



India Infoline Investment Services Limited (IIISL), an NBFC subsidiary of India Infoline Limited (IIFL) will open, its maiden public issue of Secured Redeemable NCDs of the face-value of Rs. 1,000 each aggregating to Rs. 375 crore, with an option to retain over-subscription up to Rs. 375 crore, aggregating up to a total of Rs. 750 crore.

Issue Details

Options	I	II	III
Tenor (in Months)	36 Months	40 Months	60 Months
Interest Payment	Annual	Not Applicable	Annual
Mode of Interest Payments	Through various option available	Not Applicable	Through various option available
Minimum Application	Rs.5,000	Rs.5,000	Rs.5,000
	Rs 5,000/- (5 NCDs) (for all options of NCDs, either taken individually or collectively)		
In Multiples of	Rs.1,000 (1 NCD)	Rs.1,000 (1 NCD)	Rs.1,000 (1 NCD)
Face Value of NCDs (Rs./NCD)	Rs.1,000	Rs.1,000	Rs.1,000
QIB/ NII Coupon (%) p.a.	11.70%	NA	11.70%
Retail Coupon (%) p.a.	11.70%	NA	11.90%
Yield (%) p.a.	11.70%	11.70%	Retail - 11.90%, Others 11.70%
Redemption (From Deemed date of Allotment)	36 Months	40 Months	60 Months
Redemption Amount	Face Value + accrued interest, if any	Rs.1446.18	Face Value + accrued interest, if any
Rating	[ICRA] AA- (stable) By ICRA And CARE AA - By CARE		
Issuance and Trading	Compulsorily in Dematerialized form		

Key Highlights

- Interest on Refund - 4 %
- Interest on Allotted Application – 6 %
- NCDs are to list in NSE & BSE.
- Allocations on First cum first served basis
- Inter-category over-flow in favour of Individuals, then NII, then QIB

Issue Programme*

- Issue Opening Date – 4th August, 2011
- Issue Closing Date – 12th August, 2011

* The Company has the option of closing the Issue on an earlier date, once it receives the amount it has targeted.

Security of the Issue

The principal amount of the NCDs to be issued together with all interest due on the NCDs, redemption premium, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first pari passu charge in favor of the Debenture Trustee on an identified immovable property and over all of the current assets, book debts, receivables (both present and future) and such other assets of Company other than the assets that have been exclusively charged by the Company to the extent of up to 1.1 times of the amounts outstanding in respect of the NCDs at any time.

The Company will create appropriate security in favour of the Debenture Trustee for the NCD holders on the assets adequate to ensure adequate asset cover for the NCDs, which shall be free from any encumbrances as would be detailed in the Debenture Trust Deed to be executed with the Debenture Trustee.

Who Can Apply

Category I

- Public Financial Institutions, Statutory Corporations, Commercial Banks,
- Co-operative Banks and Regional Rural Banks, which are authorized to invest in the NCDs;
- Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs;
- Venture Capital funds registered with SEBI;
- Insurance Companies registered with the IRDA;
- National Investment Fund;
- Mutual Funds;

Category II

- Companies; bodies corporate and societies registered under the applicable laws in India and authorized to invest in the NCDs;
- Public/private charitable/religious trusts which are authorized to invest in the NCDs;
- Scientific and/or industrial research organizations, which are authorized to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the
- Limited Liability Partnership Act, 2008 (No. 6 of 2009)

Category III*

- Resident Indian individuals; and
- Hindu undivided families through the Karta

* With respect to applications received from Category III applicants, applications by applicants who apply for NCDs aggregating to a value not more than ` 0.5 million, 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 0.5 million, across all series of NCDs, (Option I and/or Option II and/or Option III), shall be separately grouped together, ("Unreserved Individual Portion").

Interest on Application Money

The Company shall pay interest on application money on the amount allotted, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any applicants to whom NCDs are allotted pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of presentation of each application as acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of 6% per annum.

Interest on Application Money to be refunded

The Company shall pay interest on application money which is liable to be refunded to the applicants in accordance with the provisions of the SEBI Debt Regulations and/or the Companies Act, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of presentation of each application as acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of 4 % per annum. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched / credited (in case of electronic payment) along with the Letter(s) of Refund at the sole risk of the applicant, to the sole/first applicant.

Issuance/Trading

NCD's are proposed to be listed on the National Stock Exchange and Bombay Stock Exchange, and are issued and traded in demat form only. Deemed date of allotment shall be the date of issue of the letter of allotment advice/ regret.

Taxation

Interest on NCD received by Debenture Holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. No income tax is deductible at source as per the provisions of section 193 of the I.T Act on interest on debentures.

As per section 2(29A) of the I.T Act, read with section 2(42A) of the Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer and treated as short term gain if held for less than 12 months and short term gain is taxable at normal slab rate.

About the Issuer

India Infoline Investment Services Private Limited was incorporated on July 7, 2004. It was changed to a public limited company named "India Infoline Investment Services Limited" on May 15, 2007. The Company is a systemically important non-deposit taking NBFC, and a subsidiary of India Infoline Limited ("IIFL"), a diversified financial services company. It offers a broad suite of lending and other financial products to its clients, both retail and corporate, which include mortgage loans, capital market finance, gold loans, and healthcare finance. The Company's promoter, IIFL, is a financial services organization having presence across India. Its product/ services portfolio caters to the diverse investment and strategic requirements of retail, institutional, corporate and affluent clients.

Strong Distribution Network

The Company has a total of 524 branches - 34 branches for its Mortgage Loans and Healthcare Finance distribution network - of which 28 branches are co-located with the branch network of IIFL Group and 490 exclusive Gold Loans branches. It has access to over 3,000 relationship managers from the retail team and over 150 relationship managers from the wealth team of IIFL for its Capital Market Finance business. The Company's employee strength is 2,263.

Strengths

The rating reflects the enhanced scale and diversification of the lending book, comfortable asset quality indicators, modest gearing level, comfortable ALM profile, adequate network for the current scale of operations and improving profitability of IISL. The rating also factors in the parentage of IIFL, the strong integration and continued support expected from the parent – given the group's focus in ramping up the NBFC operations, the group's strong network, adequate experience and established presence in retail broking and institutional broking business with improving market share, diversified business revenues, robust risk management systems and comfortable liquidity profile.

Weakness

The ratings are constrained by the cyclical nature of IIFL's primary business being dependent on the domestic capital markets. Other factors include seasoning of loan portfolio, moderate product diversification in the lending portfolio and relatively high concentration risk in the capital market lending portfolio.

Credit appraisal and collection process

As a part of the verification process, the Company's officers undertake the prescribed checks, which include document verification and personal discussion. It also undertakes independent background checks on the borrower and the security. The credit score is utilized in the underwriting process for risk containment. A minimum score cut off is used and all cases below cut off are reviewed by senior credit members. Collections are done through in-house managers and agencies. The external agencies are selected based on their prior experience, reputation and market references.

Key Highlights of the Company

- Strong Management Team- Mr. Purwar (Ex-Chairman of SBI)
- Large fee based income of the group (~Rs. 300 Cr of cash flow) - (number not in prospectus)
- Low gearing compared to peers (Debt Equity of 1.71 pre-issue and 2.27 post-issue)
- Robust risk management- Handled several market fluctuations over 10 plus years
- Mortgage constitutes large part of loan book (60%)
- Over 99% of the loan book on a consolidated basis is secured
- Capital Adequacy ratio at 29.95% (much above 15% stipulated by RBI)

For Further Details/Clarifications please contact:

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Mid Session Market

Daily Market Review

Weekly Pack

- Equity - Weekly
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Fundamental Research

- Global Market Analysis
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NSE - INB 231219636, INF 231219636
BSE - INB 011219632

About RR

RR is first generation business set up in 1986. Shri. Rajat Prasad, a professional qualified Chartered Accountant, is the main founder. He is the architect of its growth and in the last decade has steered the group to be a diverse and respected financial and Insurance Services Organization with nationwide presence with offices in more than 100 cities and a team of 800 Employees.

RR has the presence in all metro cities and towns across the length and breadth of the country. RR is headquartered in New Delhi, Capital of India with regional offices in Mumbai, Ahmedabad, Baroda, Jaipur, Chandigarh, Lucknow, Calcutta, Bangalore, Chennai, Noida and Dehradun. It has Associate offices in other cities and Locations totalling 600 locations & 100 cities. It has agent presence in over 500 cities across the country. RR is the only Company in India which provides research based seamless service to its customers through own offices, franchisees and agents.

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The research team is engaged in almost every activities of the capital market. In the fundament research front, the team is involved in Economic Analysis, Sectoral Analysis, Company Coverage and Updates. In the trading front, dedicated technical team is employed to provide online technical calls, trading tips, derivative strategies to clients. The team is online during the market hours and anyone through our website can chat live with analysts and can solve any investment related query.

The team has extensive network of industry contacts and regularly attending analyst meets/ conference calls to get insight of the company. On regular basis, the team shares its view with leading electronic & print media houses.