax: +91 22 4060 9049 E-mail: shareholders@indiainfoline.com

6 SUBSIDIARY COMPANIES

Your Company has one material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year.

Mr. Nilesh Vikamsey and Mr. A. K. Purwar, Independent Directors on the Board of India Infoline Limited (holding Company) are also Directors on the Board of India Infoline Investment Services Limited (material non-listed Indian subsidiary). Mr. A. K. Purwar, is the Non-Executive Chairman on the Board of India Infoline Investment Services Limited.

The financial statements including particulars of investments made by all the unlisted subsidiary companies are reviewed by the Audit Committee.

Your Company has a system of placing the minutes and statements of all the significant transactions of all the unlisted subsidiary companies at the Meeting of Board of Directors.

7 DISCLOSURES

(a) Basis of related party transactions

The statement of transactions with the related parties, if any, is duly placed before the Audit Committee on a quarterly basis. During 2010-11, there were no materially significant related party transactions entered into by

your Company with its Promoters and Directors or Management or their relatives, among others, that may conflict with the Company's interests. All the transactions are on arms' length basis and in the normal course of business.

The related party transactions are disclosed under Notes to Accounts No. 16 of Schedule M forming part of the Annual Accounts.

(b) Disclosure of accounting treatment

There was no deviation in following the treatments prescribed in any Accounting Standard (AS) in the preparation of the financial statements of your Company.

(c) Disclosure on risk management

The internal auditors and statutory auditors test and ensure that your Company has adequate systems of internal control to ensure reliability of financial and operational information. Your Company adheres to strict policies to ensure compliance with all the regulatory/statutory requirements. The procedures and policies for risk assessment and minimisation are regularly reviewed by the Board.

The management understands that the information is the prime business asset and has therefore laid down strict policies and procedure to safeguard your Company's information. The InfoSec policy of your Company is uploaded on Company's intranet for all employees to adhere to.

(d) Proceeds from public issues, right issues and preferential issue, among others.

Your Company did not raise money through any public issue, right issue or preferential issue during the FY 2010-11.

(e) Compensation paid to Non-Executive Directors

The Non-Executive Directors and Independent Directors are paid ₹ 20,000 (Rupees Twenty Thousand) each towards sitting fees for attending the Board Meeting in accordance with the resolution passed in the Meeting of Board of Directors on February 11, 2005 and ₹ 20,000 (Rupees Twenty Thousand) each towards sitting fees for attending the Audit Committee Meetings and ₹ 10,000 (Rupees Ten Thousand) each towards attending other committee meetings, in accordance with the resolution passed in the Meeting of Board of Directors on March 21, 2005 .

The Non-Executive Directors and Independent Directors are paid commission of a sum not exceeding

₹ 20,00,000 per annum in aggregate, subject to a maximum ceiling of 1% of the net profits of the Company computed under the applicable provisions of the Companies Act, 1956, and approved by the shareholders at the Extraordinary General Meeting held on January 25, 2006. The payment of commission is decided based on the contribution made by the Non Whole Time Directors and time spent on the Company affairs.

During 2010-11, no Employee Stock Options were granted to Independent Directors.

(f) Details of non-compliance

No strictures/major penalties were imposed on your Company by Stock Exchanges or the Securities and Exchange Board of India or any statutory authority for non-compliances during the current year.

(g) Code of Conduct

The Board of Directors adopted the Code of Conduct for Board Members and senior management personnel. The said code was communicated to the Directors and members of the senior management and they affirmed their compliance with the said Code. The Code adopted is posted on the Company's website www.indiaonline.com.

Code of Conduct and Corporate Disclosure Practices for Prevention of Insider Trading:

Your Company adopted Code of Conduct and Corporate Disclosure Practices for prevention of Insider Trading for monitoring adherence to the rules for the preservation of price sensitive information, pre clearance and monitoring of trade. Your Company appointed the Company Secretary as the compliance officer to ensure compliance of the said code by all the Directors, senior management personnel and employees likely to have access to price sensitive information.

(h) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the Listing Agreement

Your Company duly complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Besides complying with all the mandatory requirements of Clause 49, we also have a Remuneration Committee of the Board (known as Compensation/ Remuneration Committee).

Corporate Governance Report

(i) CEO/CFO Certificate

The Certificate required under Clause 49(V) of the Listing Agreement duly signed by the CEO and CFO was given to the Board and the same is annexed to this Report.

(j) Means of communication to the stakeholders

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company www.indiaonline.com. The Annual Report, quarterly results, shareholding pattern and material events copies of press releases, among others,

are regularly sent to stock exchanges and uploaded on the Company's website. Quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement entered with the Stock Exchanges.

The quarterly and annual results of your Company are published in widely circulated national newspapers like Mint, Business Line and Navashakti (Marathi). Your Company also regularly makes presentation to the analyst in their meetings held from time to time, transcripts of which are uploaded on your Company's website.

8 GENERAL BODY MEETING

The following table gives the details of the last three Annual General Meetings of the Company:

Date of AGM	Location	No. of special resolutions passed
July 30, 2010	Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018	1
July 17, 2009	Building No.35, A, Nirlon Complex, Off. Western Express Highway, Goregaon (E), Mumbai - 400063	None
July 7, 2008	Ground Floor, Kamalnayan Bajaj Hall, Nariman Point, Mumbai-400 021	None

The special resolution was passed on show of hands.

9 GENERAL SHAREHOLDERS' INFORMATION

1. Annual General Meeting : July 29, 2011 at 4.00 p.m. at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018
2. Financial calendar (2011-12) : Financial Year April 1, 2011 to March 31, 2012.
Results for the quarter Ended June 30, 2011 – within 45 days from the end of the quarter
Results for the quarter Ended September 30, 2011 – within 45 days from the end of the quarter
Results for the quarter Ended December 31, 2011 – within 45 days from the end of the quarter
Results for the quarter Ended March 31, 2012 – within 60 days from the end of the quarter
3. Book closure date : July 8, 2011 to July 15, 2011 (both days inclusive)
4. Interim dividend : During 2010-11, your Company declared and paid interim dividend on March 1, 2011 at ₹ 3.00 per equity share of ₹ 2 each
5. Listing of equity shares on stock exchanges at : National Stock Exchange of India Limited
The Bombay Stock Exchange Limited
6. Stock code : National Stock Exchange of India Limited - INDIAINFO
The Bombay Stock Exchange Limited - 532636
7. Demat ISIN numbers in NSDL and CDSL for equity shares : ISIN No. INE530B01024



- 8 Registrar & Transfer Agent : Link Intime India Private Limited,
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400 078.
Tel: 022-25946970
rnt.helpdesk@linkintime.co.in
- 9 Share transfer system : Your Company's shares are compulsorily traded in dematerialised form. In case of transfers in physical form, which are lodged at the Registrar and Transfer Agent's Office, these are processed within a period of 30 days from the date of receipt.
All share transfers and other share related issues are approved in the Share Transfer and Investor Grievance Committee Meeting, which is normally convened as and when required.
- 11 Dematerialisation of shares : As on March 31, 2011, 99.86% of the paid-up share capital of the Company was in dematerialised form. Trading in equity shares of the Company is permitted only in dematerialised form through CDSL and NSDL as per notifications issued by the Securities and Exchange Board of India.
- 12 Correspondence for dematerialisation, transfer of shares, non –receipt of dividend on shares and any other query relating to the shares of the Company : Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400 078.
Tel: +91 22 2596 3838
- 13 Any query on Annual Report contact at corporate office : Mr. Sunil Lotke,
Company Secretary and Compliance Officer,
IIFL Centre, Kamala City,
Off Senapati Bapat Marg, Lower Parel,
Mumbai – 400013
shareholders@indiainfoline.com
- 14 Outstanding convertible instruments, conversion date and likely impact on equity : The Company has outstanding unexercised ESOPs (vested or Not vested) of 3,90,04,375 stock options under its ESOP plans, 2005, 2007 and 2008 which may be exercised by the grantees after its vesting in tranches. Each option granted is convertible into one equity share of the Company. Upon exercise of options by grantees, the paid-up share capital of the Company will accordingly increase.

Corporate Governance Report

10 SHAREHOLDING PATTERN

Categories of Equity Shareholders as on March 31, 2011:

Category	Number of equity shares held	Percentage of holding
Promoters & Promoters Group	9,13,62,510	31.90
Indian Public & others	4,88,75,353	17.06
Mutual Fund	1,32,66,927	4.63
Corporate Bodies	68,03,370	2.38
Banks, Financial Institutions	80,59,700	2.81
Foreign Institutional Investors	8,44,85,670	29.50
NRI's/OCBs/Foreign Nationals	3,35,57,293	11.72
Grand Total	286,410,823	100.00

11 DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2011

The distribution of shareholders as on March 31, 2011 is as follows:

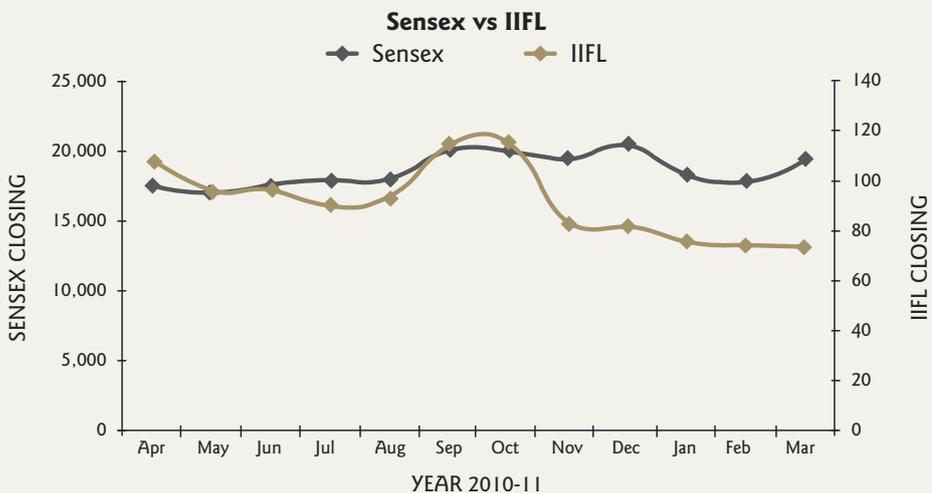
No. of equity shares held (range)	No. of shareholders	% of shareholders	No. of shares	% of share holdings
1 – 500	41,441	86.58	5,246,022	1.83
501 – 1,001	3,139	6.56	2,472,742	0.86
1,001 – 2,000	1,451	3.03	2,104,441	0.73
2,001 – 3,000	526	1.10	1,319,925	0.46
3,001 – 4,000	232	0.49	828,684	0.29
4,001 – 5,000	219	0.46	1,028,682	0.36
5,001 – 10,000	370	0.77	2,794,702	0.98
10,001 and more	487	1.02	270,615,625	94.49
Total	47,865	100.00	286,410,823	100.00

12 STOCK MARKET DATA

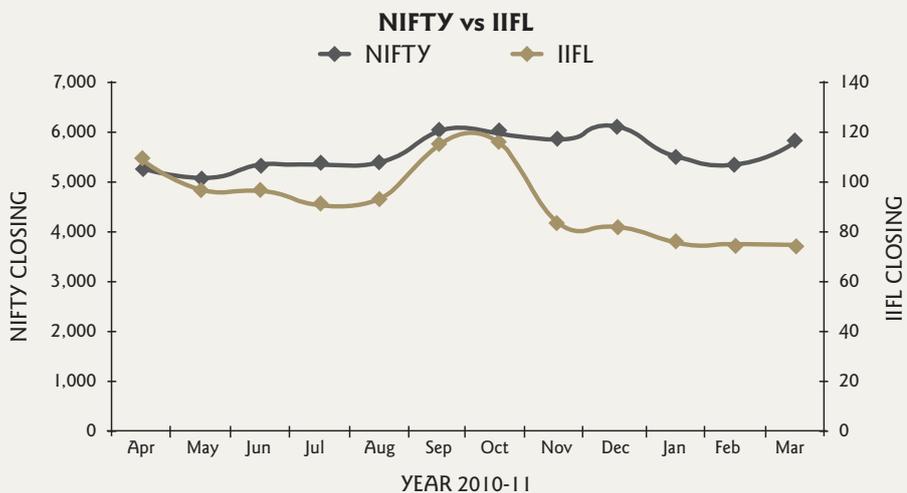
Table below gives the monthly high and low quotations of shares traded at Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for the current year. The chart below plots the monthly closing price of India Infoline Limited versus the BSE - Sensex and NSE - S&P CNX Nifty for the year ended March 31, 2011.

Month	BSE			NSE			Total volume on BSE and NSE
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume	
April 2010	123.10	106.25	538,461,534	123.40	106.10	23,878,019	562,339,553
May 2010	112.20	94.00	844,019,513	112.30	93.80	32,238,878	876,258,391
June 2010	101.90	90.10	694,150,248	102.00	88.10	30,015,434	724,165,682
July 2010	104.40	89.00	817,371,295	104.50	89.00	36,001,853	853,373,148
August 2010	109.90	90.00	1,764,582,527	109.95	90.15	44,351,228	1,808,933,755
September 2010	117.50	92.30	1,413,271,938	117.55	92.30	51,798,754	1,465,070,692
October 2010	129.60	110.00	772,364,913	129.65	111.10	32,322,860	804,687,773
November 2010	123.95	72.55	1,414,731,487	124.00	72.65	44,523,716	1,459,255,203
December 2010	92.00	74.10	1,507,657,062	91.90	74.00	35,195,269	1,542,852,331
January 2011	85.85	72.40	931,410,257	85.40	71.65	29,730,169	961,140,426
February 2011	79.75	62.10	476,384,682	79.75	61.15	26,852,064	503,236,746
March 2011	83.20	66.80	276,560,096	83.40	66.50	17,550,042	294,110,138

India Infoline Limited share price versus the BSE Sensex



India Infoline Limited share price versus the NSE S&P CNX NIFTY



Annexure

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

We, Nirmal Jain, Chairman and L P Aggarwal, Chief Financial Officer of India Infoline Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee,

deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- (d) We have indicated to the Auditors and the Audit Committee
- (i) Significant changes in internal control during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control.

On behalf of the Board

Nirmal Jain
Chairman

L P Aggarwal
Chief Financial Officer

Place: Mumbai
Dated: May 7, 2011

Annexure

Declaration on Compliance with the Code of Conduct

This is to confirm that the Company adopted a Code of Conduct for its board members and the senior management and the same is available on the Company's website. I confirm that the Company has in respect of financial year ended March 31, 2011, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, the term 'senior management' means the direct reportees to the Chairman and Managing Director.

For India Infoline Limited

Nirmal Jain
Chairman

Place: Mumbai
Dated: May 7, 2011

Auditor's Certificate on Compliance of conditions of Corporate Governance

To
The Members
India Infoline Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by India Infoline Limited, for the year ended on 31st March 2011, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We state that such Compliance is neither an assurance as to future viability of the Company nor of efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Sharp & Tannan Associates

Chartered Accountants

ICAI Registration No.109983W

By the hand of

Tirtharaj Khot

Partner

Membership No.:37457

Place : Mumbai

Dated: May 7, 2011

FINANCIAL STATEMENTS

Standalone Financials Statements

63 Auditors' Report | **66** Balance Sheet | **67** Profit and Loss Account | **68** Schedules |
90 Cash Flow Statement | **92** Balance Sheet Abstract | **93** Statement relating to subsidiary companies U/S 212 (8)
of the Companies Act, 1956 |

Consolidated Financial Statements

96 Auditors' Report | **98** Balance Sheet | **99** Profit and Loss Account | **100** Schedules |
122 Cash Flow Statement |

Auditors' Report

To,
The Members,
India Infoline Limited,
Mumbai

We have audited the attached Balance Sheet of **India Infoline Limited** as at March 31, 2011, and Profit and Loss account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India under sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - iii) The balance sheet, profit and loss account and also cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, profit and loss account

and also cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- v) On the basis of written representations received by the Company from its Directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on March 31, 2011 from being appointed as a Director in terms of the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
- b. In the case of the profit and loss account, of the profit for the year ended on that date; and
- c. In the case of the cash flow statement, of the cash flows for the year ended on that date.

Sharp & Tannan Associates

Chartered Accountants
ICAI Registration No.109983W

By the hand of

Tirtharaj Khot

Partner

Membership No.: 37457

Place: Mumbai

Date: May 7, 2011

Standalone Financial Statements of India Infoline Limited

Annexure

referred to in paragraph I of our report dated May 7, 2011, to the members of India Infoline Limited.

1. (a) The Company has maintained adequate records to show full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has formulated a programme of physical verification of its fixed assets in a phased manner. In accordance with this program, a physical verification of certain fixed assets has been carried out by management during the year and there are no material discrepancies observed between assets physically verified and book balances. In our opinion, the periodicity of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
2. The Company is not carrying on any manufacturing or trading activity. Therefore, the provisions of sub clause (a), (b), and (c), of clause (ii) of paragraph 4 of the Order are not applicable to the Company.
3. (a) The Company has granted loan to One Company and loan to One Party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amounts involved during the year were ₹ 851,213,864/- and the year-end balance of loans granted to such Company/Party was ₹ 631,228,837/-.
- (b) In our opinion, the rate of interest and other terms and conditions of such loan given is not, prima facie, prejudicial to the interest of the Company.
- (c) There are no stipulations as to repayment of principal and interest amounts.
- (d) There is no overdue amount in excess of ₹ 100,000 in respect of loan granted to Company listed in the register maintained under Section 301 of the Companies Act, 1956 since repayment schedule is not stipulated.
- (e) The Company has not taken any loans from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of sub-clause (e), (f) and (g) of clause (iii) of paragraph 4 of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business, for the purchase of fixed assets and sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into a Register in pursuance of Section 301 of the Companies Act, 1956 and those brought to our notice, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are not comparable since the prevailing market prices of such services, in view of the management, are not readily available.
6. The Company has not accepted any deposits from the public of the nature, which attracts the provisions of Section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the rules made there under. Therefore, the provision of clause (vi) of paragraph 4 of the Order is not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. As per the information and explanations given to us, in respect of the class of industry the Company falls under, the maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies act, 1956. Therefore, the provision of clause (viii) of paragraph 4 of the Order is not applicable to the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues as and wherever applicable to the Company, with the appropriate authorities. Based on the information furnished to us, there are no undisputed statutory dues as on March 31, 2011, which are outstanding for a period exceeding six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the Company examined by us, the particulars of sales tax/excise duty/service tax/income tax/custom duty/wealth tax/cess as at March 31, 2011 which have not been deposited on account of a dispute pending, and amount involved and the forum where dispute is pending as under:



Name of the Statute	Nature of the disputed dues	Amount of Tax (₹)	Period to which the amount relates	Forum where dispute is pending
MVAT Act,2002	Delay in filing VAT Audit Report for the period 2007- 2008	563,342/-	F.Y. 2007-2008	Jt.Comm. of Sales Tax
Income Tax Act,1961	Penalty proceeding u/s 271 (1) (c)	106,680/-	A.Y. 2004-2005	CIT Appeals of Income Tax
Income Tax Act,1961	Disallowance of Depreciation, Disallowance of Expenses u/s 14A and disallowance of Expenses	7,025,888/-	A.Y. 2007-2008	Commissioner of Income Tax Appeal
Profession Tax	Profession Tax, Penalty and Interest	1,553,529/-	A.Y.2007-2008	Dy.Comm. of Sales Tax- Appeals

10. At the end of the financial year, the Company has neither accumulated losses nor has incurred any cash loss during the financial year and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of its dues to its financial institution, bank and debenture holders.
12. According to the information and explanations given to us, since the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, in our opinion, the Company need not maintain relevant documents and record.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of sub clause (a), (b), (c) and (d) of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments, as applicable, and timely entries have been made therein. The aforesaid shares, securities, debentures and other investments have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.
15. The Company has granted Corporate Guarantees to Banks/ Financial Institutions in respect of loans availed by its subsidiary companies. Based on the information and explanations given to us, we are of the opinion that the terms and conditions on which the guarantees are given are prima facie, not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
18. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has issued unsecured debentures during the year. Since, these debentures are unsecured the Company is not required to and has not created a charge in respect of these debentures.
20. The Company has not raised any money through a public issue during the year. Therefore, the provision of clause (xx) of paragraph 4 of the Order is not applicable to the Company.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by management.

Sharp & Tannan Associates
Chartered Accountants
ICAI Registration No.109983W
By the hand of

Tirtharaj Khot
Partner

Place: Mumbai
Date: May 7, 2011

Membership No.: 37457

Standalone Financial Statements of India Infoline Limited

Balance Sheet

as at March 31, 2011

(Amount in ₹)

	Schedule	As at March 31, 2011		As at March 31, 2010	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	A	572,821,646		570,429,550	
Share Application Money		3,278,880		4,021,350	
Reserves and Surplus	B	10,313,594,370	10,889,694,896	10,506,695,485	11,081,146,385
Loan Funds					
Secured Loans	C	5,581,724		11,672,560	
Unsecured Loans	D	4,650,000,000	4,655,581,724	4,965,829,409	4,977,501,969
Total			15,545,276,620		16,058,648,354
APPLICATION OF FUNDS					
Fixed Assets (Including Intangibles)					
Gross Block	E	1,223,292,431		1,088,334,787	
Less : Accumulated depreciation and amortisation		(832,462,804)		(606,325,123)	
Net Block		390,829,627		482,009,664	
Capital-Work-In-Progress		9,246,991	400,076,618	17,511,161	499,520,825
Investments	F		10,000,917,426		11,042,244,111
Deferred Tax Assets			107,311,749		96,396,623
Current Assets, Loans and Advances					
Sundry Debtors	G	2,894,611,703		5,775,030,452	
Cash and Bank Balances		6,267,858,307		5,618,364,349	
Stock on Hand		532,211,577		537,590,262	
Loans and Advances		4,962,853,085		2,819,861,142	
		14,657,534,672		14,750,846,205	
Less : Current Liabilities & Provisions					
Current Liabilities	H	9,616,475,798		10,258,096,541	
Provisions		4,088,047		72,262,869	
		9,620,563,845		10,330,359,410	
Net Current Assets			5,036,970,827		4,420,486,795
Total			15,545,276,620		16,058,648,354
Significant Accounting policies and notes to accounts	M				

Schedules referred to above form an integral part of the accounts.

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No. 37457

Place : Mumbai

Dated: May 7, 2011

For **India Infoline Limited**

Nirmal Jain

Chairman

L P Aggarwal

Chief Financial Officer

R.Venkataraman

Managing Director

Sunil Lotke

Company Secretary



Profit and Loss Account

for the year ended March 31, 2011

(Amount in ₹)

Schedule	2010-2011	2009-2010
INCOME		
Equity brokerage & related income	6,565,153,685	6,125,493,009
Mutual funds distribution, etc	136,926,758	146,687,721
Merchant banking income	287,384,644	387,731,280
Other income I	1,006,079,686	321,998,621
Total	7,995,544,773	6,981,910,631
EXPENDITURE		
Direct cost J	1,782,733,797	1,463,955,099
Employee cost K	1,892,466,691	1,641,491,422
Administration & other expense L	1,487,980,820	1,122,287,419
Interest	858,973,549	102,456,419
Depreciation & amortisation E	240,761,354	318,646,716
Total	6,262,916,211	4,648,837,075
Profit before tax	1,732,628,562	2,333,073,556
Less: Provision for taxation		
- Current	512,289,453	831,593,975
- Deferred tax	(10,915,126)	(58,242,586)
- Short provision of Income Tax	7,635,689	39,558,672
Net profit after tax	1,223,618,546	1,520,163,495
Net profit after tax for available Appropriations	1,223,618,546	1,520,163,495
Appropriations		
Dividend		
- Interim dividend	859,232,469	851,982,000
- Dividend distribution tax	127,593,810	144,794,341
Transfer to general reserve	123,000,000	152,016,352
Balance of profit brought forward from previous year	1,623,429,461	1,252,058,659
Balance of profit carried forward	1,737,221,728	1,623,429,461
Earning per share		
- Basic	4.25	5.36
- Diluted	3.74	4.49
Face value per share	2.00	2.00
Significant Accounting policies and notes to accounts M		

Schedules referred to above form an integral part of the accounts.

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No. 37457

Place : Mumbai

Dated: May 7, 2011

For **India Infoline Limited**

Nirmal Jain

Chairman

L P Aggarwal

Chief Financial Officer

R. Venkataraman

Managing Director

Sunil Lotke

Company Secretary

Standalone Financial Statements of India Infoline Limited

Schedules forming part of the Balance Sheet

as at March 31, 2011

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE A SHARE CAPITAL		
Authorised :		
500,000,000 (previous year - 500,000,000) Equity Shares of ₹ 2 each	1,000,000,000	1,000,000,000
Issued , Subscribed and Paid Up :		
286,410,823 (previous year - 285,214,775) Equity Shares of ₹ 2 each fully paid-up	572,821,646	570,429,550
TOTAL	572,821,646	570,429,550
SCHEDULE B RESERVES AND SURPLUS		
Securities Premium Account		
Opening Balance	7,770,840,487	7,717,842,192
Addition during the year	576,957,560	52,998,295
Deduction during the year (on account of Buy back of equity shares) Refer note 5 to Schedule M	(1,039,972,274)	-
	7,307,825,773	7,770,840,487
General Reserve		
Opening Balance	471,841,731	319,825,379
Addition during the year	123,000,000	152,016,352
	594,841,731	471,841,731
Capital Redemption Reserve		
Opening Balance	5,115,830	5,115,830
Addition during the year	25,997,754	-
	31,113,584	5,115,830
Capital Reserve		
Opening Balance	597,700,000	484,000,000
Addition during the year	-	113,700,000
	597,700,000	597,700,000
Employee Stock options outstanding		
Less : Deferred Employee Compensation Expense	52,264,312	52,264,312
	7,372,758	14,496,336
	44,891,554	37,767,976
Profit and Loss Account		
	1,737,221,728	1,623,429,461
Total	10,313,594,370	10,506,695,485
SCHEDULE C SECURED LOANS		
Loan from Others (Secured against Fixed Assets purchased)	5,581,724	11,672,560
Total	5,581,724	11,672,560
SCHEDULE D UNSECURED LOANS		
Short Term Loans - Others	4,650,000,000	4,960,000,000
Other Loans and Advances - Others	-	5,829,409
Total	4,650,000,000	4,965,829,409
The above Amount of ₹ 4,650,000,000 is due within one year		



Schedules forming part of the Balance Sheet

as at March 31, 2011

SCHEDULE E FIXED ASSETS

Assets	Gross Block (At Cost)			Depreciation			Net Block		
	As at March 31, 2010	Additions	Deductions / Adjustments during the year	As at March 31, 2011	Upto March 31, 2010	For the year during the year	Deductions / Adjustments during the year	As at March 31, 2011	As at March 31, 2010
Tangible Assets									
Buildings	14,074,920	-	-	14,074,920	1,935,308	703,748	-	11,435,864	12,139,612
Computers	241,926,419	64,317,041	10,740,228	295,503,232	162,446,822	72,229,010	8,102,317	68,929,717	79,479,597
Electrical Equipment	138,401,333	19,769,968	1,700,437	156,470,864	56,233,318	28,585,479	977,912	72,629,979	82,168,015
Furniture & Fixture	384,436,962	34,822,209	4,311,806	414,947,365	209,294,652	76,227,776	2,273,976	131,698,913	175,142,310
Office Equipment	232,109,261	20,673,050	5,415,154	247,367,157	122,269,559	44,358,746	3,269,468	84,008,320	109,839,702
Vehicles	-	7,423,165	-	7,423,165	-	371,158	-	7,052,007	-
Sub Total	1,010,948,895	147,005,433	22,167,625	1,135,786,703	552,179,659	222,475,917	14,623,673	375,754,800	458,769,236
Intangible Assets									
Software	64,963,934	10,201,036	81,200	75,083,770	41,723,506	18,285,437	-	15,074,827	23,240,428
Non Compete Fees	12,421,958	-	-	12,421,958	12,421,958	-	-	-	-
Sub Total	77,385,892	10,201,036	81,200	87,505,728	54,145,464	18,285,437	-	15,074,827	23,240,428
Grand Total	1,088,334,787	157,206,469	22,248,825	1,223,292,431	606,325,123	240,761,354	14,623,673	390,829,627	482,009,664
Previous Year	1,436,768,398	177,680,688	526,114,299	1,088,334,787	449,446,945	318,646,716	161,768,538	482,009,664	

Standalone Financial Statements of India Infoline Limited

Schedules forming part of the Balance Sheet

as at March 31, 2011

(Amount in ₹)

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
SCHEDULE F INVESTMENTS					
Unquoted , Non Trade, Current (Valued at Cost or market whichever is Lower)					
Mutual Fund					
Canara Robeco Mutual Fund					
Canara Robeco Multicap	10	50,000	500,000	50,000	500,000
Deutsche Mutual Fund					
DWS Insta Cash Fund	10	-	-	4,985,432	50,005,881
DWS Treasury Fund Cash	10	-	-	4,995,167	50,199,926
DWS Short Maturity Fund- Institutional Growth Plan	10	86,576,339	1,000,000,000	-	-
DSP Black Rock Mutual Fund					
DSP Black Rock Floating Rate Fund	1,000	-	-	499,780	500,052,337
ICICI Prudential Mutual Fund					
ICICI Prudential Flexible Income Plan Premium	100	-	-	7,094,291	750,114,820
Religare Mutual Fund					
Religare Liquid Fund Super Institutional Daily Dividend	10	-	-	49,974,061	500,055,447
UTI Mutual Fund					
UTI Liquid Cash Plan Institutional	1,000	-	-	490,511	500,049,749
HDFC Mutual Fund					
HDFC Debt Fund for Cancer Cure	10	1,000,000	10,000,000	-	-
Benchmark Mutual Fund					
Liquid Bees	1,000	0.0555	55	29	29,498
			1,010,500,055		2,351,007,658
Quoted , Non Trade, Current (Valued at Cost or market whichever is less)					
Equity shares					
Refer Note 22 of Schedule M			-		27,326,695
			-		27,326,695
Un-Quoted,Long Term (Valued at cost)					
Non-Trade					
Units of India Infoline Venture Capital Fund (IIFL Opportunity)	100,000	536	53,600,000	675	67,500,000
Moneyvidya Technologies Pvt Limited	1	36,000	3,000,024	-	-
			56,600,024		67,500,000
Investments in Subsidiaries:					
India Infoline Investment Services Limited	10	182,000,000	6,414,038,775	18,200,000	6,414,038,775
India Infoline Marketing Services Limited	10	17,000,000	610,700,000	17,000,000	610,700,000
IIFL Realty Limited	10	9,000,000	605,175,000	9,000,000	605,175,000
IIFL (Asia) Pte Limited, Singapore	-	21,085,000	652,393,032	21,085,000	652,393,032
India Infoline Commodities Limited	10	200,000	20,000,000	200,000	20,000,000



Schedules forming part of the Balance Sheet

as at March 31, 2011

(Amount in ₹)

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
SCHEDULE F INVESTMENTS (CONTD.)					
IIFL Wealth Management Limited	2*	45,000,000	225,000,000	900,000	225,000,000
India Infoline Commodities DMCC.	AED 1000	950	11,755,102	950	11,755,102
India Infoline Media & Research Services Limited	10	50,000	500,000	50,000	500,000
IIFL Capital Limited	10	12,050,000	120,500,000	50,000	500,000
IIFL Inc, USA	\$ 1.40	140	35,152,849	140	35,152,849
IIFL Wealth (Uk) Limited	£ 1.00	100,000	7,241,000	50,000	3,825,000
India Infoline Trustee Company Limited	10	300,000	3,000,000	50,000	500,000
IIFL Securities Ceylon (Pvt) Limited	10000 LKR	10,000	41,552,207	-	-
India Infoline Asset Management Company Limited	10	12,500,000	125,000,000	-	-
IIFL Capital Ceylon Limited	10000 LKR	2,850	11,200,582	-	-
IIFL Private Wealth Hong Kong Limited	HK\$ 1	78,000	446,300	-	-
IIFL Private Wealth Management (Dubai) Limited	AED 3.67	750,000	33,292,500	-	-
Total			8,916,947,347		8,579,539,758
* Face Value ₹ 10 as on March 31, 2010					
Trade (Valued At Cost)					
Equity Shares of Bombay Stock Exchange Limited (inclusive of written down value of the Membership card)	1	130,000	16,870,000	130,000	16,870,000
			16,870,000		16,870,000
Total Investments			10,000,917,426		11,042,244,111
Aggregate Book value - Quoted			-		27,326,695
- Unquoted			10,000,917,426		11,014,917,416
Aggregate Market value - Quoted			-		32,669,261

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE G CURRENT ASSETS, LOANS AND ADVANCES		
A) Current Assets		
I) Sundry Debtors (Unsecured, considered good, unless otherwise stated)		
Outstanding for a period exceeding six months	55,657,380	49,904,187
Considered doubtful	20,858,549	17,358,449
	76,515,929	67,262,636
Other Debts	2,838,954,323	5,725,126,265
Provision for Doubtful Debts	(20,858,549)	(17,358,449)
	2,894,611,703	5,775,030,452

Standalone Financial Statements of India Infoline Limited

Schedules forming part of the Balance Sheet

as at March 31, 2011

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE G CURRENT ASSETS, LOANS AND ADVANCES (CONTD.)		
II) Cash and Bank Balance		
Cash on Hand	3,783,883	4,420,323
Bank Balances		
With Scheduled Banks:		
In Current Accounts	3,575,652,475	3,093,821,813
In Fixed Deposits	2,686,582,950	2,519,136,047
With Others:		
In Current Accounts (Maximum balance during the year ₹ 24,992,965 (P Y 2,871,639)	1,213,084	354,419
In Fixed Deposits	625,915	631,747
	6,267,858,307	5,618,364,349
III) Stock on Hand		
Refer Note 23 of Schedule M	532,211,577	537,590,262
	532,211,577	537,590,262
Aggregate market value - Quoted	535,200,014	543,238,786
B) Loans And Advances (Unsecured, Considered good, unless otherwise stated)		
Advances to Subsidiaries	706,220,979	621,357,588
Advances recoverable in cash or in kind or for value to be received.	2,675,631,020	1,645,333,379
Deposits with stock exchanges and others	841,891,742	430,098,336
Advance Income Tax & Tax deducted at Source (net of provision)	141,114,429	-
Other Loans & Advances	597,994,915	123,071,839
	4,962,853,085	2,819,861,142
Total	14,657,534,672	14,750,846,205

(Amount in ₹)

SCHEDULE H CURRENT LIABILITIES AND PROVISIONS		
A) Current Liabilities		
Sundry Creditors		
(i) Outstanding dues of micro and small enterprises.	-	-
(ii) Outstanding dues of creditors other than micro and small enterprises	6,007,373,123	7,020,608,406
Unpaid dividend	8,145,898	3,525,698
Other Liabilities	3,600,956,777	3,233,962,437
	9,616,475,798	10,258,096,541
B) Provisions		
Provision for Gratuity	-	45,474,783
Provision for Leave Encashment	4,088,047	10,586,471
Provision for Taxation	-	16,201,615
	4,088,047	72,262,869
Total	9,620,563,845	10,330,359,410

Schedules forming part of the Profit and Loss Account

as at March 31, 2011

	(Amount in ₹)	
	2010-11	2009-10
SCHEDULE I OTHER INCOME		
Financing income	1,005,536,813	322,189,073
Miscellaneous income	3,665,311	1,510,509
Loss on sale of fixed assets	(3,122,438)	(1,700,961)
Total	1,006,079,686	321,998,621
SCHEDULE J DIRECT COST		
Brokerage rebate and remisier expenses	1,604,430,103	1,318,762,334
Exchange and statutory charges	178,303,694	145,192,765
Total	1,782,733,797	1,463,955,099
SCHEDULE K EMPLOYEE COST		
Salaries and bonus	1,785,250,975	1,555,240,247
Contribution to provident and other funds	25,235,469	24,605,832
Gratuity	22,059,660	14,838,427
Staff welfare expenses	52,797,009	31,511,782
Deferred employee compensation expenses	7,123,578	15,295,134
Total	1,892,466,691	1,641,491,422
SCHEDULE L ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement	99,858,341	53,022,728
Bank charges	44,399,195	36,305,934
Communication	172,057,603	127,139,342
Electricity	77,705,285	64,373,246
Legal and professional charges	143,093,753	109,161,626
Miscellaneous expenses	23,167,553	18,947,025
Office expenses	129,387,996	41,813,838
Postage and courier	56,042,355	43,022,144
Printing and stationery	57,091,669	35,477,323
Provision for doubtful debts and bad debts	3,500,100	1,051,322
Rent	458,511,723	409,910,950
Repairs and maintenance:		
- Computers	1,148,323	
- Others	23,556,543	41,142,225
Remuneration to auditors		
- Audit fees	2,010,000	
- Certification work and other matters	97,500	
- Out of pocket expenses	111,730	2,142,709
Software charges	88,483,070	51,942,578
Travelling and conveyance	107,758,081	86,834,429
Total	1,487,980,820	1,122,287,419

Schedules forming part of the Balance Sheet & Profit and Loss Account

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the Year ended March 31, 2011.

SCHEDULE M

A. Significant Accounting Policies:

1. Basis of preparation of financial statements:

The financial statements have been prepared under historical cost convention on an accrual basis in compliance with all material aspects of the applicable Accounting Standards in India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company.

2. Use of Estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

3. Fixed Assets and Depreciation:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of schedule XIV of the Companies Act, 1956, which-ever is higher. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the asset.

Depreciation is charged from the month in which new assets are put to use. No depreciation is charged from the month in which assets are sold

Individual assets / group of similar assets costing up to ₹ 5,000 has been depreciated in full in the year of purchase.

Estimated useful life of the assets is as under:

Buildings	20 years
Computers	3 years
Electrical & Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Software	3 years

4. Translation of foreign currency items :

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognised in the Profit and Loss Account. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the Profit and Loss Account and related assets and liabilities are accordingly restated in the Balance Sheet.

5. Revenue Recognition:

Brokerage income earned on secondary market operations is accounted on trade dates. Dividend income is accounted for when the right to receive the payment is established. Depository related, Investment banking related and Income in respect of other heads is accounted on accrual basis.

Income from arbitrage comprises profit/loss on sale of securities held as stock-in-trade and profit/loss on equity derivative instruments is accounted as per following:



Schedules forming part of the Balance Sheet & Profit and Loss Account

(a) Profit/loss on sale of securities is determined based on the FIFO cost of the securities sold.

(b) Profit/loss on arbitrage transactions is accounted for as explained below :-

Initial and additional margin paid over and above initial margin, for entering into contracts for Equity Index/Stock Futures and or equity Index/stock options which are released on final settlement/squaring-up of underlying contracts are disclosed under Current Assets, Loans and advances. "Mark-to-market margin- Equity Index/Stock Futures" representing the amounts paid in respect of mark to market margin is disclosed under Loans and Advances.

"Equity Index/Stock Option Premium Account" represents premium paid or received for buying or selling the options, respectively.

On final settlement or squaring up of contracts for equity index / stock futures, the realised profit or loss after adjusting the unrealised loss already accounted, if any, is recognised in the Profit and Loss Account.

On settlement or squaring up of equity index / stock options before expiry, the premium prevailing in "Equity Index/Stock Option Premium Account" on that date is recognised in the Profit and Loss Account.

As at the balance sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding arbitrage portfolio comprising of Securities and Equity Derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC) with net unrealised losses on scrip basis being recognised in the Profit and Loss and the net unrealised gains on scrip basis are ignored

6. Retirement Benefits:

The Company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Profit & loss account.

The Company has provided compensated absences on the basis of actuarial valuation.

Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognised in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date together with the adjustments for unrecognised actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

7. Deferred Employee Stock Compensation:

The stock options granted by the Company are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999 issued by Securities and Exchange Board of India and the guidance note on Accounting for Stock Options issued by The Institute of Chartered Accountant of India, whereby the intrinsic value of the options are recognised as deferred employee compensation. The deferred employee compensation is charged to the Profit and Loss Account on a straight line basis over the vesting period of the options. The Employee Stock Options Outstanding Account, net of unamortised Deferred Employee Compensation is shown separately as part of Reserves and Surplus.

8. Provisions, Contingent Liabilities and Contingent Assets:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent Assets are neither recognised nor disclosed in the financial statements.

Schedules forming part of the Balance Sheet & Profit and Loss Account

9. Taxes on Income:

Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred tax is recognised for all timing differences between accounting income & taxable income and is quantified using enacted / substantially enacted tax rates as at the balance sheet date. Deferred tax assets are recognised subject to the management judgement that the realisation is virtually / reasonably certain and are reviewed as at each balance sheet date

10. Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Profit & Loss Account in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

11. Investments:

Investments are classified into current and long-term investments. Investments which are intended to be held for one year or more are classified as long term Investments and investment that are intended to be held for less than one year are classified as current investments. Current investments are stated at lower of cost or market / fair value. Long-term investments are carried at cost. Provision for diminution in value of long term investments is made, if in the opinion of the management such diminution is other than temporary. For investment in Mutual Funds, the Net Assets Value (NAV) declared by the Mutual Funds is considered as the fair value.

12. Stock in Trade:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of Cost and Market value for arbitrage portfolio is done separately for each scrip.

B. Notes to Accounts:

- At balance sheet date, there were outstanding commitments for capital expenditure (net of advances) to the tune of ₹ 69,068,704 (previous year ₹104,993,301) of the total contractual obligation entered up to the end of the year.
- The claims against the Company not acknowledged as debt were ₹ 65,233,873. Contingent liability on account of Income tax matter amounts to ₹ 9,249,439 (previous year ₹ 7,695,910) The Company has filed appeals with the tax authorities against the said demands.
- The Company has provided Corporate Guarantee on behalf of the following subsidiaries.

		(Amount in ₹)
Sr. No.	Name of the subsidiary	Amount
1	India Infoline Commodities Limited	₹129,000,000 (previous year ₹129,000,000)
2	Moneyline Credit Limited	₹1,000,000,000 (previous year ₹1,000,000,000)
3	IIFL Inc	US\$ 141,414 (previous year US\$ 141,414)
4	India Infoline Investment Services Limited	₹16,398,300,000 (previous year ₹ 2,300,000,000)
5	India Infoline Housing Finance Limited	₹1,600,000,000 (previous year Nil)
6.	IIFL Realty Limited	₹ 1,700, 000, 000 (previous year Nil)
7	IIFL Securities Pte Limited	US\$ 10,000,000 (previous year Nil)

Schedules forming part of the Balance Sheet & Profit and Loss Account

4. The Company has implemented Employee Stock Options Scheme 2005, 2007 and 2008 (ESOP Schemes) and has outstanding options granted under the said schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of grants by the Compensation / Remuneration Committee and ESOP Schemes.
- A) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2005	ESOP 2007	ESOP 2008
Nos. of Options as on March 31, 2011	819,725	3,582,050	34,602,600
Method of Accounting	Intrinsic Value	Intrinsic Value	Intrinsic Value
Vesting Plan	Options granted would vest over a period of four years subject to a minimum period of one year from the date of grant of options	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options
Exercise Period	Five years from the date of grant	Five years from the date of grant	Seven years from the date of grant
Grant Dates	May 4, 2006 and April 2, 2007	October 17, 2008, December 18, 2008 and January 1, 2009	December 18, 2008, January 1, 2009, May 27, 2009, December 10, 2009 and September 20, 2010
Grant Price (₹Per Share)	₹ 30.00 and ₹ 51.00 *	₹ 63.75, ₹ 45.30 and ₹ 50.90	₹ 45.30, ₹ 50.90, ₹100.00, ₹136.00 and ₹105.00
Market Price on the date of Grant of Option (₹)	₹ 36.59 and ₹ 68.22 *	₹ 53.10, ₹ 52.70 and ₹ 56.80	₹52.70, ₹56.80, ₹145.20, ₹136.60 and ₹108.80

* adjusted prices due to sub-division of face value from ₹ 10 to ₹ 2 per share, with effect from August 18, 2008.

- B) Movement of options granted:

Particulars	ESOP 2005	ESOP 2007	ESOP 2008
Options outstanding at the beginning of the year	5,850,550	3,975,450	45,661,500
Granted during the year	-	-	250,000
Exercised during the year	2,649,025	282,900	11,263,000
Lapsed during the year	2,381,800	110,500	45,900
Options outstanding at the end of the year	819,725	3,582,050	34,602,600

5. Pursuant to the resolution passed by the Board of Directors of the Company and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, the Company made a public announcement on December 24, 2010, to buy-back the Company's equity shares at a price not exceeding ₹ 99 share, aggregating to ₹1,040 mn. The buy-back was successfully completed and the Company bought back 12,998,877 equity shares and utilised maximum offer size of ₹1,040 mn.

Standalone Financial Statements of India Infoline Limited

Schedules forming part of the Balance Sheet & Profit and Loss Account

6. During the year the Company has invested in following subsidiaries.

			Amount in ₹)
Sr No	Name of Company	Subsidiary	Amount
1	IIFL Capital Limited	Wholly owned subsidiary	120,000,000
2	IIFL Wealth (UK) Limited	Wholly owned subsidiary	3,416,000
3	India Infoline Trustee Company Limited	Wholly owned subsidiary	2,500,000
4	IIFL Securities Ceylon (Pvt) Limited	Wholly owned subsidiary	41,552,207
5	India Infoline Asset Management Company Limited	Wholly owned subsidiary	125,000,000
6	IIFL Capital Ceylon Limited	Wholly owned subsidiary	11,200,582
7	IIFL Private Wealth Hong Kong Limited	Wholly owned subsidiary	446,300
8	IIFL Private Wealth Management (Dubai) Limited	Wholly owned subsidiary	33,292,500
Total			337,407,589

7. The Company recognised deferred tax assets since the management is reasonably / virtually certain of its profitable operations in future. As per Accounting Standard 22 'Accounting for Taxes on Income', the timing differences mainly relates to following items and result in a net deferred tax asset.

Deferred Tax Assets

			(Amount in ₹)
Particulars	2010-11	2009-10	
On Gratuity/Leave Encashment	(5,997,697)	15,456,878	
Depreciation	107,543,403	75,408,790	
Provision for doubtful debts	5,766,043	5,530,955	
Total	107,311,749	96,396,623	

8. Details of Bank Balance with non schedule banks are :

			(Amount in ₹)
Name of Bank	Closing Balance	Maximum balance during the year	
Bank of Baroda, Dubai	650,462	762,785	
Mashreq Bank, Dubai	422,764	14,073,900	
Standard Chartered Bank (Srilanka)	139,858	21,022,491	

9. Company has pledged fixed deposits to the extent of ₹ 2,670.00 mn (previous year ₹ 2,515.14 mn) with banks for bank guarantees/ overdraft facilities and with the stock exchanges.

Schedules forming part of the Balance Sheet & Profit and Loss Account

10. Disclosure of loans/advances and investments in its own shares by the Listed Company, in its subsidiaries and associates etc. as required under clause 32 of the Listing Agreement

Sr. No.	Name	Particulars	2010 -11	2009-10
1	India Infoline Commodities DMCC.	Outstanding at year end	57,780,659	39,072,176
		Maximum Amount Outstanding	65,435,651	39,072,176
2	IIFL Capital Limited	Outstanding at year end	-	827,467
		Maximum Amount Outstanding	1,027,467	827,467
3	IIFL (Asia) Pte. Limited	Outstanding at year end	631,028,838	574,123,014
		Maximum Amount Outstanding	851,013,864	574,180,665
4	IIFL Energy Limited	Outstanding at year end	1,959,568	1,959,568
		Maximum Amount Outstanding	1,959,568	1,959,568
5	IIFL Inc.	Outstanding at year end	11,732,773	4,516,432
		Maximum Amount Outstanding	11,732,773	4,516,432
6	India Infoline Trustee Company Limited	Outstanding at year end	-	858,930
		Maximum Amount Outstanding	859,151	1,358,930
7	IIFL Private Wealth Management (Dubai) Limited	Outstanding at year end	4,268,852	-
		Maximum Amount Outstanding	4,268,852	-

11. The Company has taken office premises on operating lease at various locations. Lease rents in respect of the same have been charged to Profit and Loss account. The agreements are executed for a period ranging from one to five years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum future Lease rentals outstanding as at March 31, 2011, are as under:

	(Amount in ₹)	
Minimum Lease Rentals	2010-11	2009-10
Due for:		
- Up to one year	57,565,870	93,799,308
- One to five years	26,526,177	118,669,868
- Over five years	NIL	NIL
Total	84,092,047	212,469,176

12. In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting'. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

Secondary segmentation based on geography has not been presented as the Company operates primarily in India and the Company perceives that there is no significant difference in its risk and returns in operating from different geographic areas within India.

13. Financial income includes dividend on non trade and other investments of ₹ 158,066,959 (previous year ₹ 55,160,035), Interest of ₹ 696,477,129 (previous year ₹ 186,282,511) and Profit on sale of investments ₹ 150,992,725 (previous year ₹ 80,746,527).

Schedules forming part of the Balance Sheet & Profit and Loss Account

14. Interest expenses include the interest on debentures ₹ 22,681,825 (Previous year ₹ 71,881,046) and discount on commercial paper ₹ 810,600,446 (Previous year ₹ 22,623,911).
15. The Company provides for the use by its subsidiaries certain facilities like use of premises, infrastructure and other facilities/services and the same are termed as 'Shared Services'. The cost of such Shared Services are recovered from subsidiaries either on actual basis or on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation.

16. Related Party Disclosures:

Related party disclosures as on March 31, 2011

(a) Related parties where control exists

Nature of relationship	Name of party
Subsidiaries including step down subsidiaries	India Infoline Commodities Limited
	India Infoline Media and Research Services Limited
	IIFL Capital Limited
	India Infoline Trustee Company Limited
	India Infoline Asset Management Company Limited
	India Infoline Investment Services Limited
	Moneyline Credit Limited
	India Infoline Housing Finance Limited
	India Infoline Distribution Company Limited
	India Infoline Marketing Services Limited
	India Infoline Insurance Services Limited
	India Infoline Insurance Brokers Limited
	IIFL Wealth Management Limited
	Finest Wealth Managers Private Limited
	IIFL Trustee Services Limited
	IIFL Realty Limited
	IIFL (Thane) Private Limited
	IIFL Energy Limited
	IIFL (Asia) Pte. Limited
	IIFL Securities Pte. Limited
	IIFL Capital Pte. Limited
	IIFL Capital Ceylon Limited
	IIFL Securities Ceylon (Pvt) Limited
	IIFL Private Wealth Hong Kong Limited
IIFL Private Wealth (Mauritius) Limited	
IIFL Private Wealth Management (Dubai) Limited	
India Infoline Commodities DMCC	
IIFL Inc.	
IIFL Wealth (UK) Limited	

Schedules forming part of the Balance Sheet & Profit and Loss Account

(b) Key Management Personnel	Nirmal Jain
	R Venkataraman
Other related parties	Madhu Jain (wife of Mr. Nirmal Jain)
	Aditi Venkataraman (wife of Mr. R Venkataraman)
	India Infoline Venture Capital Fund

(c) Significant Transactions with Related Parties

Significant transactions with related parties (figure in bracket represents previous year figures)

Nature of Transaction	(Amount in ₹)			
	Subsidiaries	Key Managerial Personnel	Other Related Parties	Total
Investment (refer schedule F)	337,407,589	-	-	337,407,589
	(4,325,000)	-	(67,500,000)	(71,825,000)
Sale of Investments	-	-	13,900,000	13,900,000
	(3,707,020,000)	-	(100,200,000)	(3,807,220,000)
Sale of Fixed Assets (Net Block)	815,351	-	-	815,351
	(355,101,798)	-	-	(355,101,798)
Brokerage Income	2,118,410	113,015	207,991	2,439,416
	(276,588)	(30,928)	(12,029)	(319,545)
Remuneration	-	30,669,420	-	30,669,420
	-	(30,669,420)	-	(30,669,420)
Interest Income	695,053,209	-	-	695,053,209
	(30,694,344)	-	-	(30,694,344)
Interest Expenses	160,697,900	-	-	160,697,900
	-	-	-	-
Dividend Income	91,000,000	-	-	91,000,000
Management fees Income	-	-	1,390,241	1,390,241
Rent Expenses	353,795,520	-	384,000	354,179,520
	(207,550,720)	-	(317,000)	(207,867,720)
Referral Fees / Marketing Expenses	783,704,102	-	-	783,704,102
	(545,223,320)	-	-	(545,223,320)
Corporate Guarantee (refer Note 3) - US\$	10,000,000	-	-	10,000,000
	(141,414)	-	-	(141,414)
Corporate Guarantee (refer Note 3)	17,398,300,000	-	-	17,398,300,000
	(3,429,000,000)	-	-	(3,429,000,000)
Advances given/Reimbursement of Expenses	177,387,975,162	-	-	177,387,975,162
	(41,369,532,690)	-	-	(41,369,532,690)
Advances taken/allocation of expenses	177,303,111,768	-	-	177,303,111,768
	(40,731,074,921)	-	-	(40,731,074,921)

Standalone Financial Statements of India Infoline Limited

Schedules forming part of the Balance Sheet & Profit and Loss Account

Outstanding as on March 31, 2011

(Amount in ₹)

Nature of Transaction	Subsidiaries	Key Managerial Personnel	Other Related Parties	Total
Sundry Payables	63,418,097	144,719	11,679,443	75,242,259
	-	(280,509)	(337,973)	(618,482)
Sundry Receivables	706,220,979	-	-	706,220,979
	(621,357,587)	-	-	(621,357,587)
Investments	8,916,947,347	-	53,600,000	8,970,547,347
	(8,579,539,758)	-	(67,500,000)	(8,647,039,758)
Guarantees - US\$	10,141,414	-	-	10,141,414
	(141,414)	-	-	(141,414)
Guarantees	20,8274,300,000	-	-	20,8274,300,000
	(3,429,000,000)	-	-	(3,429,000,000)

17. The Company is recognising and accruing the employee benefit as per accounting standard (AS) – 15 on “Employee Benefits”.

Details are given below:

(Amount in ₹)

Assumptions	2010-11	2009-10
Discount rate (previous year)	7.5%	7%
Salary Escalation (previous year)	5%	5%
Discount rate (current year)	8%	7.5%
Salary Escalation (current year)	5%	5%

Change in Benefit Obligation	2010-11	2009-10
Liability at the beginning of the year	(45,474,783)	(31,377,286)
Interest Cost	(3,410,609)	(4,184,127)
Current Service Cost	(19,658,262)	(28,766,426)
Benefit paid	2,219,920	740,929
Actuarial Gain/ (Loss) on obligations	(1,009,212)	(18,112,127)
Liability at the end of the year	(65,314,522)	(45,474,783)

Amount Recognised in the Balance Sheet	2010-11	2009-10
Liability at the end of the year	(65,314,522)	(45,474,783)
Fair value of plan Assets at the end of the year	83,370,358	-
Surplus/(Deficit)	18,055,836	(45,474,783)
Net Asset/(Liability) Recognised in the balance sheet	18,055,836	(45,474,783)

Schedules forming part of the Balance Sheet & Profit and Loss Account

	(Amount in ₹)	
Expenses Recognised in the Income statement	2010-11	2009-10
Current Service cost	19,658,262	28,766,426
Interest Cost	3,410,610	4,184,127
Actuarial Gain or (Loss)	(1,009,212)	(18,112,126)
Expense Recognised in P&L	22,059,660	14,838,427

	(Amount in ₹)	
Balance Sheet reconciliation	2010-11	2009-10
Opening Net liability	(45,474,783)	(31,377,286)
Expense as above	(22,059,660)	(14,838,427)
Employers contribution / Benefit Payment	85,590,279	740,930
Amount Recognised in Balance sheet	18,055,836	(45,474,783)

Defined Contribution Plans:

The Company has recognised the following amounts as an expense and included in the schedule K -Employee Cost

Particulars	2010-11	2009-10
Contribution to provident and other funds	13,231,060	15,526,724

18. Basic and Diluted Earnings per Share ["EPS"] computed in accordance with Accounting Standard (AS) 20 'Earnings per share'

Particulars		2010-11	2009-10
Basic			
Profit after tax as per Profit and Loss account	A	1,223,618,546	1,520,163,495
Weighted Average Number of Shares Subscribed	B	287,894,704	283,732,763
Basic EPS (₹)	A/B	4.25	5.36
Diluted			
Profit after tax as per Profit and Loss account	A	1,223,618,546	1,520,163,495
Weighted Average Number of Shares Subscribed		287,894,704	283,732,763
Add : Potential Equity Shares on account of conversion of Employees Stock Options		38,898,867	54,824,905
Weighted Average Number of shares Outstanding	B	326,793,571	338,557,668
Diluted EPS (₹)	A/B	3.74	4.49

Standalone Financial Statements of India Infoline Limited

Schedules forming part of the Balance Sheet & Profit and Loss Account

19. Directors Remuneration

Particulars	(Amount in ₹)	
	2010-11	2009-10
Whole time Directors		
Salaries and Allowances	30,637,500	30,637,500
Company Contribution to Provident Fund	31,920	31,920
Non-Whole time Directors		
Commission	1,500,000	2,000,000

Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956

Particulars	(Amount in ₹)	
	2010-11	2009-10
Profit after tax as per Profit and Loss Account	1,223,618,546	1,520,163,495
Add:		
Depreciation charged to the Accounts	240,761,354	318,646,716
Profit / Loss on Sale of Assets	3,122,438	1,700,961
Managing and WholeTime Directors' remuneration	30,669,420	30,669,420
Directors sitting fees and Commission	2,090,000	2,502,060
	1,500,261,758	1,873,682,652
Less:		
Depreciation as per section 350 of the Companies Act, 1956	100,551,862	124,075,870
Net profit as per section 349 of the Companies Act, 1956	1,399,709,896	1,749,606,782
Maximum permissible remuneration under section 198 of the companies Act, 1956 @ 10% of the profit computed above to Whole Time Directors	1,399,709,896	174,960,678
Maximum permissible remuneration under section 198 of the companies Act, 1956 @ 1% of the profit computed above to Non-Whole Time Directors	13,997,099	17,496,068

Schedules forming part of the Balance Sheet & Profit and Loss Account

20. Information under paragraphs 3 and 4 of part II to schedule VI of the Companies Act, 1956 is stated to the extent applicable.

Particulars	(Amount in ₹)	
	2010-11	2009-10
Earnings in Foreign Currency		
Investment Banking & Research Income	-	33,762,479
Expenses in Foreign Currency		
Advertisement Expenses	584,965	489,720
Business promotion	2,336,849	1,887,216
Communication Expenses	1,967,485	159,518
Marketing Expenses	63,418,094	-
Membership & Subscription	2,919,261	2,858,987
Office Expenses	3,091,560	2,009,773
Postage & Courier expenses	50,025	-
Printing & Stationery expenses	8,438,360	12,111
Professional Fees	11,030,012	10,087,412
Rent Expenses	1,253,869	991,260
Salaries	43,809,038	5,430,218
Software Charges	5,215,316	201,364
Staff Welfare Expenses	517,981	-
Travelling Expenses	2,388,445	11,700,242
Wire Service	8,046,105	7,483,425
Total Expenses	155,067,365	43,311,246

During the year the Company remitted the dividend in foreign currency. The details are under.

Particulars	(Amount in ₹)	
	2010-11	2009-10
Type of Dividend	Interim Dividend	Interim Dividend
Number of Non-resident shareholder	9	8
Number of shares held by them	2,052,430	2,055,900
Gross amount of dividend	6,157,290	6,160,620

21. The Company purchased & redeemed units of various mutual funds during the year

	For the year ended March 31, 2011		For the year ended March 31, 2010	
	Quantity	Value (₹mn)	Quantity	Value (₹mn)
Purchases	13,051,092	286,110	17,562,093	176,835
Sales	13,002,604	287,421	17,411,647	174,795

Standalone Financial Statements of India Infoline Limited

Schedules forming part of the Balance Sheet & Profit and Loss Account

22. Details of Current Investments :

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
Equity shares					
Aban Offshore Limited	2	-	-	492	571,975
Aditya Birla Nuvo Limited	10	-	-	764	692,413
Anant Raj Industries Limited	2	-	-	13,829	1,615,897
Ansal Properties & Infrastructure Limited	5	-	-	14,096	1,002,930
Apollo Tyres Limited	1	-	-	14,398	708,718
Bajaj Electricals Limited	2	-	-	3,885	621,504
Bajaj Holdings & Investment Limited	10	-	-	1,199	524,059
CESC Limited	10	-	-	3,421	1,309,217
Eveready Industries India Limited	5	-	-	8,835	523,916
Gayatri Projects Limited	10	-	-	1,667	640,545
Glaxosmithkline Consumer Healthcare Limited	10	-	-	597	598,063
Gujarat NRE Coke Limited	10	-	-	750	65,588
HCL Infosystems Limited	2	-	-	4,499	611,864
HCL Technologies Limited	2	-	-	2,860	902,126
Housing Development & Infrastructure Limited	10	-	-	2,148	615,080
ICICI Bank Limited	10	-	-	760	510,743
India Cements Limited	10	-	-	5,630	717,087
Indiabulls Financial Services Limited	2	-	-	14,477	1,521,533
Indusind Bank Limited	10	-	-	5,802	794,586
IVRCL Infrastructures & Projects Limited	2	-	-	8,220	1,364,520
Jai Balaji Industries Limited	10	-	-	6,567	1,566,558
Jindal South West Holdings Limited	10	-	-	157	273,329
KEC International Limited	10	-	-	1,835	629,928
Lupin Limited	10	-	-	507	712,034
Mahindra & Mahindra Limited	5	-	-	906	323,496
Mercator Lines Limited	1	-	-	7,816	434,960
Mindtree Limited	10	-	-	1,198	638,722
Moser-Baer (I) Limited	10	-	-	4,000	292,000
Patni Computer Systems Limited	2	-	-	4,275	942,415
Piramal Healthcare Limited	2	-	-	1,991	563,587
Prism Cement Limited	10	-	-	6,034	329,539
Shree Renuka Sugars Limited	1	-	-	21,010	1,498,013
Simplex Infrastructures Limited	2	-	-	1,906	563,486
United Phosphorus Limited	2	-	-	5,047	740,119
Voltas Limited	1	-	-	6,077	767,331
Yes Bank Limited	10	-	-	3,414	479,633
Zee Entertainment Enterprises Limited	1	-	-	2,724	659,181
Total					27,326,695

Schedules forming part of the Balance Sheet & Profit and Loss Account

23. Details of Stock on Hand:

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
(Amount in ₹)					
Mutual Funds					
Kotak Mutual Fund - Gold Exchange Traded Fund	100	-	-	4,500	7,230,960
Reliance Mutual Fund - Gold Exchange Traded Fund	100	-	-	13,800	21,555,186
Total		-	-	-	28,786,146
Equity Shares					
Aban Offshore Limited	2	6,000	3,591,321	-	-
ACC Limited	10	-	-	10,152	9,650,446
Allahabad Bank	10	-	-	2,450	349,983
Alok Industries Limited	10	100,000	2,071,440	-	-
Apollo Tyres Limited	1	-	-	40,800	2,892,720
Axis Bank Limited	10	169	234,322	-	-
Bank Of Baroda	10	1,500	1,393,780	-	-
Bharat Heavy Electricals Limited	10	1,500	3,090,465	-	-
Cairn India Limited	10	17,000	5,934,069	-	-
Canara Bank	10	1,500	927,670	-	-
Central Bank Of India	10	4	557	-	-
Cipla Limited	2	4,000	1,285,233	16,250	5,476,575
Dabur India Limited	1	64,000	6,150,400	-	-
Deccan Chronicle Holdings Limited	2	14,000	1,019,046	-	-
Dish TV India Limited	1	-	-	195,700	7,162,929
Essar Oil Limited	10	-	-	9,884	1,344,422
Firstsource Solutions Limited	10	184,047	3,303,644	9,500	272,650
GTL Infrastructure Limited	10	16,000	587,626	-	-
Gujarat State Petronet Limited	10	6,000	594,000	-	-
GVK Power & Infrastructure Limited	1	72,000	1,864,800	-	-
HDFC Bank Limited	10	571	1,331,388	-	-
Hindalco Industries Limited	1	8,000	1,639,400	87,950	15,936,540
Hindustan Construction Co. Limited	1	42,451	1,541,701	-	-
Hindustan Zinc Limited	2	4,136	569,648	-	-
Housing Development and Infrastructure Limited	10	-	-	20,898	5,964,545
Housing Development Finance Corp. Limited	2	8,000	5,571,062	-	-
ICICI Bank Limited	10	554	612,770	-	-
IDBI Bank Limited	10	44,000	6,267,800	-	-
Idea Cellular Limited	10	44,000	2,886,378	-	-
IFCI Limited	10	108,001	5,680,853	86,680	4,281,125

Standalone Financial Statements of India Infoline Limited

Schedules forming part of the Balance Sheet & Profit and Loss Account

23. Details of Stock on Hand: (CONTD.)

(Amount in ₹)

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
Indiabulls Real Estate Limited	2	-	-	102,700	10,793,770
Indian Bank	10	4,000	1,054,400	-	-
Infosys Technologies Limited	5	2,734	8,652,379	-	-
Infrastructure Development Finance Company Limited	10	62,000	9,585,200	-	-
Ispat Industries Limited	10	40,000	887,720	24,900	476,088
ITC Limited	1	34,000	6,071,893	-	-
Jaiprakash Associates Limited	2	2,000	178,472	-	-
Jindal South West Holdings Limited	10	375	334,729	-	-
Jindal Steel & Power Limited	1	1,500	1,011,401	-	-
Kingfisher Airlines Limited	10	24,000	955,200	4,250	198,900
Lanco Infratech Limited	1	15,999	626,916	-	-
Larsen & Toubro Limited	2	7,670	12,409,537	-	-
LIC Housing Finance Limited	2	1,260	284,761	-	-
Mahindra & Mahindra Limited	5	3,000	2,098,997	-	-
Maruti Suzuki India Limited	5	6,755	8,141,407	11,200	15,881,040
Nagarjuna Fertilizer & Chemicals Limited	10	7,999	224,372	-	-
National Aluminium Company Limited	5	60,000	5,736,000	-	-
Oil And Natural Gas Corporation Limited	5	9,000	2,450,154	-	-
Orchid Chemicals & Pharmaceuticals Limited	10	6,000	1,804,200	-	-
Pantaloon Retail (India) Limited	2	21,000	5,432,700	-	-
Piramal Healthcare Limited	2	12,000	5,001,600	-	-
Power Finance Corporation Limited	10	44,000	4,370,093	2,400	620,040
PTC India Limited	10	2,000	166,800	-	-
Punj Lloyd Limited	2	66,000	4,266,900	-	-
Ranbaxy Laboratories Limited	5	346	151,655	-	-
Reliance Industries Limited	10	4,559	4,703,283	-	-
Reliance Infrastructure Limited	10	2,646	1,745,194	3,036	2,459,312
Rolta India Limited	10	5,974	808,111	10,800	1,900,152
Shree Renuka Sugars Limited	1	16,000	1,111,651	103,326	7,367,144
Srei Infrastructure Finance Limited	10	10,800	478,440	-	-
State Bank Of India	10	7,258	19,437,801	-	-
Steel Authority Of India Limited	10	7,000	1,186,100	-	-
Sterlite Industries (India) Limited	1	12,000	2,015,144	-	-
Suzlon Energy Limited	2	8,000	356,800	84,000	6,035,400
Tata Consultancy Services Limited	1	51	54,380	-	-
Tata Power Company Limited	10	-	-	13,200	18,109,194
Tatamotors-Dvr-A-Ordya	10	2,250	1,551,118	-	-

Schedules forming part of the Balance Sheet & Profit and Loss Account

23. Details of Stock on Hand: (CONTD.)

(Amount in ₹)

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
Triveni Engineering & Industries Limited	1	-	-	7,700	1,034,033
TVS Motor Company Limited	1	12,000	718,200	-	-
Union Bank Of India	10	11,001	3,583,768	-	-
Unitech Limited	2	92,000	3,672,252	-	-
Vijaya Bank	10	-	-	6,900	326,784
Total			181,469,101		118,533,792
Bonds					
IIFCL 22 January 2014	1,000,000	0	-	340	35,064,432
IRFC IPO Bonds 8 March 2015	100,000	0	-	3,480	347,141,902
NABARD January 2019	20,000	0	-	800	8,063,990
Tata Housing Development Co Limited	1,000,000	103	107,637,781	-	-
6.00% IRFC 8 MAR 15	100,000	2,500	240,797,945	-	-
9.95% SBI BOND S4-15 YEARS-N5	10,000	100	1,041,750	-	-
Deutsche Investment India Pvt. Limited-Cap Guard	100,000	10	1,265,000	-	-
Total			350,742,476		390,270,324
Grand Total			532,211,577		537,590,262

24. There are no dues to micro & small enterprises (MSEs) outstanding for more than 45 days.
25. Other requirements of Para 3 and 4 of part II to Schedule VI of the Companies Act, 1956 are not applicable to the Company.
26. Previous year figures have been regrouped, reclassified & rearranged, wherever considered necessary to conform to current year's presentation.

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants
ICAI Registration No. 109983W
By the hand of

Tirtharaj Khot

Partner
Membership No. 37457

Place : Mumbai
Dated: May 7, 2011

For **India Infoline Limited**

Nirmal Jain
Chairman

L P Aggarwal
Chief Financial Officer

R.Venkataraman
Managing Director

Sunil Lotke
Company Secretary

Standalone Financial Statements of India Infoline Limited

Cash Flow Statement

for the year ended as at March 31, 2011

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	1,732,628,562	2,333,073,556
Adjustments for:		
Depreciation & Amortisation	240,761,354	318,646,716
Provisions for Gratuity	22,059,660	14,838,427
Provisions for Leave Encashment	(1,492,480)	2,280,729
Deferred Employee Compensation	7,123,578	15,295,134
Provision for Doubtful Debts	3,500,100	1,051,322
Loss / (Profit) on Sale of Investments	(150,992,725)	(10,656,155)
Interest expense	858,973,549	102,456,419
Operating profit before working capital changes	2,712,561,598	2,776,986,148
(Increase) / Decrease in Sundry debtors	2,876,918,649	(4,740,793,570)
(Increase) / Decrease in Loans & Advances	(1,911,635,438)	(1,358,275,222)
(Increase) / Decrease in Group Co. Balances	(84,863,391)	(540,513,537)
Increase / (Decrease) in Provisions	(72,540,387)	(51,592,383)
Increase / (Decrease) in Current Liabilities	(641,620,743)	4,731,343,154
Cash generated from operations	2,878,820,288	817,154,590
Tax (Paid) / Refund	(677,241,186)	(765,968,671)
Net cash from operating activities	2,201,579,102	51,185,919
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase / Sale of fixed assets (includes intangible assets) (net)	(141,317,147)	224,944,631
Investment / Sale in subsidiaries (net)	(337,407,589)	(3,825,000)
Purchase/Sale of Investments/Stock on Hand (net)	1,529,726,999	(2,877,276,582)
Net cash from investing activities	1,051,002,263	(2,656,156,951)

Cash Flow Statement (CONTD.)

for the year ended as at March 31, 2011

(Amount in ₹)

Particulars	As at March 31, 2011	As at 31 March, 2010
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	604,604,940	60,649,195
Buy back of equity shares	(1,039,972,274)	-
(Repayment) / Proceeds of borrowings	(321,920,245)	4,959,425,873
Interest paid	(858,973,549)	(102,456,420)
Dividend Paid (including dividend distribution tax)	(986,826,279)	(996,776,341)
Net cash used in financing activities	(2,603,087,407)	3,920,842,307
Cash and cash equivalents at beginning of period	5,618,364,349	4,302,493,074
Cash and cash equivalents at end of period	6,267,858,307	5,618,364,349
Net increase in cash and cash equivalents	649,493,958	1,315,871,275
Cash and cash equivalents include :		
Cash on hand	3,783,883	4,420,323
Bank balances (see note 2)	6,264,074,424	5,613,944,026
Total	6,267,858,307	5,618,364,349

- Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS-3) "Cash Flow Statement".
- Fixed deposits with scheduled banks includes ₹ 2,670.0 mn (Previous Year ₹ 2,515.1 mn) pledged for bank guarantees / overdraft facilities and with stock exchange.
- Previous year's figure are re -grouped/re-arranged wherever considered necessary.

Schedules referred to above form an integral part of the accounts.

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No. 37457

Place : Mumbai

Dated: May 7, 2011

For **India Infoline Limited**

Nirmal Jain

Chairman

L P Aggarwal

Chief Financial Officer

R.Venkataraman

Managing Director

Sunil Lotke

Company Secretary

Standalone Financial Statements of India Infoline Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration no.
 Balance Sheet date

State Code

II. Capital raised during the year

(Amount in ₹ Thousands)

Public issue
 Bonus issue
 Equity warrants Application

Right issue
 Private placement
 ESOPS

III. Position of Mobilisation and Deployment of Funds

(Amount in ₹ Thousands)

Total Liabilities

Total Assets

SOURCES OF FUNDS

Paid-up Capital
 Share Application Money
 Reserves & Surplus

Secured Loans

Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets
 Net Current Assets
 Accumulated Losses

Investments

Deferred Tax

Misc. Expenditure

IV. Performance of Company

(Amount in ₹ Thousands)

Turnover
 Profit/(Loss) Before Tax
 (Please tick Appropriate box
 + for Profit / - for Loss)

Total Expenditure

Profit/(Loss) After Tax

Basic Earnings Per Share in ₹

Dividend

V. General Names of three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)
 Product Description

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants
 ICAI Registration No. 109983W
 By the hand of

Tirtharaj Khot

Partner
 Membership No. 37457

Place : Mumbai

Dated: May 7, 2011

For **India Infoline Limited**

Nirmal Jain
 Chairman

R.Venkataraman
 Managing Director

L P Aggarwal
 Chief Financial Officer

Sunil Lotke
 Company Secretary



STATEMENT RELATING TO SUBSIDIARY COMPANIES PURSUANT TO APPROVAL GRANTED U/S 212 (8) OF THE COMPANIES ACT, 1956

		(Amount in ₹ mn)									
Particulars	India Infoline Investment Services Limited	Moneyline Credit Limited	India Infoline Marketing Services Limited	IIFL Realty Limited	IIFL (Thane) Private Limited	India Infoline Media and Research Services Limited	IIFL Wealth Management Limited	India Infoline Insurance Services Limited	India Infoline Commodities Limited	India Infoline Distribution Company Limited	
1	Equity Share Capital	145.0	171.6	90.0	180.3	0.5	109.2	2.8	2.1	14.0	
2	Reserves	1,468.0	2,284.1	497.7	5.7	106.0	528.7	192.2	107.2	59.1	
3	Total Assets	2,440.8	4,191.2	3,728.9	189.7	141.9	726.0	211.4	2,268.9	73.8	
4	Total Liabilities	2,440.8	4,191.2	3,728.9	189.7	141.9	726.0	211.4	2,268.9	73.8	
5	Investments (other than investment in subsidiaries)	1,490.7	3,332.5	-	-	-	-	-	-	0.0	
6	Total Turnover	4,519.1	930.1	364.9	0.2	202.0	1,134.4	89.5	468.7	67.0	
7	Profit/(Loss) before taxation	1,194.4	48.9	(47.0)	0.0	23.4	377.7	3.6	47.1	6.2	
8	Provision for taxation (including deferred tax)	367.8	16.6	(37.2)	-	7.3	127.1	2.8	16.6	6.8	
9	Profit after taxation	826.6	32.3	(9.8)	0.0	16.1	250.6	0.8	30.5	(0.6)	
10	Details of Interest in subsidiaries	98.82%	98.82%	100.00%	100.00%	100.00%	82.44%	99.07%	100.00%	98.82%	

Note : All subsidiaries have common year end of March 31, 2011 hence no additional information U/S 212(5) has been disclosed.

Standalone Financial Statements of India Infoline Limited

STATEMENT RELATING TO SUBSIDIARY COMPANIES PURSUANT TO APPROVAL GRANTED U/S 212 (8) OF THE COMPANIES ACT, 1956 (CONTD.)

Particulars	(Amount in mn)									
	India Infoline Housing Finance Limited	India Infoline Insurance Brokers Limited	IIFL Energy Limited	India Infoline Trustee Company Limited	IIFL Capital Limited	Finest Wealth Managers Pvt Limited	India Infoline Asset Management Company Limited	IIFL (Asia) Pte. Limited	IIFL Securities Pte. Limited	₹
1 Equity Share Capital	309.0	5.0	0.5	3.0	30.5	0.1	125.0	742.9	388.6	11.0
2 Reserves	1,079.2	71.4	(1.0)	(1.1)	91.3	6.5	(10.3)	45.6	(135.1)	(3.8)
3 Total Assets	3,301.1	121.6	1.5	1.9	122.3	17.8	114.8	1,537.2	269.3	7.7
4 Total Liabilities	3,301.1	121.6	1.5	1.9	122.3	17.8	114.8	1,537.2	269.3	7.7
5 Investments (other than investment in subsidiaries)	-	-	-	-	-	8.8	-	946.5	-	-
6 Total Turnover	294.0	609.7	-	-	3.3	12.2	2.0	(53.8)	207.9	6.2
7 Profit/(Loss) before taxation	90.9	67.7	(0.1)	(0.5)	2.7	12.0	(15.5)	(93.4)	5.2	0.2
8 Provision for taxation (including deferred tax)	26.7	22.1	-	(0.2)	0.5	5.5	(5.1)	(14.9)	(27.1)	(0.8)
9 Profit after taxation	64.2	45.6	(0.1)	(0.3)	2.2	6.5	(10.4)	(78.5)	32.3	1.0
10 Details of Interest in subsidiaries	98.82%	99.07%	100.00%	100.00%	100.00%	82.44%	100.00%	100.00%	100.00%	100.00%

Note : All subsidiaries have common year end of March 31, 2011 hence no additional information U/S 212(5) has been disclosed.



STATEMENT RELATING TO SUBSIDIARY COMPANIES PURSUANT TO APPROVAL GRANTED U/S 212 (8) OF THE COMPANIES ACT, 1956 (CONTD.)

Particulars	IIFL Capital Pte. Limited		IIFL Inc		India Infoline Commodities DMCC		IIFL Private wealth Management (Dubai) Limited		IIFL Wealth (UK) Limited		IIFL Securities Ceylon (Pvt) Limited		IIFL Capital Ceylon Limited		IIFL Private Wealth Hong Kong Limited		IIFL Private Wealth (Mauritius) Limited	
	₹	S \$	₹	US\$	₹	AED	₹	AED	₹	£	₹	LKR	₹	LKR	₹	HKD	₹	US\$
1 Equity Share Capital	176.2	5.0	46.9	1.0	11.8	1.0	33.3	2.8	7.2	0.1	41.6	100.0	11.2	28.5	0.4	0.1	1.8	0.0
2 Reserves	(133.5)	(3.8)	(4.7)	(0.1)	(50.4)	(4.2)	25.9	2.1	(1.7)	(0.0)	1.9	8.1	0.0	(0.6)	(1.6)	(0.3)	(0.7)	(0.0)
3 Total Assets	53.6	1.5	43.0	1.0	18.6	3.6	64.3	5.3	7.0	0.1	94.5	235.0	12.3	30.7	1.8	0.3	1.9	0.0
4 Total Liabilities	53.6	1.5	43.0	1.0	18.6	3.6	64.3	5.3	7.0	0.1	94.5	235.0	12.3	30.7	1.8	0.3	1.9	0.0
5 Investments (other than investment in subsidiaries)	-	-	-	-	-	-	-	-	-	-	12.9	32.2	3.8	9.4	-	-	-	-
6 Total Turnover	60.2	1.8	60.9	1.4	-	-	33.3	2.8	9.8	0.1	18.4	45.3	0.7	1.7	-	-	-	-
7 Profit/(Loss) before taxation	(28.6)	(0.8)	1.1	0.0	(20.4)	(1.7)	25.9	2.1	(1.2)	(0.0)	5.2	12.7	(0.2)	(0.6)	(1.6)	(0.3)	(0.6)	(0.0)
8 Provision for taxation (including deferred tax)	(10.8)	(0.3)	0.7	0.0	-	-	-	-	-	-	1.9	4.6	-	-	-	-	-	-
9 Profit after taxation	(17.8)	(0.5)	0.4	0.0	(20.4)	(1.7)	25.9	2.1	(1.2)	(0.0)	3.3	8.1	(0.2)	(0.6)	(1.6)	(0.3)	(0.6)	(0.0)
10 Details of Interest in subsidiaries	100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%	

Note : All subsidiaries have common year end of March 31, 2011 hence no additional information U/S 212(5) has been disclosed.

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Auditors' Report on Consolidated Financial Statements

To,
The Board of Directors,
India Infoline Limited,
Mumbai

Sub: Report on Consolidated Financial Statements as at March 31, 2011

We have examined the attached Consolidated Balance Sheet of India Infoline Limited and its subsidiaries namely

- (1) Consolidated financial statements of India Infoline Investment Services Limited, for its subsidiaries,
 - (a) Moneyline Credit Limited;
 - (b) India Infoline Housing Finance Limited;
 - (c) India Infoline Distribution Company Limited;
- (2) Consolidated financial statements of India Infoline Marketing Services Limited, for its subsidiaries,
 - (a) India Infoline Insurance Services Limited;
 - (b) India Infoline Insurance Brokers Limited;
- (3) Consolidated financial statements of IIFL Realty Limited, for its subsidiaries,
 - (a) IIFL Thane Private Limited;
 - (b) IIFL Energy Limited;
- (4) Consolidated financial statements of IIFL Wealth Management Limited for its subsidiary, Finest Wealth Managers Private Limited;
- (5) India Infoline Commodities Limited;
- (6) India Infoline Media and Research Services Limited;
- (7) IIFL Capital Limited;
- (8) India Infoline Trustee Company limited;
- (9) India Infoline Asset Management Company Limited;
- (10) India Infoline Venture Capital Fund;
- (11) IIFL (Asia) Pte. Limited;
- (12) IIFL Capital Pte. Limited;
- (13) IIFL Securities Pte. Limited;
- (14) IIFL Private Wealth (Mauritius) Limited;
- (15) India Infoline Commodities DMCC, Dubai;
- (16) IIFL Inc.;
- (17) IIFL Wealth (UK) Limited;
- (18) IIFL Private Wealth Management (Dubai) Limited;

(19) IIFL Private Wealth Hong Kong Limited;

(20) IIFL Securities Ceylon (Private) Limited and

(21) IIFL Capital Ceylon Limited

(collectively referred to as the IIFL Group), as at March 31 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date and annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

In respect of the financial statements of subsidiaries incorporated outside India namely IIFL Inc., IIFL (Asia) Pte. Limited, IIFL Capital Pte. Limited, IIFL Securities Pte. Limited; India Infoline Commodities DMCC, Dubai, IIFL Wealth (UK) Limited, IIFL Private Wealth (Mauritius) Limited, IIFL Private Wealth Management (Dubai) Limited, IIFL Securities Ceylon (Private) Limited, IIFL Private Wealth Hong Kong Limited and IIFL Capital Ceylon Limited we have not carried out the audit. These have been audited by other auditors whose financial statements have been received by us. In respect of Finest Wealth Managers Private Limited a subsidiary of IIFL Wealth Management Limited, the financial statements have been audited by the other auditor whose financial statements have been received by us and therefore, insofar as it relates to the amounts included in respect of these subsidiaries, the same are based solely on the certified copies of report of the other auditor(s). The details of Assets and Revenues in respect of these subsidiaries to the extent to which they are reflected in the Consolidated Financial Statements are given below:



Audited by other Auditors:

(Amount in ₹)

Name of the Company	Total Assets	Total Income
A. Foreign Subsidiaries		
India Infoline Commodities DMCC, Dubai	18,626,003	Nil
IIFL Inc.	42,999,659	60,941,806
IIFL (Asia) Pte. Limited	1,537,202,160	(53,805,838)
IIFL Capital Pte. Limited	53,637,096	60,209,839
IIFL Securities Pte. Limited	269,304,888	207,871,422
IIFL Private Wealth (Mauritius) Limited	1,908,978	Nil
IIFL Wealth (UK) Limited	6,969,836	9,832,068
IIFL Private Wealth Hong Kong Limited	1,800,512	Nil
IIFL Private Wealth Management (Dubai) Limited	33,334,624	64,276,713
IIFL Securities Ceylon (Private) Limited	94,527,012	18,405,575
IIFL Capital Ceylon Limited	12,348,150	682,461
B. Indian Subsidiary		
Subsidiary of IIFL Wealth Management Limited		
Finest Wealth Mangers Private Limited	17,836,304	12,227,159

We report that; the consolidated financial statements have been prepared by the Company's management in accordance with the requirement of the Accounting Standard (AS) 21, "Consolidated Financial Statements", notified by the Companies (Accounting Standards) Rules, 2006, and on the basis of the separate audited financial statements of the IIFL Group included in the consolidated financial statements.

We report that on the basis of the information and explanation given to us and on the separate audit report on individual audited financial statements of the IIFL Group, we are of the opinion that the consolidated financial statements, read together with significant accounting policies and notes appearing thereon, give true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of Consolidated Balance Sheet, of the state of affairs of the IIFL Group as at March 31, 2011;
- in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the IIFL Group for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the consolidated Cash Flows of the IIFL Group for the year ended on that date.

Sharp & Tannan Associates

Chartered Accountants

ICAI Registration No.109983W

By the hand of

Tirtharaj Khot

Partner

Membership No.: 37457

Place: Mumbai

Date: May 7, 2011

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Balance Sheet

as at March 31, 2011

(Amount in ₹)

Schedule	As at March 31, 2011		As at March 31, 2010	
SOURCES OF FUNDS				
Shareholders' Fund				
Share Capital	A	572,821,646		570,429,550
Share Application Money		3,278,880		4,021,350
Reserves and Surplus	B	16,068,100,392	16,644,200,918	15,474,528,884
Minority Interest			310,162,843	182,150,290
Loan Funds				
Secured Loans	C	15,703,006,739		3,621,096,151
Unsecured Loans	D	13,582,000,000	29,285,006,739	11,555,829,409
Total		46,239,370,500		31,408,055,634
APPLICATION OF FUNDS				
Goodwill (On Consolidation)			332,344,105	101,138,970
Fixed Assets (Including Intangibles)				
Gross Block	E	5,589,799,962		4,929,273,414
Less : Accumulated depreciation and amortisation		(1,542,887,099)		(997,809,442)
Net Block		4,046,912,863		3,931,463,972
Capital-Work-In-Progress		370,956,970	4,417,869,833	340,870,546
Investments	F		3,421,824,188	4,819,628,047
Deferred Tax Assets		284,999,090		157,650,915
Less: Deferred Tax Liabilities		(734,018)	284,265,072	(771,568)
Current Assets, Loans and Advances	G			
Sundry Debtors		4,932,000,496		6,097,719,596
Cash and Bank Balances		8,306,006,687		8,056,914,669
Stock on Hand		756,044,839		692,388,323
Loans and Advances		39,286,010,247		20,198,436,509
		53,280,062,269		35,045,459,097
Less :Current Liabilities & Provisions	H			
Current Liabilities		15,470,185,941		12,881,965,856
Provisions		26,809,026		105,418,489
		15,496,994,967		12,987,384,345
Net Current Assets			37,783,067,302	22,058,074,752
Total		46,239,370,500		31,408,055,634
Significant Accounting policies and notes to Accounts	M			

Schedules referred to above form an integral part of the accounts.

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No. 37457

Place : Mumbai

Dated: May 7, 2011

For **India Infoline Limited**

Nirmal Jain

Chairman

L P Aggarwal

Chief Financial Officer

R.Venkataraman

Managing Director

Sunil Lotke

Company Secretary



Consolidated Profit and Loss Account

for the year ended March 31, 2011

(Amount in ₹)

Schedule	2010-2011	2009-2010
INCOME		
Equity brokerage and related income	6,697,251,542	7,018,082,623
Financing and Investing income	6,180,460,548	2,917,805,927
Marketing and distribution income	1,842,691,396	1,293,071,895
Other income	19,031,564	9,784,550
Total	14,739,435,050	11,238,744,995
EXPENDITURE		
Direct cost	2,152,676,726	1,675,885,411
Employee cost	3,925,314,010	3,178,975,395
Administration & other expense	2,593,903,423	2,010,772,085
Interest	2,357,958,424	291,363,814
Depreciation & amortisation	581,705,900	534,591,627
Total	11,611,558,483	7,691,588,332
Profit before tax	3,127,876,567	3,547,156,663
Less: Provision for taxation		
- Current	1,073,246,592	1,201,145,206
- Deferred tax (net)	(127,404,599)	(37,368,673)
- Short provision of income tax	34,708,481	42,906,834
Net profit after tax	2,147,326,093	2,340,473,296
Less : Minority Interest	(35,944,271)	(20,589,457)
Net profit after tax available for appropriations	2,111,381,822	2,319,883,839
Appropriations		
Dividend		
Interim dividend	860,390,134	851,982,000
Dividend distribution tax	147,287,970	144,794,341
Transfer to General Reserve	206,000,000	152,016,352
Transfer to Special Reserve	185,500,000	102,428,819
Net profit after tax and appropriations	712,203,718	1,068,662,327
Adjustments for minority interest and fair value	(190,384,772)	(672,619,929)
Balance of profit brought forward from previous year	2,483,119,860	2,087,077,462
Balance of profit carried forward	3,004,938,806	2,483,119,860
Earning per share		
- Basic	7.33	8.18
- Diluted	6.46	6.85
Face value per share	2.00	2.00
Significant accounting policies and notes to Accounts	M	

Schedules referred to above form an integral part of the accounts.

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No. 37457

Place : Mumbai

Dated: May 7, 2011

For **India Infoline Limited**

Nirmal Jain

Chairman

L P Aggarwal

Chief Financial Officer

R.Venkataraman

Managing Director

Sunil Lotke

Company Secretary

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Schedules forming part of the Balance Sheet

as at March 31, 2011

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE A SHARE CAPITAL		
Authorised :		
500,000,000 (Previous Year - 500,000,000) Equity Shares of ₹2 each	1,000,000,000	1,000,000,000
Issued , Subscribed and Paid Up :		
286,410,823 (Previous Year - 285,214,775) Equity Shares of ₹2 each fully paid -up	572,821,646	570,429,550
Total	572,821,646	570,429,550
SCHEDULE B RESERVES AND SURPLUS		
Securities Premium Account		
Opening Balance	11,540,268,795	11,559,887,179
Addition during the year	604,482,560	52,998,295
Deduction during the year	(1,086,310,244)	(72,616,679)
Closing Balance	11,058,441,111	11,540,268,795
General Reserve		
Opening Balance	471,841,731	319,825,379
Addition during the year	206,000,000	152,016,352
Closing Balance	677,841,731	471,841,731
Special Reserve*		
Opening Balance	323,181,186	220,752,367
Addition during the year	185,500,000	102,428,819
Closing Balance	508,681,186	323,181,186
*(pursuant to section 45 IC of RBI Act,1934 and section 29C of National Housing Bank Act, 1987)		
Employee Stock Options Outstanding		
Less : Deferred Employee Compensation Expenses	(7,372,758)	(14,496,336)
Closing Balance	44,891,554	37,767,976
Foreign Exchange Fluctuation Reserve		
Opening Balance	15,533,506	67,535,125
Addition during the year	128,958,914	(52,001,619)
Closing Balance	144,492,420	15,533,506
Capital Reserve		
Opening Balance	597,700,000	484,000,000
Addition during the year	-	113,700,000
Closing Balance	597,700,000	597,700,000
Capital Redemption Reserve		
Opening Balance	5,115,830	5,115,830
Addition during the year	25,997,754	-
Closing Balance	31,113,584	5,115,830
Profit and Loss Account		
Opening Balance	2,483,119,860	2,087,077,462
Addition during the year	712,203,718	1,068,662,327
Adjustments for Minority Interest and fair value	(190,384,772)	160,982,433
Deduction during the year **(Minority Interest)	-	(833,602,362)
Closing Balance	3,004,938,806	2,483,119,860
Total	16,068,100,392	15,474,528,884

** Refer Note B.2 to Schedule M



Consolidated Schedules forming part of the Balance Sheet

as at March 31, 2011

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE C SECURED LOANS		
Loan from Banks (Secured against receivables)	12,299,125,015	3,294,323,591
Non Convertible Debentures (Secured against Immovable property and receivables)	3,398,300,000	315,100,000
Loans from others (Secured against fixed assets purchased there against)	5,581,724	11,672,560
Total	15,703,006,739	3,621,096,151
SCHEDULE D UNSECURED LOANS		
Short Term Loans - Others	13,582,000,000	11,550,000,000
Other Loans and Advances - Others	-	5,829,409
Total	13,582,000,000	11,555,829,409
Secured and unsecured loans include ₹15,587,109,110 due within one year		

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Schedules forming part of the Balance Sheet

as at March 31, 2011

SCHEDULE E FIXED ASSETS

Assets	Gross Block (At Cost)				Depreciation			Net Block		
	As at March 31, 2010	Additions	Deductions / Adjustments during the year	As at March 31, 2011	Upto March 31, 2010	For the year	Deductions / Adjustments during the year	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible Assets										
Land/ Leasehold Land	1,783,054,146	30,710,155	-	1,813,764,301	632,374	1,084,069	-	1,716,443	1,812,047,858	1,782,421,772
Buildings (Including Land)	967,206,652	100,000,000	-	1,067,206,652	33,583,724	46,907,790	-	80,491,514	986,715,138	933,622,928
Computers	397,894,924	93,982,987	15,785,760	476,092,151	267,786,386	112,370,485	12,386,522	367,770,349	108,371,802	130,108,538
Electrical Equipment	309,688,918	116,846,527	2,681,784	423,853,661	99,234,644	77,504,032	1,277,030	175,461,646	248,392,015	210,454,274
Furniture & Fixture	961,035,262	265,497,187	15,627,087	1,210,905,362	346,271,915	230,821,461	4,178,057	572,915,319	637,990,043	614,763,347
Office Equipment	410,685,752	90,690,641	6,935,104	494,441,289	177,203,608	91,659,571	3,822,519	265,040,661	229,400,629	233,482,144
Vehicles	-	7,423,165	-	7,423,165	-	371,158	-	371,158	7,052,007	-
Sub Total	4,829,565,654	705,150,662	41,029,735	5,493,686,581	924,712,651	560,718,566	21,664,128	1,463,767,089	4,029,919,492	3,904,853,003
Intangible Assets										
Software	72,321,678	11,450,936	81,200	83,691,414	45,710,709	20,987,334	-	66,698,043	16,993,371	26,610,969
Non Compete Fees	27,386,082	-	14,964,115	12,421,967	27,386,082	-	14,964,115	12,421,967	-	-
Sub Total	99,707,760	11,450,936	15,045,315	96,113,381	73,096,791	20,987,334	14,964,115	79,120,010	16,993,371	26,610,969
Grand Total	4,929,273,414	716,601,598	56,075,050	5,589,799,962	997,809,442	581,705,900	36,628,243	1,542,887,099	4,046,912,863	3,931,463,972
Previous Year	3,509,285,055	2,170,303,384	650,565,025	4,929,273,414	728,867,502	534,591,627	265,649,687	997,809,442	3,931,463,972	-



Consolidated Schedules forming part of the Balance Sheet

as at March 31, 2011

(Amount in ₹)

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
SCHEDULE F INVESTMENTS					
Unquoted, Non - Trade, Current (valued at cost or market value whichever is lower)					
Mutual Fund					
Birla Sunlife Mutual Fund					
Birla Income Plus	10	912.96	25,000	912.96	25,000
Birla Mid-Cap Fund	10	-	-	3,369.72	71,000
Reliance Mutual Fund					
Money Manager Fund Institutional option daily dividend plan	1,000	-	-	51,169	51,226,804
Liquidity Fund	10	-	-	51,159,848	511,842,048
Canara Robeco Mutual Fund					
Canara Robeco Multicap	10	50,000	500,000	50,000	500,000
Canara Robeco Treasury Advantage Fund	10	-	-	4,030,357	50,005,045
ICICI Prudential Mutual Fund					
ICICI Prudential Flexible Income Plan Premium	100	-	-	7,094,291	750,114,820
DSP Mutual Fund					
DSP Black Rock Floating Rate Fund	1,000	-	-	499,780	500,052,337
Deutsche Mutual Fund					
DWS Insta Cash Plus Fund	10	-	-	4,985,432	50,005,881
DWS Treasury Fund Cash	10	-	-	4,995,167	50,199,926
DWS Short Maturity Fund - Institutional Growth Plan	10	174,436,911	2,000,497,891	-	-
Religare Mutual Fund					
Religare Liquid Fund	10	-	-	49,974,061	500,055,447
UTI Mutual Fund					
UTI Liquid Cash Plan Institutional	1,000	-	-	490,511	500,049,749
Axis Mutual Fund					
Axis Liquid Fund	1,000	-	-	200,019	200,019,204
HDFC Mutual Fund					
HDFC Debt Fund for Cancer Cure - 50% Dividend Donation Option	10	1,000,000	10,000,000	-	-
HDFC Cash Management Fund -Treasury Plan- Wholesale- weekly Dividend	10	880,554	8,831,363	-	-
Benchmark Mutual Fund - Liquid Bees	1,000	-	55	29	29,495
Investment in Repo Placement		-	12,940,716	-	-
Lombard International unit-linked insurance plan		-	946,502,504		1,182,657,126
			2,979,297,529		4,346,853,882

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Schedules forming part of the Balance Sheet

as at March 31, 2011

(Amount in ₹)

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
SCHEDULE F INVESTMENTS (CONTD.)					
Quoted, Non - Trade, Current (Valued at cost or market value whichever is lower)					
Equity Shares					
(See Note 16 of Schedule M)			178,001,380		355,704,165
			178,001,380		355,704,165
Un-Quoted, Non Trade, Long Term (valued at cost)					
India Infoline Private Equity Fund (Trust)		-	100,200,000	-	100,200,000
Moneyvidya Technologies Pvt Limited	1	36,000	3,000,024	-	-
CL Educate Limited (compulsorily convertible non cumulative preference shares)	10	50,000	10,000,000	-	-
Arch Pharmalabs Limited	10	336,134	134,455,255	-	-
			247,655,279		100,200,000
Un-Quoted, Trade, Long Term					
Equity Shares of Bombay Stock Exchange Limited (Valued at written down value of the Membership card)	1	130,000	16,870,000	130,000	16,870,000
Total Investments			3,421,824,188		4,819,628,047
Aggregate Book value - Quoted			178,001,380		355,704,165
- Unquoted			3,243,822,808		4,463,923,882
Aggregate Market value - Quoted			178,739,905		385,162,966

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
SCHEDULE G CURRENT ASSETS , LOANS AND ADVANCES		
A) Current Assets		
I) Sundry Debtors (Unsecured, considered good, unless otherwise stated)		
Outstanding for a period exceeding six months	73,082,962	55,771,111
Considered doubtful	22,358,549	17,358,449
Other Debts	4,858,917,534	6,041,948,485
Provision for Doubtful Debts	(22,358,549)	(17,358,449)
	4,932,000,496	6,097,719,596
II) Cash and Bank Balance		
Cash on Hand	285,073,319	5,696,514
Bank Balances		
With Scheduled Banks :		
In Current Accounts	4,332,758,959	4,960,619,400
In Fixed Deposits	3,422,804,062	2,998,746,212
With Others :		
In Current Accounts	204,811,414	90,694,225
In Fixed Deposits	60,558,933	1,158,318
	8,306,006,687	8,056,914,669



Consolidated Schedules forming part of the Balance Sheet

as at March 31, 2011

(Amount in ₹)

			As at March 31, 2011	As at March 31, 2010
SCHEDULE G CURRENT ASSETS , LOANS AND ADVANCES (CONTD.)				
III) Stock On Hand	Qty	Face Value		
Mutual Funds				
-Unquoted				
Reliance Money Manager Fund-Institutional Option	30,620	1,000	-	30,654,393
-Daily Dividend Plan				
Birla Sun Life Saving Fund	1,044,338	10	-	10,450,482
-Quoted				
Kotak Mutual Fund - Gold Exchange Traded Fund	4,500	100	-	7,230,960
Reliance Mutual Fund - Gold Exchange Traded Fund	13,800	100	-	21,555,186
Arbitrage Position (Hedged)				
(See Note 17 of Schedule M)			181,469,101	117,940,148
Stock on Hand - Options *				
	Qty (CY/PY)#	Strike Price		
Nifty Call 27-12-2012	14,900 / 14,900	5,000	14,423,200	14,423,200
Nifty Call 28-06-2012	6900 / -	4,100	9,936,000	-
Nifty Call 27-12-2012	1,400 / 6,500	5,100	1,488,000	5,850,000
Nifty Call 28-06-2012	1,800 / -	5,100	-	1,508,400
Nifty Call 28-06-2012	24,800 / 8,500	5,200	984,000	8,041,000
Nifty Call 27-12-2012	24,800 / -	5,200	10,121,413	-
Nifty Call 27-06-2013	24,800 / -	5,200	13,597,500	-
Nifty Call 27-12-2012	5,750 / 5,750	5,300	5,318,750	5,321,347
* Held to cover possible payout in respect of certain Non- Convertible Debentures				
# CY = Current Year, PY = Previous Year				
Bonds				
IIFCL 22 January 2014	340	1,000,000	-	35,064,433
IRFC IPO Bonds 8 March 2015	3,480	100,115	-	347,141,902
NABARD January 2019	800	20,000	-	8,063,990
Tata Housing Development Co Limited	103	1,000,000	107,637,781	-
6.00% IRFC 8 MAR 15	2,500	100,000	240,797,945	-
9.95% SBI BOND S4-15 YEARS-N5	100	10,000	1,041,750	-
Deutsche Invst. India Pvt. Limited-Cap Guard	10	100,000	1,265,000	-
Equity Shares				
Selan Exploration Technology Limited	212,000	1	-	78,549,241
Shree Renuka Sugars Limited	8,326	1	-	593,641
HDFC Bank Limited	130,000	10	87,352,207	-
Reliance Industries Limited	52,000	10	53,113,780	-
United Phosphorous Limited	184,000	2	27,498,412	-
Total			756,044,839	692,388,323
Aggregate Market value - Quoted			780,494,064	706,089,691

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Schedules forming part of the Balance Sheet

as at March 31, 2011

	As at March 31, 2011	As at March 31, 2010
SCHEDULE G CURRENT ASSETS, LOANS AND ADVANCES (CONTD.)		
B) Loans And Advances (Unsecured, Considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	3,136,733,986	1,953,835,117
Other Deposits	1,267,174,426	623,467,380
Advance Income Tax & Tax Deducted at Source	550,975,488	373,117,144
Loans	32,871,112,354	16,267,831,902
Less : Contingent Provisions against Standard Assets'	(74,524,859)	-
Less : Provision for doubtful loans	(34,729,979)	(24,860,101)
Other Loans & Advances	1,569,268,831	1,005,045,067
	39,286,010,247	20,198,436,509
Grand Total	53,280,062,269	35,045,459,097
SCHEDULE H CURRENT LIABILITIES AND PROVISIONS		
A) Current Liabilities		
Sundry Creditors		
(i) Outstanding dues of micro and small enterprises	-	-
(ii) Outstanding dues of creditors other than micro and small enterprises	7,322,186,499	7,400,289,620
Unpaid dividend	8,145,898	3,525,698
Other Liabilities	8,139,853,544	5,478,150,538
	15,470,185,941	12,881,965,856
B) Provisions		
Provision for Taxation	19,848,858	27,151,262
Provision for Gratuity	-	61,603,529
Provision for Leave Encashment	6,960,168	16,663,698
	26,809,026	105,418,489
Total	15,496,994,967	12,987,384,345

Consolidated Schedules forming part of the Balance Sheet

as at March 31, 2011

	(Amount in ₹)	
	2010-11	2009-10
SCHEDULE I OTHER INCOME		
Miscellaneous income	21,125,807	12,407,059
Loss on sale of Assets	(3,098,227)	(2,335,199)
Share of profit in partnership firm	1,003,984	(287,310)
Total	19,031,564	9,784,550
SCHEDULE J DIRECT COST		
Brokerage related expenses	984,644,896	808,218,787
Exchange and statutory charges	181,389,233	146,040,042
Marketing and commission expenses	602,516,049	242,509,341
Investment and financing related cost	384,126,548	479,117,241
Total	2,152,676,726	1,675,885,411
SCHEDULE K EMPLOYEE COST		
Salaries and bonus	3,684,930,954	3,018,954,412
Contribution to provident and other funds	74,234,964	52,996,853
Gratuity	32,534,122	23,777,866
Staff welfare expenses	126,490,392	67,951,130
Deferred employee compensation expenses	7,123,578	15,295,134
Total	3,925,314,010	3,178,975,395
SCHEDULE L ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement	209,102,859	122,881,220
Bank charges	53,466,610	39,396,058
Communication	320,512,473	313,913,860
Electricity	172,752,854	145,006,585
Legal and professional charges	312,609,979	203,773,381
Miscellaneous expenses	46,148,004	56,691,389
Office expenses	284,793,243	144,312,299
Postage and courier	81,537,605	61,555,354
Printing and stationery	105,915,159	70,598,580
Provision for doubtful debts and bad debts	5,000,100	3,044,401
Rent	537,489,463	528,679,738
Repairs and maintenance:		
- Computers	3,824,929	4,136,583
- Others	55,676,091	59,501,020
Remuneration to auditors		
- Audit fees	9,229,672	4,351,105
- Certification work and other matters	148,024	123,781
- Out of pocket expenses	404,816	173,929
Software charges	130,829,990	72,239,045
Travelling and conveyance	264,461,552	171,558,137
Total	2,593,903,423	2,010,772,085

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE M SIGNIFICANT ACCOUNTING POLICIES AND NOTES

Significant Accounting Policies and Notes forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the Year ended March 31, 2011.

A. Significant Accounting Policies:

1. Basis of Consolidation preparation of financial statements:

a) Basis of Preparation:

The individual Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011 of India Infoline Limited ('the Company') and its subsidiaries ('companies and / or subsidiaries'), collectively referred to as 'Group', have been consolidated as per principles of consolidation enunciated in Accounting Standard (AS) 21- 'Consolidated Financial Statements' as prescribed by companies (Accounting standard) Rules, 2006. The financial statements have been prepared under historical cost convention on an accrual basis.

b) Principles of Consolidation:

The financial statements of the group companies of India Infoline Limited are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. The effects of all inter-group transactions and balances have been eliminated on consolidation.

The list of subsidiaries that have been consolidated are given in note no B.1.

2. Use of Estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

3. Fixed Assets and Depreciation:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of schedule XIV of the Companies Act, 1956, which-ever is higher. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the asset.

Depreciation is charged from the month in which new assets are put to use. No depreciation is charged from the month in which assets are sold.

Individual assets / group of similar assets costing up to ₹5,000 has been depreciated in full in the year of purchase.

Leasehold land is depreciated on a straight line basis over the leasehold period.

Estimated useful life of the assets is as under:

Buildings	20 years
Computers	3 years
Non Compete Fees	5 years
Electrical & Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Software	3 years

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

4. Translation of foreign currency items :

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognised in the Profit and Loss Account. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the Profit and Loss Account and related assets and liabilities are accordingly restated in the Balance Sheet.

The Company has adopted the revised accounting standard AS-11, "The effects of changes in Foreign Exchange Rates" for consolidating its investment in foreign subsidiary. As required by the standard, the exchange gain/loss on translation of financial statements of the foreign subsidiary for the purpose of consolidation is taken to Foreign Currency Translation Reserve and disclosed separately in the Consolidated Balance Sheet.

5. Revenue Recognition:

- a. Brokerage income earned on secondary market operations is accounted on trade dates. Dividend income is accounted for when the right to receive the payment is established. Depository related, Investment banking related and Income in respect of other heads is accounted on accrual basis.

Income from arbitrage comprises profit/loss on sale of securities held as stock-in-trade and profit/loss on equity derivative instruments is accounted as per following:

- (a) Profit/loss on sale of securities is determined based on the FIFO cost of the securities sold.
- (b) Profit/loss on arbitrage transactions is accounted for as explained below :-

Initial and additional margin paid over and above initial margin, for entering into contracts for Equity Index/Stock Futures and or equity Index/stock options which are released on final settlement/squaring-up of underlying contracts are disclosed under Current Assets, Loans and advances. "Mark-to-market margin- Equity Index/Stock Futures" representing the amounts paid in respect of mark to market margin is disclosed under Loans and Advances.

"Equity Index/Stock Option Premium Account" represents premium paid or received for buying or selling the options, respectively.

On final settlement or squaring up of contracts for equity index / stock futures, the realised profit or loss after adjusting the unrealised loss already accounted, if any, is recognised in the Profit and Loss Account.

On settlement or squaring up of equity index / stock options before expiry, the premium prevailing in "Equity Index/ Stock Option Premium Account" on that date is recognised in the Profit and Loss Account.

As at the balance sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding arbitrage portfolio comprising of Securities and Equity Derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC) with net unrealised losses on scrip basis being recognised in the Profit and Loss and the net unrealised gains on scrip basis are ignored

- b. Brokerage income from commodities trading is accounted for on the dates of respective trades.
- c. Commission income on first year premium on insurance policies is recognised, when an insurance policy sold by the Company is accepted by the principal insurance company. Renewal commission on policies is accounted for on receipt basis.
- d. Investment banking related income is accounted on accrual basis.

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

e. Wealth and advisory income is accounted on accrual basis.

f. Mortgages and loan :

The Company complies, in all material respects, with the Prudential Norms relating to income recognition, accounting standards, asset classification and the minimum provisioning for bad and doubtful debts, specified in the directions issued by the Reserve Bank of India/National Housing Bank as applicable to it.

Processing fees received from customers is recognised as income upfront at the time of sanction / disbursement of loan.

Dealer / agent commission paid or payable is recognised as expense as and when it is incurred.

g. Revenue from Online Media is recognised pro-rata, over the contractual /subscription period.

6. Retirement Benefits:

The Company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Profit & loss account.

The Company has provided compensated absences on the basis of actuarial valuation.

Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognised in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date together with the adjustments for unrecognised actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

7. Deferred Employee Stock Compensation:

The stock options granted by the Company are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999 issued by Securities and Exchange Board of India and the guidance note on Accounting for Stock Options issued by The Institute of Chartered Accountant of India, whereby the intrinsic value of the options are recognised as deferred employee compensation. The deferred employee compensation is charged to the Profit and Loss Account on a straight line basis over the vesting period of the options. The Employee Stock Options Outstanding Account, net of unamortised Deferred Employee Compensation is shown separately as part of Reserves and Surplus.

8. Provisions, Contingent Liabilities and Contingent Assets:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent Assets are neither recognised nor disclosed in the financial statements.

9. Taxes on Income:

Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred tax is recognised for all timing differences between accounting income & taxable income and is quantified using

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

enacted / substantially enacted tax rates as at the balance sheet date. Deferred tax assets are recognised subject to the management judgement that the realisation is virtually / reasonably certain and are reviewed as at each balance sheet date.

10. Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Profit & Loss Account in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

11. Investments:

Investments are classified into current and long-term investments. Investments which are intended to be held for one year or more are classified as long term Investments and investment that are intended to be held for less than one year are classified as current investments. Current investments are stated at lower of cost or market / fair value. Long-term investments are carried at cost. Provision for diminution in value of long term investments is made, if in the opinion of the management such diminution is other than temporary For investment in Mutual funds, the net Assets value (NAV) declare by the Mutual Funds is considered as the fair value.

12. Stock in Trade:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of Cost and Market value for arbitrage portfolio is done separately for each scrip.

13. Preliminary Expenses

Preliminary Expenses are written off in the financial year in which it is incurred.

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

B. Notes to Consolidated Financial Statements:

1. The summary of consolidated financial summary represents consolidation of accounts of the Company with its following subsidiaries as detailed below :

Subsidiary	Proportion of ownership interest	
	As at March 31, 2011	As at March 31, 2010
India Infoline Commodities Limited	100%	100%
India Infoline Media and Research Services Limited	100%	100%
IIFL Capital Limited	100%	100%
India Infoline Trustee Company Limited	100%	100%
India Infoline Asset Management Company Limited	100%	-
India Infoline Investment Services Limited	98.82%	98.82%
Moneyline Credit Limited	98.82%	98.82%
India Infoline Housing Finance Limited	98.82%	98.82%
India Infoline Distribution Company Limited	98.82%	98.82%
India Infoline Marketing Services Limited	99.07%	99.07%
India Infoline Insurance Services Limited	99.07%	99.07%
India Infoline Insurance Brokers Limited	99.07%	99.07%
IIFL Wealth Management Limited	82.44%	90%
Finest Wealth Managers Private Limited	82.44%	-
IIFL Trustee Services Limited	82.44%	-
IIFL Realty Limited	100%	100%
IIFL (Thane) Private Limited	100%	100%
IIFL Energy Limited	100%	100%
IIFL (Asia) Pte. Limited	100%	100%
IIFL Securities Pte. Limited	100%	100%
IIFL Capital Pte. Limited	100%	100%
IIFL Capital Ceylon Limited	100%	-
IIFL Securities Ceylon (Pvt) Limited	100%	-
IIFL Private Wealth Hong Kong Limited	100%	-
IIFL Private Wealth (Mauritius) Limited	100%	-
IIFL Private Wealth Management (Dubai) Limited	100%	-
India Infoline Commodities DMCC	100%	100%
IIFL Inc.	100%	100%
IIFL Wealth (UK) Limited	100%	100%

2. During the year 2009-10, the Company has acquired additional 5,283,870 equity shares (22.28%) of India Infoline Investment Services Limited, the subsidiary Company, for ₹ 3,332,520,000 from a minority shareholder. This has resulted in goodwill of ₹ 833,602,362 on consolidation. As a prudent accounting practice, the Company's management has adjusted the said amount to the surplus in the Profit and Loss Account. Consequently, the minority interest has reduced from ₹ 3,124,594,226 to ₹ 182,150,290 (to 1.18% as compared to 23.26% in the financial year 2008-09).

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

- During the year, IIFL Wealth Management Limited, a 82.44% owned subsidiary of the Company, has acquired the entire paid up share capital of Finest Wealth Managers Private Limited for a consideration of ₹ 153,500,000.
- At balance sheet date there were outstanding commitments for capital expenditure to the tune of ₹ 182,806,511 (Previous year ₹ 114,173,604) out of the total contractual obligation entered during the year.
- The claim against the Company not acknowledged as debt were ₹ 65,233,873. Contingent liability on account of income tax /Service tax matter amounting to ₹ 28,895,578. (Previous Year ₹ 7,789,810) The Company has filed appeals with the Income Tax Appellate Tribunal/Service tax department against the said demands.
- The Company has implemented Employee Stock Options Scheme 2005, 2007 and 2008 (ESOP Schemes) and has outstanding options granted under the said schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of grants by the Remuneration and Compensation Committee and ESOP Schemes.

(A) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2005	ESOP 2007	ESOP 2008
Nos. of Options as on March 31, 2011	819,725	3,582,050	34,602,600
Method of Accounting	Intrinsic Value	Intrinsic Value	Intrinsic Value
Vesting Plan	Options granted would vest over a period of four years subject to a minimum period of one year from the date of grant of options	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options
Exercise Period	Five years from the date of grant	Five years from the date of grant	Seven years from the date of grant
Grant Dates	May 4, 2006 and April 2, 2007	October 17, 2008, December 18, 2008 and January 1, 2009	December 18, 2008, January 1, 2009, May 27, 2009, December 10, 2009 and September 20, 2010
Grant Price (₹ Per Share)	₹ 30 and ₹ 51 *	₹ 45.3, ₹ 50.9 and ₹ 63.75	₹ 45.3, ₹ 50.9, ₹ 100 ₹ 136 and ₹ 105
Market Price on the date of Grant of Option (₹)	₹ 36.59 and ₹ 68.22 *	₹ 53.1, ₹ 52.7 and ₹ 56.8	₹ 52.7, ₹ 56.8, ₹ 145.2 ₹ 136.6 and ₹ 108.8

* adjusted prices due to sub-division of face value from ₹ 10 to ₹ 2 per share, with effect from August 18, 2008.

(B) Movement of options granted:

Particulars	ESOP 2005	ESOP 2007	ESOP 2008
Options outstanding at the beginning of the year	5,850,550	3,975,450	45,661,500
Granted during the year	-	-	250,000
Exercised during the year	2,649,025	282,900	11,263,000
Lapsed during the year	2,381,800	110,500	45,900
Options outstanding at the end of the year	819,725	3,582,050	34,602,600

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

7. Pursuant to the resolution passed by the Board of Directors of the Company and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, the Company made a public announcement on December 24, 2010, to buy-back the Company's equity shares at a price not exceeding ₹ 99 share, aggregating to ₹ 1,040 mn. The buy-back was successfully completed and the Company bought back 12,998,877 equity shares and utilised maximum offer size of ₹ 1,040 mn.
8. The Company has recognised deferred tax assets since the management is reasonably/virtually certain of its profitable operations in future. As per Accounting Standard 22 'Accounting for Taxes on Income', the timing differences mainly relates to following items and result in a net deferred tax asset.

Deferred Tax Asset

Particulars	(Amount in ₹)	
	2010-11	2009-10
Depreciation	167,327,458	97,699,035
Gratuity/Leave Encashment	(8,674,088)	20,937,928
Provision for Doubtful Debts	14,697,689	13,980,903
Provision for Standard Assets	26,894,535	
Preliminary Expenses	168,851	362,639
Others	83,850,627	23,898,842
Total	284,265,072	156,879,347

9. The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same have been charged to Profit and Loss account. The agreements are executed for a period ranging from one to five years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum Lease rentals outstanding as at March 31, 2011, are as under:

Minimum Lease Rentals	(Amount in ₹)	
	2010-11	2009-10
Due for:		
- Up to one year	92,095,905	103,019,589
- One to five years	29,605,417	174,573,799
- Over five years	-	-
Total	121,701,322	277,593,388

10. Segment Reporting:

Segment information for the year ended March 31, 2011. Primary segment information (by Business segment)

Sr No	Particulars					Total
		Equities brokerage & related	Financing and Investment	Marketing and distribution	Others	
I	Segment Revenue					
	External	6,697,251,542	6,180,460,548	1,842,691,396	19,031,564	14,739,435,050
		(7,018,082,623)	(2,917,805,927)	(1,293,071,895)	(9,784,550)	(11,238,744,995)
	Inter-segment	-	-	-	-	-
	Total Revenue	6,697,251,542	6,180,460,548	1,842,691,396	19,031,564	14,739,435,050
		(7,018,082,623)	(2,917,805,927)	(1,293,071,895)	(9,784,550)	(11,238,744,995)
II	Segment Result	2,096,320,841	1,429,364,756	152,659,223	17,727,870	3,696,072,690
		(2,730,519,728)	(994,396,016)	(208,476,474)	(8,459,678)	(3,941,851,896)
	Less: Unallocated Expenses					561,809,740
						(387,382,519)

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

10. Segment Reporting: (CONTD.)

(Amount in ₹)						
Sr No	Particulars	Equities brokerage & related	Financing and Investment	Marketing and distribution	Others	Total
	Operating Profit					3,134,262,949
						(3,554,469,377)
	Interest Expense					6,386,382
						(7,312,714)
	Profit before Tax					3,127,876,567
						(3,547,156,663)
	Less: Current Tax					980,550,474
						(1,206,683,367)
	Net Profit after Tax					2,147,326,093
						(2,340,473,296)
III	Segment Assets	16,717,155,772	39,549,589,204	855,917,391	3,797,093,458	60,919,755,825
		(14,816,113,078)	(24,771,810,950)	(908,349,418)	(3,106,612,685)	(43,602,886,130)
	Unallocated Corporate assets					800,892,163
						(3,651,673,862)
	Total Assets					61,720,647,989
						(47,254,559,992)
IV	Segment Liabilities	11,874,289,702	2,655,754,548	327,292,769	604,091,626	15,461,428,645
		(4,289,584,616)	(8,069,033,303)	(341,245,282)	(167,066,003)	(12,866,929,204)
	Unallocated Corporate Liabilities					19,848,858
						(2,979,575,153)
	Total Liabilities					15,481,277,503
						(15,846,504,356)
V	Capital Expenditure	216,051,104	161,658,629	64,202,411		441,912,144
		(299,994,177)		(85,554,343)		(385,548,520)
	Unallocated Capital Expenditure					645,646,424
						(2,054,507,212)
	Total Capital Expenditure					1,087,558,568
						(2,440,055,732)
VI	Depreciation	431,988,342	16,976,905	131,338,318	1,402,335	581,705,900
		(372,857,110)	(15,171,853)	(146,562,663)		(534,591,627)
	Unallocated Depreciation					
	Total Depreciation					581,705,900
						(534,591,627)
VII	Non-Cash expenditure other than depreciation					

Note: Figures in brackets indicate previous year figures.

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

11. Related Party Disclosures for the year ended March 31,2011

(a) Name of the related parties with whom transactions have been entered during the year and description of relationship.

(b) Key Management Personnel	Nirmal Jain
	R Venkataraman
Other related parties	Madhu Jain (wife of Mr. Nirmal Jain)
	Aditi Venkataraman (wife of Mr. R Venkataraman)

Disclosure of Transactions with related parties

Nature of Transaction	Key Managerial Personnel	Other Related Parties	Total
Brokerage Income	113,015	207,991	321,006
	(30,928)	(12,029)	(42,957)
Remuneration	30,637,500	-	30,637,500
	(30,669,420)	-	(30,669,420)
Rent Expenses	-	384,000	384,000
	-	(317,000)	(317,000)

Note: Figures in brackets indicate previous year figures.

Outstanding as on March 31,2011

Nature of Transaction	Key Managerial Personnel	Other Related Parties	Total
Sundry Payables	144,719	85,301	230,020
	(280,509)	(337,973)	(618,482)

Note: Figures in brackets indicate previous year figures.

12. Basic and Diluted Earnings per Share ["EPS"] computed in accordance with Accounting Standard (AS) 20 'Earnings per share'

Particulars		2010-11	2009-10
Basic			
Profit after tax as per Profit and Loss account	A	2,111,381,822	2,319,883,839
Weighted average number of shares subscribed	B	287,894,704	283,732,763
Basic EPS (₹)	A/B	7.33	8.18
Diluted			
Profit after tax as per Profit and Loss account	A	2,111,381,822	2,319,883,839
Weighted average number of shares subscribed		287,894,704	283,732,763
Add : Potential equity shares on account of conversion of Employees Stock Options		38,898,867	54,824,905
Weighted average number of shares outstanding	B	326,793,571	338,557,668
Diluted EPS (₹)	A/B	6.46	6.85

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

13. The Company is recognising and accruing the employee benefit as per accounting standard (AS) – 15 on “Employee Benefits”.

Assumptions	2010-11	2009-10
Discount rate (previous year)	7.5%	7%
Salary Escalation (previous year)	5%	5%
Discount rate (current year)	8%	7.5%
Salary Escalation (current year)	5%	5%

(Amount in ₹)

Change in Benefit Obligation	2010-11	2009-10
Liability at the beginning of the year	(61,603,529)	(39,245,011)
Interest Cost	(4,620,265)	(5,488,810)
Current Service Cost	(31,512,461)	(39,876,187)
Benefit paid	2,711,625	1,419,351
Actuarial gain on obligations	3,598,604	21,587,128
Liability at the end of the year	(91,426,026)	(61,603,529)

(Amount in ₹)

Amount Recognised in the Balance Sheet	2010-11	2009-10
Liability at the end of the year	(91,426,026)	(61,603,529)
Fair value of plan Assets at the end of the year	117,445,133	-
Surplus/(Deficit)	26,019,107	(61,603,529)
Net Asset/(Liability) Recognised in the balance sheet	26,019,107	(61,603,529)

(Amount in ₹)

Expenses Recognised in the Income statement	2010-11	2009-10
Current Service cost	31,512,461	39,876,187
Interest Cost	4,620,265	5,488,807
Actuarial Gain or Loss	(3,598,604)	(21,587,128)
Expense Recognised in Profit and Loss account	32,534,122	23,777,866

(Amount in ₹)

Balance Sheet reconciliation	2010-11	2009-10
Opening Net liability	(61,603,529)	(39,245,011)
Expense as above	(32,534,122)	(23,777,866)
Employers contribution	120,156,758	1,419,348
Amount Recognised in Balance sheet	26,019,107	(61,603,529)

Defined Contribution Plans:

The Company has recognised the following amounts as an expense and included in the schedule K – Employee cost

Particulars	2010-11	2009-10
Contribution to Employee Provident Fund	42,524,371	33,519,894

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

14. The Company purchased and redeemed units of various mutual funds during the year

	For the year ended March 31, 2011		For the year ended March 31, 2010	
	Quantity ('000)	Value (₹mn)	Quantity ('000)	Value (₹mn)
Purchases	24,227,301	528,854	34,476,654	351,422
Sales	24,146,458	530,029	34,717,123	352,818

15. Interest Expenses include the interest on debentures ₹ 352,024,441 (Previous year ₹ 232,837,651), discount in commercial paper ₹ 1,386,731,645 (Previous year ₹ 34,179,537) and interest on banks term loans ₹ 588,927,012. (Previous year ₹ 15,056,774)

16. Details of Current Investments :

(Amount in ₹)

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
Aban Offshore Limited	2	-	-	6,770	7,870,464
Aditya Birla Nuvo Limited	10	-	-	6,885	6,239,876
Anant Raj Industries Limited	2	-	-	124,844	16,386,443
Ansal Properties & Infrastructure Limited	5	-	-	126,600	9,007,590
Apollo Tyres Limited	1	-	-	115,721	5,676,206
Bajaj Electricals Limited	2	-	-	35,030	5,601,278
Bajaj Holding And Investment Limited	10	-	-	11,210	5,482,507
CESC Limited	10	-	-	30,824	11,796,344
Eveready Industries India Limited	5	-	-	75,502	4,376,601
Gayatri Projects Limited	10	-	-	14,964	5,749,917
Glaxosmithkline Consumer Healthcare Limited	10	-	-	4,791	6,046,530
Gujarat NRE Coke Limited	10	-	-	8,238	720,413
HCL Infosystems Limited	2	-	-	40,587	5,519,832
HCL Technologies Limited	2	-	-	26,899	8,005,410
Housing Development And Infrastructure Limited	10	-	-	17,302	4,954,428
ICICI Bank Limited	10	-	-	6,122	4,927,315
India Cement Limited	10	-	-	50,776	6,463,270
Indiabulls Financial Services Limited	2	-	-	130,020	13,665,102
Indusind Bank Limited	10	-	-	46,834	6,253,894
IVRCL Infrastructures & Projects Limited	2	-	-	75,732	12,571,512
Jai Balaji Industries Limited	10	-	-	59,059	14,088,524
Jindal South West Holding Limited	10	-	-	1,430	2,489,559
KEC International Limited	10	-	-	37,085	5,589,250
Lupin Limited	10	-	-	4,575	6,560,516
Mahindra & Mahindra Limited	5	-	-	7,296	3,259,510
Mercator Lines Limited	1	-	-	76,455	4,254,721
Mindtree Limited	10	-	-	10,740	5,726,039
Moser-Baer(India)Limited	10	-	-	67,012	4,891,876
Patni Computer Systems Limited	2	-	-	34,465	15,105,752



Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

16. Details of Current Investments : (CONTD.)

(Amount in ₹)

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
Piramal Healthcare Limited	2	-	-	17,862	6,937,698
Prism Cement Limited	10	-	-	54,007	2,949,344
Shree Renuka Sugars Limited	1	-	-	197,150	14,056,795
Simplex Infrastructure Limited	2	-	-	10,426	4,417,082
United Phosphorus Limited	2	-	-	38,067	5,521,746
Voltas Limited	1	-	-	48,265	7,198,048
Yes Bank Limited	10	-	-	27,480	5,831,911
Zee Entertainment Enterprises Limited	1	-	-	24,148	5,741,382
The Finance Company PLC		125,000	2,011,052	-	-
Lanka Walltile PLC		5,000	345,126	-	-
Commercial bank of Ceylon PLC		3,800	401,680	-	-
Union Bank of Colombo PLC		70,000	1,019,122	-	-
Infinite Computer Solutions (India) Limited	10	76,000	11,852,200	79,068	13,046,220
DQ Entertainment (International) Limited	10	129,000	7,256,250	132,410	10,592,800
Persistent Systems Limited	10	12,900	3,999,000	27,591	8,553,210
Nirlon Limited	10	736,000	34,371,200	952,471	61,577,250
Tilaknagar Industries Limited	10	150,000	8,032,500	-	-
Parabolic Drugs Limited	10	2,543,000	108,713,250	-	-
			178,001,380		355,704,165

17. Details of Stock on Hand (Arbitrage)

(Amount in ₹)

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
Aban Offshore Limited	2	6,000	3,591,321	-	-
ACC Limited	10	-	-	10,152	9,650,446
Allahabad Bank	10	-	-	2,450	349,983
Alok Industries Limited	10	100,000	2,071,440	-	-
Apollo Tyres Limited	1	-	-	40,800	2,892,720
Axis Bank Limited	10	169	234,322	-	-
Bank Of Baroda	10	1,500	1,393,780	-	-
Bharat Heavy Electricals Limited	10	1,500	3,090,465	-	-
Cairn India Limited	10	17,000	5,934,069	-	-
Canara Bank	10	1,500	927,670	-	-
Central Bank Of India	10	4	557	-	-
Cipla Limited	2	4,000	1,285,233	16,250	5,476,575
Dabur India Limited	1	64,000	6,150,400	-	-
Deccan Chronicle Holdings Limited	2	14,000	1,019,046	-	-

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

17. Details of Stock on Hand (Arbitrage) (CONTD.)

(Amount in ₹)

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
Dish TV India Limited	1	-	-	195,700	7,162,929
Essar Oil Limited	10	-	-	9,884	1,344,422
Firstsource Solutions Limited	10	184,047	3,303,644	9,500	272,650
GTL Infrastructure Limited	10	16,000	587,626	-	-
Gujarat State Petronet Limited	10	6,000	594,000	-	-
GVK Power & Infrastructure Limited	1	72,000	1,864,800	-	-
HDFC Bank Limited	10	571	1,331,388	-	-
Hindalco Industries Limited	1	8,000	1,639,400	87,950	15,936,540
Hindustan Construction Co. Limited	1	42,451	1,541,701	-	-
Hindustan Zinc Limited	2	4,136	569,648	-	-
Housing Development and Infrastructure Limited	10	-	-	20,898	5,964,545
Housing Development Finance Corp. Limited	2	8,000	5,571,062	-	-
ICICI Bank Limited	10	554	612,770	-	-
IDBI Bank Limited	10	44,000	6,267,800	-	-
Idea Cellular Limited	10	44,000	2,886,378	-	-
IFCI Limited	10	108,001	5,680,853	86,680	4,281,125
Indiabulls Real Estate Limited	2	-	-	102,700	10,793,770
Indian Bank	10	4,000	1,054,400	-	-
Infosys Technologies Limited	5	2,734	8,652,379	-	-
Infrastructure Development Finance Company Limited	10	62,000	9,585,200	-	-
Ispat Industries Limited	10	40,000	887,720	24,900	476,088
ITC Limited	1	34,000	6,071,893	-	-
Jaiprakash Associates Limited	2	2,000	178,472	-	-
Jindal South West Holdings Limited	10	375	334,729	-	-
Jindal Steel & Power Limited	1	1,500	1,011,401	-	-
Kingfisher Airlines Limited	10	24,000	955,200	4,250	198,900
Lanco Infratech Limited	1	15,999	626,916	-	-
Larsen & Toubro Limited	2	7,670	12,409,537	-	-
LIC Housing Finance Limited	2	1,260	284,761	-	-
Mahindra & Mahindra Limited	5	3,000	2,098,997	-	-
Maruti Suzuki India Limited	5	6,755	8,141,407	11,200	15,881,040
Nagarjuna Fertilizer & Chemicals Limited	10	7,999	224,372	-	-
National Aluminium Co. Limited	5	60,000	5,736,000	-	-
Oil And Natural Gas Corporation Limited	5	9,000	2,450,154	-	-
Orchid Chemicals & Pharmaceuticals Limited	10	6,000	1,804,200	-	-
Pantaloon Retail (India) Limited	2	21,000	5,432,700	-	-
Piramal Healthcare Limited	2	12,000	5,001,600	-	-
Power Finance Corporation Limited	10	44,000	4,370,093	2,400	620,040



Consolidated Schedules forming part of the Balance Sheet & Profit and Loss Account

17. Details of Stock on Hand (Arbitrage) (CONTD.)

(Amount in ₹)

	Face Value	As at March 31, 2011		As at March 31, 2010	
		Number	Amount	Number	Amount
PTC India Limited	10	2,000	166,800	-	-
Punj Lloyd Limited	2	66,000	4,266,900	-	-
Ranbaxy Laboratories Limited	5	346	151,655	-	-
Reliance Industries Limited	10	4,559	4,703,286	-	-
Reliance Infrastructure Limited	10	2,646	1,745,194	3,036	2,459,312
Rolta India Limited	10	5,974	808,111	10,800	1,900,152
Shree Renuka Sugars Limited	1	16,000	1,111,651	95,000	6,773,500
Srei Infrastructure Finance Limited	10	10,800	478,440	-	-
State Bank Of India	10	7,258	19,437,801	-	-
Steel Authority Of India Limited	10	7,000	1,186,100	-	-
Sterlite Industries (India) Limited	1	12,000	2,015,144	-	-
Suzlon Energy Limited	2	8,000	356,800	84,000	6,035,400
Tata Consultancy Services Limited	1	51	54,380	-	-
Tata Power Company Limited	10	-	-	13,200	18,109,194
Tatamotors-Dvr-A-Ordya	10	2,250	1,551,118	-	-
Triveni Engineering & Industries Limited	1	-	-	7,700	1,034,033
TVS Motor Company Limited	1	12,000	718,200	-	-
Union Bank Of India	10	11,001	3,583,768	-	-
Unitech Limited	2	92,000	3,672,249	-	-
Vijaya Bank	10	-	-	6,900	326,784
			181,469,101		117,940,148

18. There are no dues to micro & small enterprises (MSEs) outstanding for more than 45 days.

19. Figures for the previous year have been regrouped / reclassified wherever considered necessary.

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

ICAI Registration No. 109983W

By the hand of

Tirtharaj Khot

Partner

Membership No. 37457

Place : Mumbai

Dated: May 7, 2011

For **India Infoline Limited**

Nirmal Jain

Chairman

L P Aggarwal

Chief Financial Officer

R.Venkataraman

Managing Director

Sunil Lotke

Company Secretary

Consolidated Financial Statements of India Infoline Limited and its Subsidiary Companies

Consolidated Cash Flow Statement

for the year ended as at March 31, 2011

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation, and exceptional item	3,127,876,567	3,547,156,663
Adjustments for:		
Depreciation & Amortisation	581,705,900	534,591,627
Provisions for Gratuity	32,534,116	23,777,866
Provisions for Leave Encashment	(219,182)	6,022,862
Provision for Doubtful Debt	5,000,100	1,158,448
Provision for Doubtful Assets/Standard Assets	84,394,737	8,593,632
Deferred Employee Compensation	7,123,578	15,295,134
Interest expense	2,357,958,424	291,363,814
Operating profit before working capital changes	6,196,374,240	4,427,960,046
(Increase) / Decrease in Sundry Debtors	1,160,719,000	(4,957,217,947)
(Increase) / Decrease in Loans & Advances	(18,994,101,255)	(8,445,180,360)
Increase / (Decrease) in Provisions	(103,621,993)	(205,548,874)
Increase / (Decrease) in Current Liabilities	2,588,220,085	5,451,757,924
Cash generated from operations	(9,152,409,923)	(3,728,229,211)
Tax Paid	(1,293,115,822)	(1,074,974,170)
Net cash from operating activities	(10,445,525,745)	(4,803,203,381)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (includes intangible assets)	(958,446,351)	(2,055,140,394)
Purchase of Investments/Stock on Hand	1,196,827,882	(1,025,048,199)
Net cash from investing activities	238,381,531	(3,080,188,593)

Consolidated Cash Flow Statement (CONTD.)

for the year ended as at March 31, 2011

(Amount in ₹)

Particulars	As at March 31, 2011	As at 31 March, 2010
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (includes minority share capital)	641,304,940	55,999,195
Buy back of equity shares/Purchase of minority stake in subsidiary	(1,039,972,273)	(3,703,620,000)
Share issue expenses	(16,500,000)	-
Foreign exchange fluctuation	128,958,914	(52,001,619)
(Repayment) / Proceeds of borrowings	14,108,081,179	14,658,849,464
Dividend	(1,007,678,104)	(996,776,341)
Interest paid	(2,357,958,424)	(291,363,814)
Net cash used in financing activities	10,456,236,232	9,671,086,885
Cash and cash equivalents at beginning of period	8,056,914,669	6,269,219,758
Cash and cash equivalents at end of period	8,306,006,687	8,056,914,669
Net increase in cash and cash equivalents	249,092,018	1,787,694,911
Cash and cash equivalents include :		
Cash on hand	285,073,319	5,696,514
Bank balances	8,020,933,367	8,051,218,155
Total	8,306,006,687	8,056,914,669

- Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS-3) "Cash Flow Statement".
- Fixed deposits with scheduled banks includes ₹ 3,176.6 mn (Previous Year ₹ 2,991.9 mn) pledged for bank guarantees / overdraft facilities and with stock exchange.
- Previous year's figure are re -grouped/re-arranged wherever considered necessary.

As per our attached report of even date

For **Sharp & Tannan Associates**

Chartered Accountants

ICAI Registration No. 109983W

By the hands of

Tirtharaj Khot

Partner

Membership No. 37457

Place : Mumbai

Dated: May 7, 2011

For **India Infoline Limited**

Nirmal Jain

Chairman

L P Aggarwal

Chief Financial Officer

R.Venkataraman

Managing Director

Sunil Lotke

Company Secretary

CORPORATE INFORMATION

BOARD OF DIRECTORS

Nirmal Jain
Chairman

R Venkataraman
Managing Director

A K Purwar
Independent Director

Nilesh Vikamsey
Independent Director

Kranti Sinha
Independent Director

COMMITTEE OF BOARD

AUDIT COMMITTEE

Nilesh Vikamsey
Chairman

R Venkataraman

Kranti Sinha

COMPENSATION/REMUNERATION COMMITTEE

Kranti Sinha
Chairman

Nilesh Vikamsey

A K Purwar

SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

Kranti Sinha
Chairman

Nirmal Jain

R Venkataraman

CHIEF FINANCIAL OFFICER

L P Aggarwal

COMPANY SECRETARY

Sunil Lotke

CORE MANAGEMENT TEAM

Bharat Parajia
MD, IIFL (Asia) Pte Ltd.

Pratima Ram
CEO, Credit & Finance

Karan Bhagat
MD, IIFL Wealth Management Ltd.

H Nemkumar
President, Institutional Equities

Aniruddha Dange
Head of Research, Institutional Equities

Vasudev Jagannath
Head of Sales, Institutional Equities

Ajit Menon
President, Investment Banking

Donald D'Souza
President, Investment Banking

Nandip Vaidya
President, Retail Broking

Mukesh Kumar Singh
President, Insurance

R Mohan
Chief Compliance Officer

Narendra Jain
Chief Operating Officer

Pallab Mukherji
President, Human Resource

Sankarson Banerjee
Chief Information Officer

Upendra Kumar Jaiswal
Vice President, Risk and Audit

AUDITORS

M/s Sharp & Tannan Associates
Chartered Accountants

INTERNAL AUDITORS

M/s Ernst & Young

REGISTRAR AND SHARE TRANSFER AGENT

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

REGISTERED OFFICE

IIFL House, Sun Infotech Park
Road no. 16, Plot no. B-23, MIDC,
Thane Industrial Estate, Wagle Estate,
Thane – 400 604.

CORPORATE OFFICE

IIFL Centre, Kamala City,
Lower Parel (West), Mumbai – 400 013.

BANKERS

Allahabad bank

Axis Bank Ltd

Bank of Baroda

Bank of India

Citibank N.A.

HDFC Bank Ltd

Development Credit Bank Ltd

The Federal Bank Ltd

The Hongkong and Shanghai Banking
Corporation Ltd

ICICI Bank Ltd

IDBI Bank Ltd

Kotak Mahindra Bank Ltd

Punjab National Bank

Standard Chartered Bank

State Bank of India

State Bank of Travancore

Syndicate Bank

UCO Bank

Union Bank of India

Yes Bank Ltd

Cautionary Statement

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 risk and uncertainties. Should one or more of these risks or uncertainties materialise, 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.



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To view the Annual Report online, logon to
<http://www.indiainfoline.com/Annual-Reports>