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Q4 FY07
Result Update

India Infoline

Outperformer

Rs 430

April 26, 2007

Growth momentum continues...

Company Details		Result Snapshot	
Market Cap:	Rs 22,781m	<p>India Infoline reported 67.5%yoy growth in its operating income to Rs. 1.4b from Rs.842mn in Q4FY06. PAT for the quarter stands at Rs. 245mn, witnessing 48%yoy growth.</p> <p>The company has aggressively added 385 branches and 8000 employees during the year, increasing its operating expenses by more than 100% to Rs. 2.84bn from Rs.1.31bn in FY06. Because of the rising operating expenses, the EBIDTA margins for the year have declined to 30.7% compared to 38.5% last year.</p> <p>Equity broking business contribution to the overall income has reduced to 56% from 67% in FY06, thus de-risking its business model.</p> <p>At the CMP of Rs. 430, the stock trades at Rs.15.8x and 10.1x its FY08E and FY09E consolidated earnings of Rs. 27.3 and Rs.42.4 respectively. We maintain Outperformer rating on the stock.</p>	
52 Week High/Low:	Rs 478 / 87		
Bloomberg Code:	IIFL@IN		
Reuters Code:	ILFL.BO / NS		
Shares O/s:	53m		
Average Volume (3 months):	0.5m		
Price Performance			
(%)	1m	3m	12m
Absolute	21.6	32.4	144.4
Relative to Sensex	13.3	32.9	125.3

Quarterly Table

(Rs m)

Y/e March	Q4FY07	Q4FY06	yoy gr. (%)	Q3FY07	FY06	FY07	yoy gr. (%)
Operating Income							
Online & Media Income	342	89	284.8	80	201	645	221.6
Equities Brokerage	641	542	18.2	499	1,427	2,314	62.1
Distribution Commission	43	77	(43.4)	26	200	150	(24.9)
Commodities Brokerage	37	17	120.3	25	41	120	191.2
Life Insurance Commission	240	101	138.5	108	216	593	174.7
Financing & Investing Activities	86	14	495.8	31	47	282	500.3
Home loan	11	2	436.3	6	2	29	1,088.7
Merchant banking	10	-				28	
Total Operating Income	1,410	842	67.5	775	2,134	4,161	95.0
Total Operating Expenses	977	530	84.2	542	1,312	2,845	116.9
EBIDTA	433	311	39.2	234	823	1,316	60.0
Margin (%)	30.7	37.0		30.1	38.5	31.6	
Interest	45	30	48.3	12	65	117	79.7
Depreciation	46	41	12.1	33	86	149	74.3
Other Income	26	16	65.1	20	46	96	107.9
PBT	368	256	44.1	208	718	1,146	59.6
Tax	123	90	36.6	66	229	390	70.4
ETR (%)	33.3	35.2		32.0	31.9	34.0	
PAT	245	166	48.1	141	489	756	54.5

(Stock price as on April 25, 2007)

Result Highlights

Equity broking volumes for the quarter increased to Rs.9.6bn compared to Rs. 9.2bn in Q3FY07. Commodity volumes rose to Rs. 1570mn vs Rs.1380mn, witnessing 14% qoq growth.

Life insurance WAPI increased to Rs. 3.6bn compared to Rs.1.1bn a year ago. With increasing WAPI, the insurance distribution income has more than doubled to Rs. 593m compared to Rs. 216mn in FY06.

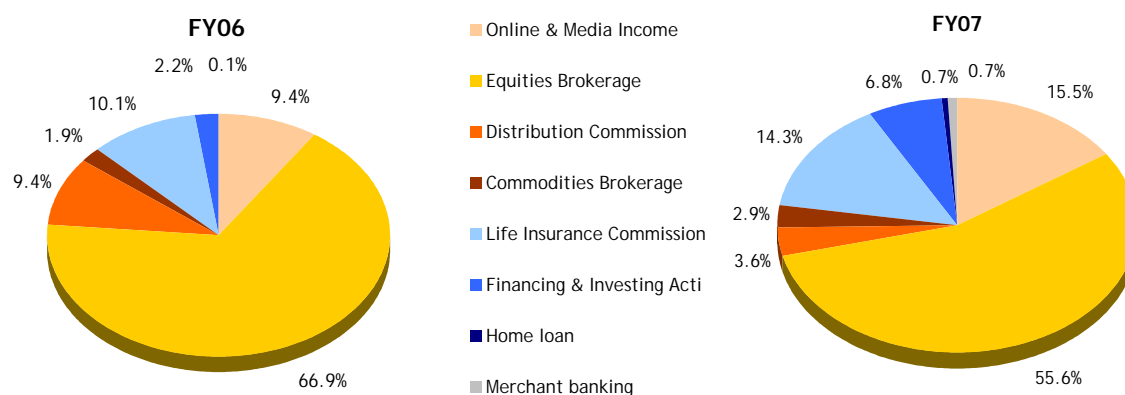
Investment Banking, the newly started business segment managed 3 deals in the year, with earnings of Rs. 28m.

Leveraging the established branch network, IIL has entered into distribution of personal loans and mortgage. In the first year of inception the company has booked income of Rs. 29mn

Diversification on the cards

India Infoline is taking conscious efforts to de-risk its business model by reducing its dependence on equity broking income, as it relies on market performance. In FY07 the contribution of equity broking to the overall operating income has come down to 56% from 67% a year ago. At the same time there is phenomenal growth witnessed in insurance distribution business, whose contribution has grown to 14% in FY07 from 10% in FY06.

Changing Revenue Mix



Source: Company Data, PL Research

Key Figures

Y/e March	FY06	FY07	FY08E	FY09E
Revenues (Rs m)	2,134	4,161	6,697	9,798
EBITDA (Rs m)	822	1,316	2,546	3,831
<i>Margins (%)</i>	<i>38.5</i>	<i>31.6</i>	<i>38.0</i>	<i>39.1</i>
PAT (Rs m)	489	456	1,444	2,245
EPS (Rs)	22.9	15.2	27.3	42.4
PER (x)	18.8	28.3	15.8	10.1
<i>RoCE (%)</i>	<i>22.0</i>	<i>16.5</i>	<i>19.0</i>	<i>19.4</i>
<i>RoE (%)</i>	<i>39.7</i>	<i>28.7</i>	<i>35.2</i>	<i>37.3</i>



Notes

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