

Public Issue of Secured Redeemable Non-Convertible Debentures

India Infoline Investment Services Limited

INVESTMENT RATIONALE

Opportunity to invest in one of the India's leading financial services company

These NCDs are proposed to be listed on the National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE"). The issue has attractive interest rates ranging from 11.70 % to 11.90 %

COMPANY PROFILE

India Infoline Investment Services Limited (IIISL) is a non-deposit taking NBFC incorporated on July 7, 2004 as a private limited company and was changed to public limited company on May 15, 2007

The company is a downstream subsidiary of IIFL, with investment in India Infoline Housing Finance Ltd (license received in 2009), Moneyline Credit Ltd. (an NBFC) & India Infoline Distribution Co. Ltd

The company offers a broad range of lending and other financial products to both corporate and retail clients including retail mortgage loan, gold loan, Healthcare Finance & Corporate Mortgage Loans etc

As on June 30, 2011, IIFL has presence in over 3,000 Business Locations which include over 450 branches and over 2,500 franchisees, spread across 506 cities in 29 states and union territories in India

The Consolidated Income from Operation and Profit after Tax has grown at a 3 year CAGR of 43.16% and 56.78% respectively to Rs. 469.77 crore and Rs. 92.25 crore during FY 10-11

The consolidated loan book of the company has expanded almost by double its size to ` 3,288.97 crore during FY 10-11 as compared to Rs. 1,626.78 crore a year ago

The standalone CRAR of the company stood at 29.95% as on 31st March'2011 well above the prescribed RBI norm of 15% and the consolidated net worth of the company rose to ` 1,341.20 crore in FY 10-11 over ` 1,264.43 crore in FY 09-10

The Consolidated Net NPA of the company has improved to 0.36% as on 31st Mar'2011 over 0.46% a year ago

STRENGTHS

Parental Support:

The company is expected to draw benefits from its Promoter group, IIFL, which is a diversified financial services company with a pan-India presence. It helps the company in drawing upon a range of resources and shared resources from IIFL and further leverage upon the branch network of IIFL for expansion, new product launch & building scale.

Adequate Capitalization to fund the growth:

As of March 31, 2011 our capital adequacy ratio computed on the basis of applicable RBI requirement was 29.95% as compared to a minimum of capital adequacy requirement of 15% stipulated by RBI for FY11 indicating company's strong ability in writing new business and support its growth.

Strong Asset Quality:

Since 2008, the company has been providing only secured finance which ensures lower NPAs and lesser recovery related problems. As of March 31, 2011, over 99% of its Loan Book on a consolidated basis is secured. As on March 31, 2011 on a consolidated basis the net NPA constituted 0.36% of the Loan Book, as compared to 0.46% as on March 31, 2010.

Access to cost effective funding sources

The funding requirements are predominantly sourced through term loans from banks, issue of redeemable non-convertible debentures on a private placement basis and cash credit from banks including working capital loans. The company's ability to develop a stable long term relationships with its lenders and a consistent track record of

Source: Final Prospectus Dated July 29, 2011.

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timely servicing of debts has reduced its average cost of borrowing to 9.43% in FY 10-11 as compared to 9.52% in FY 09-10.

Experienced Management Team

The Board of Directors comprises of 6 directors with significant experience in the banking and finance sector. The extensive relevant experience and financial acumen of the company's management and executives provides it with a distinct competitive advantage.

ISSUE SALIENT FEATURES

Interest rate range from []% to []% depending on the series applied for (Option I & Option III)

Higher interest rates for individuals applying up to Rs. 500,000

Credit Ratings of „AA-“ by CARE and „AA-/Stable“ by ICRA

NCDs are allotted on first cum first serve basis

NCDs are allotted on demat mode only

NCDs have three series of options: 36 months, 40 months and 60 months

ISSUE TIME TABLE

Issue Opening Date	4 th August 2011
Issue Closing Date	12 th August, 2011, or such earlier date that the Board of Directors/ authorized Committee of the Board of Directors of our Company decide, as the case may be, and communicated to the prospective investors and the Stock Exchanges through notice of such early closure given on such early date of closure through advertisement/s in a leading national daily newspaper
Deemed Date of Allotment	Deemed date of allotment shall be the date of issue of the Allotment Advice / regret
Issue Size	Base issue size of Rs. 3,750 million with an option to retain over-subscription upto Rs. 3,750 million for issuance of additional NCDs aggregating to a total of upto Rs. 7,500 million.
Instrument	Public Issue of Non-Convertible Debentures
Credit Rating	AA-/Stable by ICRA and AA- by CARE
Tenor/Redemption Date	36 Months for Option I; 40 Months for Option II; 60 Months for Option III
Trustee	IDBI Trusteeship Services Limited
Interest on Application Money	@ 6 % on application money on the amount allotted, subject to the deduction of Income Tax under the provisions of the Income Tax Act 1961, as amended, as applicable, from the date of realization of the application amount or from three days from the date of receipt of the application, whichever is later, up to one day prior to the Deemed Date of Allotment
Interest on Application Money which is liable to be refunded	@ 4 % on application money which is liable to be refunded in accordance with the provisions of the Debt Regulations and/or the Companies Act, or other applicable statutory and/or regulatory requirements, subject to the deduction of Income Tax under the provisions of the Income Tax Act 1961, as amended, as applicable, from the date of realization of the application amount or from three days from the date of receipt of the application, whichever is later, up to one day prior to the Deemed Date of Allotment

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ISSUE CATEGORIES AND ALLOTMENT

Category	Category I	Category II	Category III*
	Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs;	Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;	Resident Indian individuals; and
	Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs;	Public/private charitable/religious trusts which are authorised to invest in the NCDs;	Hindu Undivided Families through the Karta
	Venture Capital funds registered with SEBI;	Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;	
	Insurance Companies registered with the IRDA;	Partnership firms in the name of the partners; and	
	National Investment Fund; and	Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)	
	Mutual Funds		

Allotment for Category	Cat I	Cat II	Cat III *
	20%	20%	40% Reserved Individual Portion (Individuals and HUF) 20% Unreserved Individual Portion (HNIs)

* With respect to applications received from Category III applicants, applications by applicants who apply for NCDs aggregating to a value not more than Rs. 500,000, across all series of NCDs, (Option I and/or Option II and/or Option III), shall be grouped together, („Reserved Individual Portion”) while applications by applicants who apply for NCDs aggregating to a value exceeding Rs. 500,000, across all series of NCDs, (Option I and/or Option II and/or Option III), shall be separately grouped together, („Unreserved Individual Portion”).

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ISSUE INVESTMENT OPTIONS

Options	I	II	III
Minimum Application	Rs. 5,000 (5 NCDs) (for all options of NCDs, namely Options I, II and III, either taken individually or collectively)		
Face Value/Issue Price	Rs. 1,000 (1 NCD)		
In Multiples Of	Rs. 1,000 (1 NCD)		
Coupon (%) for NCD Holders in Category I and Category II	11.70% per annum	Premium on Redemption @ Rs. 1,446.80 per NCD at the end of 40 months from the deemed date of allotment (Yield: 11.70%)	11.70% per annum
Coupon (%) for NCD holders in the Category III (Unreserved Individual Portion)	11.70% per annum	Premium on Redemption @ Rs. 1,446.80 per NCD at the end of 40 months from the deemed date of allotment (Yield: 11.70%)	11.90% per annum
Coupon (%) for NCD holders in the Category III (Reserved Individual Portion)	11.70% per annum	Premium on Redemption @ Rs. 1,446.80 per NCD at the end of 40 months from the deemed date of allotment (Yield: 11.70%)	11.90% per annum
Frequency of Interest Payment	Annual	NA	Annual
Tenor/Redemption Date	36 Months	40 Months	60 Months

APPLICATIONS CANNOT BE MADE BY

1. Minors without a guardian name;
2. Foreign nationals;
3. Persons resident outside India;
4. Foreign Institutional Investors;
5. Non Resident Indians; and
6. Overseas Corporate Bodies

UNDER SUBSCRIPTION

Under subscription, if any, in Reserved Individual Portion or Unreserved Individual Portion shall first be met by inter-se adjustment between these two sub-categories. Thereafter, if there is any under subscription in any Portion, priority in allotments will be given to the Category III, with preference in allotments to Reserved Individual Portion applicants, and balance, if any, shall be first made to applicants of the Non-Institutional Portion (Category II), and thereafter to Institutional Portion (Category I) on a first come first serve basis, on proportionate basis.

OVER SUBSCRIPTION

In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of NCDs to the applicants on a first come first basis up to the date falling one day prior to the date of oversubscription and proportionate allotment of NCDs to the applicants on the date of oversubscription (based on the date of presentation of each application to the Bankers to the Issue, in each Portion).

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FINANCIAL HIGHLIGHTS (Consolidated)

(Rs. in Crores)

As on/For the year/Period ended	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Share Capital	237.15	23.72	23.72	23.72
Reserve and Surplus	1,104.05	1,240.71	1,187.10	1,118.93
Net Worth	1,341.20	1,264.43	1,210.81	1,135.42
Secured Loans	1,399.84	360.94	-	100.00
Unsecured Loans	893.20	659.00	225.69	604.58
Total Loans	2,293.04	1,019.94	225.69	704.58
Fixed Assets (Net Block)	16.37	1.92	3.70	2.74
Investments	149.07	112.98	238.14	829.23
Current Assets	136.58	218.47	192.31	88.90
Loans & Advances	3,597.78	2,013.53	1,118.33	971.17
Current Assets, Loans & Advances	3,734.36	2,232.00	1,310.64	1,060.07
Total Income	519.49	233.96	238.13	164.49
Total Expenditure (including depreciation and interest)	385.45	157.36	152.17	136.75
Profit Before Tax	134.04	76.60	85.96	27.75
Profit After Tax	92.24	53.79	69.12	23.94
Net Non Performing Assets (NPA) %	0.36%	0.46%	-	-
Capital Adequacy Ratio (CAR) %*	29.95%	47.65%	97.77%	-

Amounts might not add up due to rounding off

Source: Draft Prospectus dated July 20, 2011

*standalone