



INDIA INFOLINE HOUSING FINANCE LIMITED

A Public Limited Company Incorporated under the Companies Act, 1956, as amended
Registered as a Housing Finance Company within the meaning of the National Housing Bank Act, 1987 (Act no. 53 of 1987)

Registered Office & Corporate Office: 12A-10, 13th floor, Parinee Crescenzo, C-38 and 39, G Block, Bandra Kurla Complex, Bandra – East, Mumbai – 400051, Maharashtra, India.
Tel.: +91 22 6788 1000; **Fax:** +91 22 67881010; **Website:** www.iifl.com

For details of changes in Name and Registered Office, please refer to the chapter “*History and Certain other Corporate Matters*” on page 79.

Compliance Officer and Contact Person: Mr. Nirav Shah **Tel.:** +91 22 67881015; **E-mail:** nirav.s@indiainline.com

Public Issue by India Infoline Housing Finance Limited, (“Company” or “Issuer”) of Un-Secured, Redeemable, Non-Convertible Debentures of face value of ₹1,000 each, (“NCDs”), aggregating upto ₹1000 million, hereinafter referred to as the “Base Issue” with an option to retain over-subscription upto ₹1,000 million aggregating to a total of upto ₹2,000 million, hereinafter referred to as the “Overall Issue size”. The NCDs are in the nature of subordinated debt and will be eligible for Tier II capital.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, the investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the investors is invited to the chapter titled “*Risk Factors*” on pages 10 to 25. This document has not been and will not be approved by any regulatory authority in India, including the National Housing Bank (“NHB”), the Securities and Exchange Board of India (“SEBI”), any registrar of companies or any stock exchange in India.

ISSUER’S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated ‘CRISIL AA-/Stable’ by CRISIL for an amount of ₹2,000 million *vide* its letter dated February 13, 2014 and ‘[ICRA] AA- with Stable Outlook’ by ICRA for an amount of up to ₹ 2,000 million *vide* its letter dated February 13, 2014 read with clarification letter dated February 17, 2014. The rating of NCDs by CRISIL indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The rating of NCDs by ICRA indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The ratings provided by CRISIL and/or ICRA may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to page 225 for the rationale for the above ratings.

LISTING

The NCDs offered through this Prospectus are proposed to be listed on the National Stock Exchange of India Limited (“NSE”) and BSE Limited (“BSE”). Our Company has obtained ‘in-principle’ approvals for the Issue from the NSE and BSE *vide* their letter(s) dated February 25, 2014. For the purposes of the Issue, NSE shall be the Designated Stock Exchange.

PUBLIC COMMENTS

The Draft Prospectus dated February 18, 2014 was filed with NSE and BSE pursuant to the regulation 6(2) of the SEBI Debt Regulations for public comments for a period of 7 (seven) Working Days i.e. until 5 p.m. on February 25, 2014.

LEAD MANAGERS TO THE ISSUE



Axis Capital Limited
Axis House, Level 1
C-2 Wadia International Centre,
P.B. Marg, Worli,
Mumbai 400 025, Maharashtra, India
Tel.: +91 22 4325 2525
Fax: +91 22 4325 3000
Email: iifl2.ncd@axiscap.in
Website: www.axiscap.in
Investor grievance email: complaints@axiscap.in
Contact Person: Simran Gadh
Compliance Officer: M Natarajan
SEBI Regn. No.: INM000012029



India Infoline Limited*
IIFL Centre, Kamala City,
Senapati Bapat Marg, Lower Parel (West),
Mumbai 400 013, Maharashtra, India
Tel.: +91 22 4646 4600
Fax: +91 22 2493 1073
Email: iifl.ncd@iiflcap.com
Investor Grievance mail: ig_ib@iiflcap.com
Website: www.iiflcap.com
Contact Person:
Sachin Kapoor/Pinak Bhattacharyya
Compliance Officer: Rajesh Ganu
SEBI Regn. No.: INM 000010940



Trust Investment Advisors Private Limited
109/110, 1st Floor, Balrama, Village Parikhari,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051, Maharashtra, India
Tel. : +9122 40845000/60
Fax.: +9122 40845066/07
Email: info@trustgroup.co.in
Investor Grievance mail:
customercare@trustgroup.co.in
Website: www.trustgroup.co.in
Contact Person: Anindya Sen
Compliance Officer: Balakrishna Shah
SEBI Regn No.: INM00001120



IDBI Trusteeship Services Limited**
Asian Building,
Ground Floor,
17, R Kamani Marg,
Ballard Estate,
Mumbai - 400 001
Maharashtra, India.
Tel: +91 22 4080 7001
Fax: + 91 22 6631 1776
Website: www.idbitrustee.co.in
Contact Person: Ajit Guruji
Email: ajit.guruji@idbitrustee.com
SEBI Regn. No.: INM000000460

CO-LEAD MANAGERS TO THE ISSUE



RR Investors Capital Services Private Limited
47, M M Road,
Rani Jhansi Marg,
Jhandewalan,
New Delhi – 110055, India
Tel: + 91 11 2363 6362/63
Fax: +91 11 2363 6745
Email: iiflncd2013@rrfcl.com
Investor Grievance Email: investors@rrfcl.com
Website: www.rrfinance.com/www.rrfcl.com
Contact Person: Anurag Awasthi
Compliance Officer: Ravi Kant Goyal
SEBI Regn. No.: INM000007508



Karvy Investor Services Limited
701, Hallmark Business Plaza,
Sant Dnyaneshwar Marg,
Off. Bandra Kurla Complex, Bandra (East),
Mumbai 400 051, Maharashtra, India
Tel: + 91 22 6149 1500
Fax: +91 22 61491515
Email: iiflncd@karvy.com
Investor Grievance Email:
cmg@karvy.com, igmbd@karvy.com
Website: www.karvy.com
Contact Person: Sumit Singh/ Swapnil Mahajan
Compliance Officer: V. Madhusudan Rao
SEBI Regn. No.: INM000008365



SMC Capitals Limited***
302-303, Enterprise Centre,
Near Orchid Hotel,
Nehru Road, Vile Parle (East),
Mumbai 400 099, Maharashtra, India
Tel: +91 22 6648 1818
Fax: +91 22 6648 1850
Email: iifl.ncd@smccapitals.com
Investor Grievance Email:
investor.grievance@smccapitals.com
Website: www.smccapitals.com
Contact Person: Sanjeev Barnwal
Compliance Officer: Sanjeev Barnwal
SEBI Regn. No.: INM000011427



Link Intime India Private Limited
C-13 Pannalal Silk Mills
Compound,
LBS Marg, Bhandup (West),
Mumbai 400 078,
Maharashtra, India
Tel: +91 22 2596 7878;
Fax: +91 22 2596 0329
Email: iiflncd2@linkintime.co.in
Investor Grievance email:
iifl.ncd2@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Dinesh Yadav
SEBI Regn. No.: INR000004058

ISSUE SCHEDULE

Issue Opens on Wednesday, March 12, 2014

Issue closes on Monday, March 24, 2014*

*India Infoline Limited (IIFL) is our Promoter’s Promoter. As there are common directors between IIFL and our Company, IIFL is deemed to be our associate as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (Merchant Bankers Regulations). IIFL will sign the due diligence certificate and accordingly been disclosed as a Lead Manager. Further, in compliance with the provision to Regulation 21A(1) and explanation to Regulation 21A(1) of the Merchant Bankers Regulations, IIFL would be involved only in marketing of the Issue.

**IDBI Trusteeship Services Limited has, by its letter dated February 11, 2014, given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue. For further details please refer to “General Information – Debenture Trustee” on page 28.

***The SEBI registration certificate as “Merchant bankers” for SMC Capitals Limited has expired on December 30, 2013. An application dated September 25, 2013 for renewal of the said certificate of registration has been made to SEBI.

The subscription list for the Issue shall remain open for subscription upto 5 p.m., with an option for early closure/extension by such period, upto a period of 30 days from the date of opening of the Issue, as may be decided at the discretion of the duly authorised committee of Directors of our Company subject to necessary approvals. In the event of such early closure/extension of the Issue, our Company shall ensure that notice of such early closure/extension of the Issue is given as the case may be on or before such early date of closure or the initial Closing Date through advertisement/s in a leading national daily newspaper. For further details please refer to “General Information – Issue Programme” on page 33.

A copy of this Prospectus and written consents of our Directors, our Company Secretary and Compliance Officer, our Auditor, Pritesh Mehta & Co. (the Chartered Accountant issuing statement of tax benefit) the legal advisor, the Lead Managers, the Co-Lead Managers, the Registrar to the Issue, Escrow Collection Bank(s), Refund Bank, Credit Rating Agencies, the Debenture Trustee, and the Lead Brokers to act in their respective capacities shall be filed with the Registrar of Companies, Mumbai, in terms of section 56 and section 60 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 2013 along with the requisite endorsed/certified copies of all requisite documents. For further details please refer to the chapter titled “Material Contracts and Documents for Inspection” beginning on page 221.

TABLE OF CONTENTS

SECTION I - GENERAL	1
DEFINITIONS AND ABBREVIATIONS	1
PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION	7
FORWARD LOOKING STATEMENTS.....	8
SECTION II - RISK FACTORS.....	10
SECTION III-INTRODUCTION	26
GENERAL INFORMATION.....	26
SUMMARY OF BUSINESS, STRENGTHS AND STRATEGIES.....	35
THE ISSUE	39
CAPITAL STRUCTURE.....	44
OBJECTS OF THE ISSUE	50
STATEMENT OF TAX BENEFITS	51
SECTION IV - ABOUT OUR COMPANY	55
INDUSTRY	55
OUR BUSINESS.....	66
HISTORY AND CERTAIN OTHER CORPORATE MATTERS	79
OUR MANAGEMENT	80
OUR PROMOTER.....	87
SECTION V - FINANCIAL INFORMATION.....	94
FINANCIAL STATEMENTS	94
MATERIAL DEVELOPMENTS.....	141
FINANCIAL INDEBTEDNESS	142
SECTION VI –ISSUE RELATED INFORMATION	143
ISSUE STRUCTURE.....	143
TERMS OF THE ISSUE.....	158
ISSUE PROCEDURE	162
SECTION VII - LEGAL AND OTHER INFORMATION	187
OUTSTANDING LITIGATIONS.....	187
OTHER REGULATORY AND STATUTORY DISCLOSURES	198
KEY REGULATIONS AND POLICIES	204
SECTION VIII - SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION	213
SECTION IX -OTHER INFORMATION	221
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	221
DECLARATION.....	223
ANNEXURE I - STOCK MARKET DATA	224
ANNEXURE II- RATING RATIONALE.....	225

SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires the following terms shall have the following meanings ascribed thereto in this Prospectus. Reference to any statutes, regulations and policies shall include amendments thereto, from time to time.

All references to “Issuer”, “we”, and “us”, “our” and “our Company” are to India Infoline Housing Finance Limited. In this Prospectus, all references to “IIFL Group” are to India Infoline Limited and its subsidiaries.

Company Related Terms

Term	Description
“Issuer”, “the Company” and “our Company”	India Infoline Housing Finance Limited, a company incorporated under the Companies Act, 1956 and registered as a Housing Finance Company with the National Housing Bank, and having its Registered Office at 12A-10, 13th floor, Parinee Crescendo, G Block, C-38 and 39, Bandra Kurla Complex, Bandra (East) – 400051.
the Act	The Companies Act, 2013 read with rules framed by the Government of India from time to time
1956 Act / Companies Act, 1956	The Companies Act, 1956, as amended from time to time
AOA / Articles / Articles of Association	Articles of Association of our Company
Board / Board of Directors	The Board of Directors of our Company and includes any Committee thereof
Companies Act	The Companies Act, 2013 read with rules framed by the Government of India from time to time or The Companies Act, 1956, as amended from time to time, as applicable
DIN	Director Identification Number
Equity Shares	Equity shares of face value of ₹ 10 each of our Company
IIFL Group	India Infoline Limited and its subsidiaries
Loan Assets	Assets under financing activities
Memorandum / MOA / Memorandum of Association	Memorandum of Association of our Company
Net Loan Assets	Assets under financing activities net of Provision for non-performing assets
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NPA	Non-Performing Asset
Promoter	India Infoline Finance Limited
Promoter’s Promoter/IIFL	India Infoline Limited
₹ / Rs./ INR / Rupees	Indian Rupees
Reformatted Financial Statements	The statement of reformatted audited assets and liabilities of our Company, and the related statement of reformatted statement of profit and loss of our Company and the related statement of reformatted cash flow of our Company as at and for the Financial Years ending March 31, 2013, 2012, 2011, 2010 and 2009 and period ending September 30, 2013, extracted from the audited financial statements as at and for the Financial Years ended March 31, 2013, 2012, 2011, 2010 and 2009 and period ending September 30, 2013 and the notes thereto, as examined by our Company’s Statutory Auditors, Sharp & Tannan Associates
Statutory Auditors / Auditors	Our statutory auditors being Sharp & Tannan Associates

Issue Related Terms

Term	Description
------	-------------

Term	Description
Allotment / Allotted	Unless the context otherwise requires, the allotment of the NCDs pursuant to the Issue to the Allottees
Allotment Advice	The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allottee	The successful Applicant to whom the NCDs are being / have been Allotted pursuant to the Issue
Applicant/ Investor	Any prospective applicant who makes an Application pursuant to this Prospectus and the Application Form. For more information on eligibility of the prospective applicant please refer to the chapter titled “ Issue Procedure ” on page 162
Application	An application to subscribe to NCDs offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under this Prospectus.
Application Amount	Shall mean the amount of money that is paid by the Applicant while making the Application in the Issue by way of a cheque or demand draft or the amount blocked in the ASBA Account
Application Form	The form used by an Applicant to apply for NCDs being issued through this Prospectus
Application Supported by Blocked Amount/ ASBA, ASBA Application	Shall mean the Application (whether physical or electronic) used by an investor to make an Application authorizing the SCSB to block the amount payable on Application in its specified bank account;
ASBA Account	An account maintained by an ASBA Applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount in relation to the Application Form made in ASBA mode.
Bankers to the Issue / Escrow Collection Banks	The banks which are clearing members and registered with SEBI as Bankers to the Issue, with whom the Escrow Account will be opened as disclosed in the chapter “ General Information ” on page 26.
Base Issue	Public Issue of NCDs by our Company aggregating upto ₹1,000 million
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in “ Issue Procedure – Basis of Allotment ” on page 183.
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.
CARE	Credit Analysis and Research Limited
Co-Lead Managers	Co-Lead Managers shall mean Karvy Investor Services Limited, RR Investors Capital Services Private Limited and SMC Capitals Limited
CRISIL	CRISIL Limited
NCDs/ Bonds/ IIFL Home Bonds	Un-Secured Subordinate Redeemable Non-Convertible Debentures of face value of ₹ 1,000 each. The NCDs are in the nature of subordinated debt and will be eligible for Tier II capital.
Debt Listing Agreement	The listing agreement between our Company and the relevant stock exchange(s) in connection with the listing of debt securities of our Company
Deemed Date of Allotment	The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Demographic Details	On the basis of name of the applicant, PAN details, Depository Participant’s name, Depository Participant-Identification number and Beneficiary Account Number provided by the Applicants in the Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the investor such as address, PAN, bank account details for printing on refund orders or used for refunding through electronic mode, as applicable and occupation. These Demographic Details would be used for all correspondence with the Applicants including mailing of refund orders/ Allotment Advice and printing of bank particulars on refund/interest order and Demographic Details given by Applicant in the Application Form wouldn’t be used for these purposes by Registrar
Depositories Act	The Depositories Act, 1996, as amended from time to time

Term	Description
Depository(ies)	National Securities Depository Limited (NSDL) and /or Central Depository Services (India) Limited (CDSL)
DP / Depository Participant	A depository participant as defined under the Depositories Act
Designated Stock Exchange/ DSE	National Stock Exchange of India Limited (“NSE”)
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html or such link as SEBI may prescribe from time to time
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account or the amount blocked by the SCSBs is transferred from the ASBA Accounts specified by the ASBA Applicants to the Public Issue Account, as the case may be, following which the Board of Directors/or duly authorised Committee of Directors approves the Allotment of the NCDs
Draft Prospectus / Draft Offer Document	The draft prospectus dated February 18, 2014 filed with the Designated Stock Exchange and BSE for receiving public comments in accordance the regulation 6(2) of the SEBI Debt Regulations
Escrow Agreement	Agreement dated February 25, 2014 entered into amongst our Company, the Registrar, the Escrow Collection Bank, Lead Managers and the Co-Lead Managers for collection of the Application Amount and for remitting refunds, if any, of the amounts collected, to the applicants (excluding the ASBA Applicants) on the terms and conditions contained thereof
Escrow Account	Accounts opened in connection with the Issue with the Escrow Collection Bank(s) and in whose favour the applicant will issue cheques or bank drafts in respect of the Application Amount while submitting the Application
ICRA	ICRA Limited
Institutional Portion	Portion of Applications received from Category I of persons eligible to apply for the issue which includes Resident Public Financial Institutions, Statutory Corporations including State Industrial Development Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs, Provident Funds of minimum corpus of ₹ 250 million, Pension Funds of minimum corpus of ₹ 250 million, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs, Venture Capital funds and / or Alternative Investment Funds registered with SEBI, Insurance Companies registered with the IRDA, National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India), Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India, Mutual Funds, registered with SEBI
Issue	Public Issue of NCDs by our Company aggregating upto ₹1,000 million with an option to retain over-subscription up to ₹1,000 million aggregating to a total of upto ₹2,000 million
Issue Opening Date	Wednesday, March 12, 2014
Issue Closing Date	Monday, March 24, 2014, or such earlier or later 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/ late closure given on such early date of closure through advertisement/s in a leading national daily newspaper
Lead Managers	Axis Capital Limited, India Infoline Limited and Trust Investment Advisors Private Limited
Lead Brokers	Lead Brokers who have been appointed <i>vide</i> memorandum of understanding dated February 25, 2014
Market Lot	One NCD
Members of Syndicate	Members of Syndicate includes Lead Managers, Co-Lead Managers, Lead Brokers and Sub Brokers
NCD Holder/ Debenture Holder	Any debenture holder who holds the NCDs issued in this Issue and whose name appears in the register of debenture holders.

Term	Description
Non-Institutional Portion	Category II of persons eligible to apply for the Issue which includes Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in NCDs, Educational Institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment which are authorized to invest in the NCDs, Public/Private Charitable/Religious Trusts which are authorised to invest in the NCDs, Scientific and/or Industrial Research Organisations, which are authorised 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) and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹ 1.00 million
Prospectus / Offer Document	This prospectus dated February 26, 2014 filed with the ROC in accordance with the SEBI Debt Regulations and the Companies Act, containing inter alia the coupon rate for the NCDs and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account and from the SCSBs on the Designated Date
Refund Account	The account opened with the Escrow Banks, from which refunds, if any, of the whole or part of the Application Amount (excluding the ASBA Applicant) shall be made
Registrar to the Issue/Registrar	Link Intime India Private Limited
Registrar Agreement	The agreement dated February 13, 2014 between our Company and the Registrar in connection with the Issue
SEBI Debt Regulations/Debt Regulations/SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time.
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account, and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Managers, Lead Brokers or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Managers, Lead Brokers or the Trading Members of the Stock Exchange is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1380263338017.html or at such other web-link as may be prescribed by SEBI from time to time
Stock Exchange(s)	BSE Limited and National Stock Exchange of India Limited
Subordinated Debt	<p>A fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the housing finance company. The book value of such instrument shall be subjected to discounting as provided hereunder:</p> <p>Remaining Maturity of the instruments Rate of discount</p> <p>(a) Up to one year 100% (b) More than one year but up to two years 80% (c) More than two years but up to three years 60% (d) More than three years but up to four years 40% (e) More than four years but up to five years 20%</p> <p>to the extent such discounted value does not exceed fifty per cent of Tier I capital;</p>
Syndicate ASBA Application Locations	Application centres at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the members of the Syndicate shall accept ASBA Applications.
Syndicate SCSB	In relation to ASBA Applications submitted to a member of the Syndicate, such

Term	Description
Branches	branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html or at such other website as may be prescribed by SEBI from time to time.
Trading member	Trading members registered with the stock exchanges who are not empanelled as Lead Brokers or sub brokers
Tripartite Agreement(s)	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories have agreed to act as depositories for the securities issued by the Issuer
Trustees / Debenture Trustee	Trustees for the holders of the NCDs, in this case being IDBI Trusteeship Services Limited
Working Days	All days other than a Sunday or a public holiday in Mumbai on which commercial banks are open for business, except with reference to Issue Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India

Business/Industry Related Terms

Term	Description
ALM	Asset Liability Management
ALCO	Asset – Liability Committee
ATS	Average Ticket Size
Average Cost of Borrowing	Amount that is calculated by dividing the interest paid during the period by average of the monthly outstanding
CRAR	Capital-to-Risk-Weighted Assets Ratio
DSA	Direct Sales Agent
FIR	First Information Report
Gross Spread	Yield on the average minus the cost of funds
LC	Loan Company
Loan Book	Outstanding loans net of provisions made for NPAs
Prudential Norms	Prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed by the housing finance institutions under the Housing Finance Companies (National Housing Bank) Directions, 2010, as amended
Secured Loan Book	Secured loan given against hypothecation of asset

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual General Meeting
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
DRR	Debenture Redemption Reserve
ECGC	Export Credit Guarantee Corporation of India
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI Policy	FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time
FII/FIIs	Foreign Institutional Investor(s)
Financial Year / FY	Financial Year ending March 31
GDP	Gross Domestic Product
GoI	Government of India
G-Sec	Government Securities
HFC(s)	Housing Finance Company (ies)

Term	Description
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Indian GAAP	Generally Accepted Accounting Principles in India
IRDA	Insurance Regulatory and Development Authority
IT Act	The Income Tax Act, 1961, as amended from time to time
IT	Information Technology
KYC	Know Your Customer
LTV	Loan to value
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MIS	Management Information System
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NII(s)	Non-Institutional Investor(s)
NIM	Net Interest Margin
NHB	National Housing Bank
NHB Directions, 2010	The Housing Finance Companies (NHB) Directions, 2010, as amended from time to time
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RM	Relationship Manager
ROC	Registrar of Companies, Maharashtra, Mumbai
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992 as amended from time to time
TDS	Tax Deducted at Source
WDM	Wholesale Debt Market

Notwithstanding the foregoing:

1. In the chapter titled “*Summary of Main Provisions of the Articles of Association*” beginning on page 213, defined terms have the meaning given to such terms in that section.
2. In the chapter titled “*Financial Statements*” beginning on page 94, defined terms have the meaning given to such terms in that chapter.
3. In the paragraphs titled “*Disclaimer Clause of NSE*” and “*Disclaimer Clause of BSE*” in the chapter “*Other Regulatory and Statutory Disclosures*” on page 198. Defined terms shall have the meaning given to such terms in those paragraphs.
4. In the chapter titled “*Statement of Tax Benefits*” beginning on page 51, defined terms have the meaning given to such terms in that chapter.
5. In the chapter titled “*Key Regulations and Policies*” beginning on page 204, defined terms have the meaning given to such terms in that chapter.

In the chapter titled “*Our Business*” beginning on page 66, defined terms have the meaning given to such terms in that chapter.

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

Certain Conventions

In this Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms, all references to “India Infoline Housing Finance Limited”, “Issuer”, “we”, “us”, “our” and “our Company” are to India Infoline Housing Finance Limited.

All references to “India” are to the Republic of India and its territories and possessions and all references to the “Government” or the “State Government” are to the Government of India, central or state, as applicable.

Financial Data

Our Company publishes its financial statements in Rupees. Our Company’s financial statements are prepared in accordance with Indian GAAP and the Companies Act, 1956.

The Reformatted Financial Statements are included in this Prospectus alongwith the examination reports on the Reformatted Summary Financial Statements, as issued by our Company’s Statutory Auditors, Sharp & Tannan Associates in the chapter titled “*Financial Statements*” beginning at page 94.

In this Prospectus, any discrepancies in any table, including “*Capital Structure*” and “*Objects of the Issue*” between the total and the sum of the amounts listed are due to rounding off. All the decimals have been rounded off to two decimal places.

There are significant differences between Indian GAAP, US GAAP and IFRS. We urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

Currency and units of Presentation

In this Prospectus, all references to ‘Rupees’/ ‘Rs.’ / ‘INR’/ ‘₹’ are to Indian Rupees, the official currency of the Republic of India.

Except where stated otherwise in this Prospectus, all figures have been expressed in ‘Millions’. All references to ‘million/Million/Mn’ refer to one million, which is equivalent to ‘ten lakhs’ or ‘ten lacs’, the word ‘Lakhs/Lacs/Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million’ and ‘billion/bn./Billions’ means ‘one hundred crores’.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly no investment decision should be made on the basis of such information. Although our Company believes that industry data used in this Prospectus is reliable, it has not been independently verified. Also, data from these sources may not be comparable. Similarly, internal reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

FORWARD LOOKING STATEMENTS

This Prospectus contains certain statements that are not statements of historical fact and are in the nature of “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “expect”, “estimate”, “intend”, “objective”, “plan”, “potential”, “project”, “will”, “will continue”, “will pursue”, “will likely result”, “will seek to”, “seek” or other words or phrases of similar import. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability and other matters discussed in this Prospectus that are not historical facts.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results, performance or achievements to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the our businesses and our ability to respond to them, our ability to successfully implement our strategies, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry.

Important factors that could cause actual results to differ materially from our expectations include, but not limited to, the following:

- Any increase in the levels of non-performing assets (“NPA”) on our loan portfolio, for any reason whatsoever, would adversely affect our business and results of operations;
- Any volatility in interest rates which could cause our Gross Spreads to decline and consequently affect our profitability;
- Changes in the value of Rupee and other currency changes;
- Unanticipated turbulence in interest rates or other rates or prices; the performance of the financial and capital markets in India and globally;
- Changes in political conditions in India;
- The rate of growth of our Loan Assets;
- The outcome of any legal or regulatory proceedings we are or may become a party to;
- Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
- Any changes in connection with policies, statutory provisions, regulations and/or NHB directions in connection with HFCs, including laws that impact our lending rates and our ability to enforce our collateral;
- Emergence of new competitors;
- Performance of the Indian debt and equity markets;
- Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
- The performance of the financial markets in India and globally;
- Our ability to attract and retain qualified personnel; and
- Other factors discussed in this Prospectus, including under the chapter titled “*Risk Factors*” beginning on page 10.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the section titled “*Risk Factors*” and chapters titled “*Industry*” and “*Our Business*” beginning on pages 10, 55 and 66 respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements speak only as on the date of this Prospectus. The forward-

looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. Neither our Company or the Lead Managers or Co-Lead Managers, nor any of their respective affiliates has any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company, Lead Managers and Co-Lead Managers will ensure that investors in India are informed of material developments in relation to the Company until the time of the grant of listing and trading permission by the Stock Exchange(s).

SECTION II - RISK FACTORS

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Prospectus, including the risks and uncertainties described below, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialises, may in the future have a material adverse effect on our business, financial condition and results of operations. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with reformatted financial statements of our Company as of and for the Half Year ended September 30, 2013, the Financial Year ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009, in each case prepared in accordance with Indian GAAP, including the annexure and notes thereto.

Internal Risk Factors

- 1. We are subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business and results of operations.***

We are subject to a number of legal proceedings. We incur a substantial cost in defending these proceedings before a court of law. Moreover, we are unable to assure you that we shall be successful in any or all of these actions. In the event we suffer any adverse order, our reputation may suffer and may have an adverse impact on our business and results of operations.

For further details of the legal proceedings that we are subject to, please refer to the chapter titled “**Outstanding Litigations**”.

- 2. We have been issued notices by the NHB and any adverse decision may affect our business.***

NHB has issued us a show cause notice dated September 20, 2010 alleging contraventions of Paragraphs 24 and 26 of the HFC (NHB) Directions, 2010 and as to why IIFL should continue to be regarded as a housing finance company. We have *vide* letter dated October 6, 2010 clarified the position and have furnished information as was requisitioned by NHB. There has been no further communication in this matter. In the event NHB takes an adverse decision, our business may be adversely affected.

Further, NHB has also issued us a showcause notice dated May 6, 2013 and subsequently imposed a penalty of ₹ 5,000 *vide* letter dated July 16, 2013 for non-reporting of opening of branches. We have *vide* our letter dated November 8, 2013 paid the above penalty. For details please refer to “**Outstanding Litigations**” on page 187.

Further, we may receive similar notices in the future where our business may suffer if we do not have satisfactory responses to the said notices.

- 3. Any increase in the levels of non-performing assets (“NPA”) on our loan portfolio, for any reason whatsoever, would adversely affect our business, results of operations and financial condition.***

With the growth in our business, we expect an increase in our Loan Assets. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of Gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. As of September 30,

2013, the gross value of NPAs on our books of accounts was ₹33.67 million which is 0.46 % of the value of our total Loan Book. While we believe that we have adequately provided for NPAs to cover known or expected losses which may arise in our asset portfolio, any increase in the level of final credit losses will adversely affect our business and future financial performance.

The NHB guidelines prescribe the provisioning required in respect of our outstanding loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. Our provisions for NPAs were ₹ 5.05 million as on September 30, 2013, which represented 15 % of gross NPAs.

We have expanded rapidly in the three years ended March 31, 2013 and intend to continue our efforts to originate new housing loans, which may result in higher NPAs in the future on account of new loans made or on account of nonpayment of installments or equated monthly installments. There can be no assurance that our provisions will be adequate to cover any further increase in the amount of NPAs or any deterioration in our NPAs on account of existing or new loans made. If we are required to increase our provisioning in the future due to increased loan losses, this may result in a reduction of our net worth, and adversely affect our capital adequacy ratio which may require us to raise further capital to maintain our capital adequacy ratio.

Further, provisioning norms may be revised by NHB and become more stringent. For instance, the NHB Directions, 2010 have been amended by notification no. NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011 and further amended by NHB *vide* notification no. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012, and this has, amongst other things, increased provisioning norms for HFCs. For further details, please refer to the chapter “*Key Regulations and Policies*” on page 204.

Further, there can be no assurance that we will be able to recover any or all the outstanding amounts due under any of the defaulted loans and may not be able to realise the expected value of the collateral. Any or a combination of some or all of these factors may have material adverse effect on our business, results of operations and financial condition.

4. *The primary security for the loans disbursed by our Company is the underlying property. In the event of default, we may not be able to realize the expected value of the collateral on loans due to fluctuating real estate prices and/or enforce the security under the SARFAESI Act in time or at all and this may have a material adverse effect on our business, results of operations and financial condition.*

The primary security for the loans disbursed by our Company is the underlying property and the value of this security is largely dependent on housing market conditions prevalent at that time. The value of the collateral on the loans disbursed by our Company may decline due to adverse market conditions including an economic downturn or a downward movement in real estate prices. Failure to recover the expected value of collateral could expose our Company to losses and, in turn, result in a material adverse effect on our business, results of operations and financial condition.

Following the introduction of the SARFAESI Act and the subsequent extension of its application to Housing Finance Companies, we are allowed to foreclose on collaterals after 60 days’ notice to a borrower whose loan has been classified as nonperforming. Although the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that we will be able to realize the value of our security, in full or in part. The DRT has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower. As a result, there can be no assurance that any foreclosure proceedings would not be stayed by the DRT or any other relevant authority. In addition, delays on our part to take immediate action, delays in bankruptcy foreclosure proceedings, economic downturns, defects in security and fraudulent transfers by borrowers, may hinder our ability to realize the full value of security. In the event that a regulatory agency asserts jurisdiction over the enforcement proceedings, creditor actions can be further delayed. Therefore, there can be no assurance that we will be able to foreclose on collateral on a timely basis, or at all, and if we are able to foreclose on the collateral, that the value will be sufficient to cover the outstanding amounts owed to us which may result in a material adverse effect on our business, results of operations and financial condition.

5. *We may be impacted by volatility in interest rates which could cause our Gross Spreads to decline and consequently affect our profitability.*

We are exposed to interest rate risks as a result of lending to customers at fixed/ floating interest rates and in

amounts and for periods which may differ from our funding sources. While we seek to match our interest rate positions to minimise interest rate risk, we are unable to assure you that significant variation in interest rates will not have an effect on our results of operations. Moreover, volatility in interest rates is sensitive to factors which are beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other such considerations. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. There can be no assurance that we will be able to adequately manage our interest rate risk in the future and any significant increase in interest rates would adversely affect our business and results of operations.

6. *We are subject to various regulatory and legal requirements. Also, future regulatory changes may have a material adverse effect on our business, results of operations and financial condition.*

The operations of a HFC in India are subject to various regulations framed by the Ministry of Corporate Affairs and the NHB, amongst others. We are also subject to the corporate, taxation and other laws in effect in India which require continued monitoring and compliance. These regulations apart from regulating the manner in which a company carries out its business and internal operation, prescribe, various periodical compliances including but not limited to filing of forms and declarations with the relevant registrar of companies, and the NHB. Pursuant to NHB regulations, HFCs are currently required to maintain a minimum Capital to Risk Weighted Assets Ratio (“CRAR”) consisting of Tier I and Tier II capital which collectively shall not be less than 12% of their aggregate risk weighted assets and their risk adjusted value of off-balance sheet items. *Please refer to the “Risk factor - We are subject to NHB regulations in relation to minimum capital adequacy requirements and a decline in our CRAR will require us to raise fresh capital which may not be available on favourable terms or at all, which may affect our business, results of operations and financial condition”.*

Furthermore, we are also subject to changes in Indian laws, regulations and accounting principles. There can be no assurance that the laws and regulations governing companies in India will not change in the future or that such changes or the interpretations or enforcement of existing and future laws and rules by governmental and regulatory authorities will not affect our business and future financial performance. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests, could adversely affect our results of operations. The introduction of additional government controls or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments, may result in a material adverse effect on our business, results of operations and financial condition and our future growth plans.

We cannot assure you that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the housing finance industry in general. Further, changes in tax laws may adversely affect demand for real estate and therefore, for housing finance in India. These laws and regulations and the way in which they are implemented and enforced may change from time to time and there can be no assurance that future legislative or regulatory changes will not have a material adverse effect on our business, financial condition and results of operations. Further we cannot assure you that our Company will continue to be in compliance with these requirements in a timely manner or at all.

7. *We are subject to NHB regulations in relation to minimum capital adequacy requirements and a decline in our CRAR will require us to raise fresh capital which may not be available on favourable terms, or at all, which may affect our business, results of operations and financial condition.*

In India, pursuant to NHB Directions, 2010 including amendments made thereto, HFCs are currently required to maintain a minimum capital to risk weighted asset ratio consisting of Tier I and Tier II capital which collectively shall not be less than 12% of their aggregate risk weighted assets and their risk adjusted value of off-balance sheet items. According to the NHB Directions, 2010 including amendments made thereto, at no point can our total Tier II capital exceed 100% of the Tier I capital. For further details, please refer to “**Key Regulations and Policies**” on page 204.

As at September 30, 2013, our capital to risk weighted asset ratio was 49.49 %, which exceeded NHB’s requirements. As our asset book grows our CRAR may decline and this may require us to raise fresh capital. There is no assurance that NHB will not increase the minimum capital adequacy requirements. Should we be required to raise additional capital in the future in order to maintain our CRAR above the existing and future

minimum required levels, we cannot guarantee that we will be able to obtain this capital on favourable terms, in a timely manner or at all.

Therefore, there is no guarantee that our Company will be able to access capital as and when required for growth. Further, if we fail to meet the capital adequacy requirements, NHB may take certain actions, including but not limited to restricting our lending activities, investment activities, and suspending certain of our activities and imposing restrictions on the payment of dividends. This could materially and adversely affect our business, results of operations and financial condition.

8. *Certain housing loans offered by HFCs are eligible for fiscal incentives by the Government of India. If some or all of these incentives are reduced or withdrawn, this may result in a material adverse effect on our business, results of operations and financial condition.*

Government of India has been providing certain fiscal incentives to the housing finance industry. Pursuant to Section 36(1)(viii) of the IT Act subject to fulfillment of conditions therein, the lower of (i) amount transferred to a special reserve account created for the purpose of the said section, (ii) 20% of the profits derived from the business activities as computed under section 28 of the IT Act but before claiming deduction under the said section, or (iii) 200% of the paid-up share capital and general reserve on the last day of the previous year minus the balance of the special reserve account on the first day of the previous year, is allowed as a deduction and is not subject to income tax. Transfer made to the aforesaid special reserve, in FY13, stood at ₹ 28 million, i.e. 20% of our PAT and our effective tax rate for FY13 was 28.9%.

If some or all of these incentives cease to be available or reduced to HFCs, this may have an adverse effect on our business, financial condition and results of operations.

9. *Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.*

Our liquidity and ongoing profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from a combination of borrowings such as term loans and working capital limits from banks and selling of our loan portfolio to other lenders such as banks, and issuance of commercial paper, non-convertible debentures on private placement basis. Thus, our business depends and will continue to depend on our ability to access diversified low-cost funding sources.

Changes in laws of the country applicable to our Company can disrupt funding sources which would have a material adverse effect on our liquidity and financial condition.

10. *Increasing competition in the Indian housing finance industry and our inability to effectively compete with other organisations operating in the housing finance industry may result in slower growth which may result in decline in our profitability which may have a material adverse effect on our business, results of operations and financial condition.*

Our Company faces competition from other organisations operating in the housing finance industry in India, including without limitation to scheduled commercial banks and other HFCs. The sector has also seen a lot of interest from new entrants who have commenced their housing finance business in recent times. The seeming attractiveness of and growth opportunities in the housing finance industry have resulted in increased competition from other lenders in the housing finance market, including scheduled commercial banks and other HFCs. Our ability to compete effectively with such lenders will depend, to some extent, on our ability to raise low cost funding in the future and to lend at competitive rates to maintain our profitability. If we are unable to compete effectively with other participants in the housing finance industry, our business and future financial performance may be adversely affected.

Furthermore, as a result of increased competition in the housing finance industry in India, home loans are becoming increasingly standardised and terms such as waiver of prepayment penalty, floating rate interest options, lower processing fees and monthly rest periods are becoming increasingly common. There can be no assurance that our Company will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive housing finance industry. Increasing competition may also result in slower growth and/or a reduction in our NIM, and consequently may have an adverse effect on our business, results of operations and financial condition. Certain banks and HFCs, have in

the past, introduced teaser rate home loan schemes, wherein the interest rates are fixed for a pre-determined period of time and relatively lower than prevailing market rates, with a view to attract new customers. Such teaser rate schemes introduced by our competitors may result in an increase in prepayment of loans and may have an adverse effect on our business, results of operations and financial condition.

11. Our business is particularly vulnerable to volatility and mismatch in interest rates, which could be inter-alia due to the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions. Any volatility in our rates of borrowing and lending may adversely affect our NIM which may in turn have a material adverse effect on our business, results of operations and financial condition.

Our operations are particularly vulnerable to volatility and mismatch in interest rates. Interest rates have been highly volatile due to many factors some or all of which may be beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions. Our NIM and profitability directly depend on the difference between the average interest rate at which we lend and the average interest rate at which we borrow. If interest rates decline, we may have to pass on the reduced interest rates to our borrowers even though we may not be able to get a reduction in the interest rates from some or all of our lenders, simultaneously or at all, thereby affecting our NIM. Further, if we do not pass on the reduced interest rates to our borrowers, it may result in some of the borrowers prepaying the loan to take advantage of the reduced interest rate environment, thereby impacting our growth and profitability. If interest rates rise, some or all of our lenders may increase the interest rates at which we borrow resulting in an increase in our effective cost of funds. We may or may not be able to pass on the increased interest rates to our borrowers simultaneously with the increase in our borrowing rates, or at all, thereby affecting our NIM. Further, an increase in interest rates may result in some of our borrowers prepaying their loans by arranging funds from other sources, thereby impacting our growth and profitability. Additionally, an increase in interest rates could reduce the overall demand for housing finance and impact the growth of our Company.


Our total borrowings outstanding as on February 15, 2014 and March 31, 2013 ₹ 5,700 million and ₹ 2,050 million respectively. Though we have maintained a NIM of 8.09 % and 8.21 % in the Half Year ended September 30, 2013 and the Financial year ended March 31, 2013 respectively, there can be no assurance that we will be able to adequately manage our interest rate risk in the future, and if we are unable to do so, this could have an adverse effect on our NIM which could in turn have a material adverse effect on our business, results of operations and financial condition.

12. We are dependent on IIFL, our Promoter's Promoter, and our Promoter for our clientele, goodwill that we enjoy in the industry and our brand name and any factor affecting the business and reputation of IIFL may have a concurrent adverse effect on our business and results of operations.

As on date, IIFL directly holds 98.87% of our Promoter's paid up capital. We source our clients from IIFL and our Promoter and also significantly benefit from the goodwill that IIFL enjoys in the market. We believe that this goodwill ensures a steady inflow of business. In the event IIFL is unable to maintain the quality of its services or its goodwill deteriorates for any reason whatsoever, our business and results of operations may be adversely affected. Moreover, we have not entered into any formal arrangements for usage of the "IIFL" brand name and logo which is owned by IIFL. We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. Any failure to retain our Company name may deprive us of the associated brand equity that we have developed which may have a material adverse effect on our business and result of operations.

13. Our trademark "IIFL Home Loans" is not registered and it may lead to dilution of our trademark and limit our ability to defend our trade mark in infringement or passing off proceedings.

We have not yet filed application for registering the below mentioned trademark under the Trade Marks Act, 1999.

Sr. No.	Trade Mark/ Logo
1.	

There can be no assurance that our trade mark application will be accepted and registered in future. Further, our application for the registration of trademark may be opposed by third parties, and we may have to incur significant

cost and spend time in litigations in relation to these oppositions. In the event we are not able to obtain registration, we may not be able to avail the legal protection and legal remedies (in case of infringement) or prohibit unauthorized use of such mark by third parties by means of statutory protection, available as a proprietor of registered trademarks.

14. We carry out our business operations through branch/regional offices of IIFL. Any dispute in relation to the lease of the premises would have an adverse effect on our business operations.

We do not own the premises from where we carry out our business. Further, Our Company operates from premises which are rented or leased by IIFL at different locations. If any of the owners of these premises do not renew the agreements under which we occupy the premises or terminate the agreements in accordance with the agreement or renew such agreements on terms and conditions that are unfavorable to our Company, we may suffer a disruption in our operations which could have a material adverse effect on our business.

15. If we are unable to manage our growth effectively, our business and financial results could be adversely affected.

A principal component of our strategy is to continue to grow by expanding the size and geographical scope of our business. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. Failure to train our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us. If we grow our Loan Book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

16. Our growth will depend on our continued ability to access funds at competitive rates which are dependent on a number of factors including our ability to maintain our credit ratings. Our inability to secure the requisite financing and at competitive interest rates could have an adverse effect on our business, results of operations and financial condition.

Our business depends and will continue to depend on our ability to access funding sources at competitive rates. Our ability to raise funds on acceptable and competitive terms is a function of various factors including, amongst others, our current and future results of operations and financial condition, our risk management policies, our credit rating, our brand equity and policy initiatives in India and developments in the international markets affecting the Indian economy. Our continued growth will depend, among other things, on our ability to avail requisite financing and at competitive interest rates. Our inability to secure the requisite financing and at competitive interest rates could have an adverse effect on our business, results of operations and financial condition.

The cost and availability of capital is, amongst other factors, also dependent on our rating. Our Company currently has the following ratings for various debt instruments and has not been downgraded or suspended.

Credit Rating Agency	Instrument	Date	Ratings	Rated Amount ₹ in Million
CRISIL	Long Term Bank Facilities	December 12, 2011	CRISIL AA- (Stable)	1,000.00
CRISIL	Long Term Debt-NCD	June 19, 2013	CRISIL AA- (Stable)	500.00
ICRA	Short Term Debt	February 13, 2014	[ICRA] A1+	550.00
ICRA	Long Term Bank Facilities	February 13, 2014	[ICRA] AA-	1,600.00
CRISIL	Non-Convertible Debenture	November 14, 2013	CRISIL AA-/Stable	5,000.00
CARE	Non-Convertible Debenture	November 8, 2013	CARE AA-	5,000.00
CARE	Long Term Bank Facilities	November 12, 2013	CARE AA (SO)	1,450.00
CRISIL	Short Term Debt	February 10, 2014	CRISIL A1+	2,000.00
ICRA	Long Term Non-Convertible Debenture	February 13, 2014	'[ICRA] AA- with Stable Outlook'	1000.00
CRISIL	Non-Convertible Debenture	February 13, 2014	'CRISIL AA-/Stable'	2,000.00
ICRA	Non-Convertible Debenture	February 13, 2014	'[ICRA] AA- with Stable Outlook'	3,000.00

Ratings reflect a rating agency's opinion of financial strength, operating performance, strategic position, and ability to meet obligations. Any downgrade or suspension of existing and/or future credit ratings would increase borrowing costs and constrain access to capital and debt markets and, as a result, would negatively affect the business and the results of operations and financial condition of our Company. In addition, downgrading or suspension of our existing credit ratings could increase the possibility of additional and more onerous terms and conditions (including restrictive covenants) being added to any new or existing financing arrangements, which could again affect the results of operations and financial condition of our Company.

Any inability to secure sufficient funding on favourable terms or at all could have a material adverse effect on our business, results of operations and financial condition.

17. We are required to obtain and maintain certain licenses and approvals for our business and in the event we are unable to obtain and maintain such licenses and approvals in a timely manner or at all, our business, results of operations and financial condition may be adversely affected.

We require certain licenses, approvals, permits and registrations in order to undertake our business activities. These include registration with the NHB. We are also required to maintain licenses under various state Shops and Establishment Acts for some of our offices. Failure by us to comply with the terms and conditions to which such permits or approvals are subject, and/or to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

18. If we are unable to adapt to technological changes in line with changes in market conditions and the requirements of our customers, this may result in a material adverse impact on our business, results of operations and financial condition.

Our success will depend in part on our ability to respond to technological advances in the business in which we operate, on a cost-effective and timely basis. The development and implementation of such technology solutions entails technical and business risks. There can be no assurance that we will be able to adapt or upgrade our existing technologies and successfully implement new technologies. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, it may adversely affect our business, results of operations and financial condition.

19. Any adverse event with respect to our central depository and/or electronic data processing department may have an adverse effect on our business, results of operation and financial condition.

The title deeds deposited by our borrowers are kept at a centralized operations unit maintained by us at Chennai. It is operated by the centralized operations team. We maintain all the title deeds in fire and burglary proof vaults. In case of any adverse event which affects the central depository and/or our electronic data processing department, including loss of documents, will affect our loan monitoring ability, enforcement of security and accordingly our business reputation may be impaired. A combination of some or all of these factors may result in a failure to realize the value of the security, which may in turn have a material adverse effect on our business, results of operations and financial condition.

20. We have entered into an Assignment Agreement with Dena Bank to sell certain loans from our outstanding loan portfolio. Our business, financial condition and results of operations could be adversely affected due to some of the restrictions imposed under such agreements or downgrade in the ratings of our securitized debt or if such assignment of loan is held to be unenforceable.

We have sold and assigned a group of similar loans from our outstanding loan portfolio to Dena Bank in return for an upfront fixed consideration. As of March 31, 2013 and September 30, 2013, our outstanding portfolio of assigned loans was ₹ 2,687.1 million and ₹ 2,103.8 million respectively, constituting 43.8% and 22.5% of our gross loan portfolio. Under the assignment agreement, we have provided credit enhancement through fixed deposits with banks. If the relevant bank does not realize the receivables due under such assigned loans, the relevant bank would have recourse to cash collateral and the underlying security. We are also liable to indemnify the relevant bank in the occurrence of an event of default stated under such assignment agreements. We make a general provision for all loans and specific provisions on our non-performing loans. Further any downgrade in the ratings of our securitized debt may lead to additional collaterals required to be provided. In the event the cash collateral underlying the security and general provisioning are inadequate, and the assigned loans

are put back to us, this could have a material adverse effect on our operating results and financial condition.

Further, in January 2009, the High Court of Gujarat held that the provisions of the Banking Regulation Act, 1949 do not permit banks to assign debt due to them, including the assignment of debt between two banks. However, on appeal, the Supreme Court of India reversed the decision of the Gujarat High Court and held that a bank to bank transfer of debt is not barred by law. If, in the future, the Assignment Agreement entered into by us is held to be unenforceable by a court of law, we may be required to terminate the Assignment Agreement and may suffer losses.

21. We may have to comply with stricter regulations and guidelines issued by regulatory authorities in India. If we are unable to comply with any such regulatory requirements, our business and results of operations may be materially and adversely affected.

We are regulated principally by and have reporting obligations to the NHB. We are also subject to the corporate, taxation and other laws in effect in India. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency. Moreover new regulations may be passed that restrict our ability to do business. For example, regulatory restrictions on securitisation may be extended to bilateral assignment transactions, resulting in loss of arbitrage options.

We cannot assure you that we will not be subject to any adverse regulatory action in the future. Further, these regulations are subject to frequent amendments and depend upon government policy. The costs of compliance may be high, which may affect our profitability. If we are unable to comply with any such regulatory requirements, our business and results of operations may be materially and adversely affected.

22. Unfavourable regulatory changes could have an adverse impact on HFCs business and profitability, including our Company.

HFCs in India work under the regulations of the NHB. Any adverse changes in the regulatory framework are likely to have an adverse impact on the business and the financial performance of the HFCs including our Company. Some of the recent regulatory changes include, increase in the standard asset provisioning requirement, removal of pre-payment penalty for floating rate housing loans, change in eligibility and restriction on bank lending to HFCs under priority sector classification for banks, uniformity in the interest rate charged to new and old customers and restriction on Loan to value (LTV) ratio etc are expected to have an adverse impact on the business and financial performance of the HFCs.

23. We are subject to certain restrictive covenants in our loan documents, which may restrict our operations and ability to grow and may adversely affect our business.

There are restrictive covenants in the agreements we have entered into with our lenders. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks/financial institutions for various activities, including, amongst others, selling, leasing, transferring or otherwise disposing of any part of our business or revenues, effecting any scheme of amalgamation or reconstitution, implementing a new scheme of expansion, taking up an allied line of business or making any amendments to Memorandum and Articles of Association. Such restrictive covenants in our loan documents may restrict our operations or ability to expand and may adversely affect our business. For details of these restrictive covenants, please refer to the chapter “*Financial Indebtedness*” on page 142.

24. Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk

management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees can be intense. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

25. *We may not be able to successfully sustain our growth plans. In absence of sustained rate of growth our Company may face adverse impact on our business and future financial performance.*

In recent years, our growth has been fairly substantial. Our growth plan includes growing our secured lending and expanding our retail customer base. There can be no assurance that we will be able to sustain our growth plan successfully or that we will be able to expand further or diversify our product portfolio. If we grow our Loan Book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

We also face a number of operational risks in executing our growth strategy. We have experienced growth in our Mortgage Loans business as part of our growth strategy. Our rapid growth exposes us to a wide range of increased risks, including business and operational risks, such as the possibility of growth of NPAs, fraud risks and regulatory and legal risks. Our ability to sustain our rate of growth also significantly depends upon our ability to recruit trained and efficient personnel and retain key managerial personnel, maintain effective risk management policies, continuing to offer products which are relevant to our target base of clients, developing managerial experience to address emerging challenges and ensuring a high standard of client service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

26. *Our insurance coverage may not adequately protect us against losses. Successful assertion of one or more large claims against us could adversely affect our business, financial condition and results of operations.*

Being part of IIFL Group, our employees get covered under the group insurance policy availed by IIFL to cover the life of full time and permanent employees of IIFL Group. The insurance policy, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. Further, we do not have insurance policies to cover any damage or loss suffered by us. A successful assertion of one or more large claims against us could adversely affect our business, financial condition and results of operations.

27. *Any change in control of our Promoter or our Company may correspondingly adversely affect our operations and profitability.*

As on February 14, 2014, our Promoter holds 100% of our paid up Equity Share capital. If our Promoter ceases to exercise direct control over our Company and/or there is change in direct control over our Promoter, as a result of any transfer of shares or otherwise, our business, profitability and results of operations could be adversely affected.

28. *As a housing finance company we have exposure to Real Estate sector and any factor affecting this sector could adversely affect our business and result of operations.*

Our lending products include Mortgage Loans, which includes Retail Mortgage Loans and Corporate Mortgage Loans. These loans are bifurcated into Housing Loans and Loans Against Property. As of September 30, 2013, we have extended loans and advances aggregating to ₹7,264.30million. In the event the real estate sector is adversely affected due to any reason whatsoever, the value of our collaterals may diminish which may affect our business and results of operations in the event of a default in repayment by our clients.

29. *Our inability to assess, monitor and manage risks inherent in our business could adversely affect our*

business.

We are exposed to a variety of risks, including competition risk, liquidity risk, interest rate risk, credit risk, operational risk and legal risk. Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal or regulatory risk requires among other things, policies and procedures properly to record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective.

Our future success will depend, in part, on our ability to respond to new technological advances and emerging banking and housing finance industry standards and practices on a cost-effective and timely manner. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will be able to successfully implement new technologies or adapt its transaction processing systems to customer requirements or emerging market standards.

30. Our Company is exposed to many operational risks which could materially impact our business and results of operations.

Our Company is exposed to many types of operational risks. Operational risk can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. Any failure to mitigate such risks could adversely affect our business and results of operations.

31. Our Promoter holds 100% of the paid up equity share capital (directly and through its nominees) of our Company, which will enable them to influence the outcome of matters submitted to shareholders for approval.

As on February 14, 2014, our Promoter holds 100 % of the paid up equity share capital (directly and through its nominees) and has the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, for so long as our Promoter continues to exercise significant control over our Company, it may influence the material policies of our Company in a manner that could conflict with our interests. Our Promoter may have interests that are adverse to our interests and may take positions with which we do not agree.

32. Our results of operations could be adversely affected by any disputes with employees.

Currently, none of our employees are members of any labour union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

33. High levels of customer defaults could adversely affect our business, financial condition and results of operations.

We are subject to customer default risks including default or delay in repayment of principal or interest on our loans. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

34. Significant fraud, system failure or calamities could adversely impact our business and results of operations.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as fraud and system failures. Computer break-ins and power and communication disruptions could affect the security of information stored in and transmitted through our computer systems and network infrastructure. We employ security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures will be adequate. A significant failure of security measures or operational procedures could have a material adverse effect on our business and our future financial performance. Although we take adequate measures to safeguard against system-related and other frauds, there can be no assurance that it would be able to prevent frauds.

We are exposed to many types of operational risks, including the risk of fraud or other misconduct by employees and unauthorized transactions by employees. Although we have been careful in recruiting all our employees, we have in the past been held liable for the fraudulent acts committed by our employees adversely impacting our business. Our reputation could be adversely affected by significant frauds or other misconduct by employees.

35. We depend on the accuracy and completeness of information provided by our potential borrowers. Our reliance on any misleading information given by potential borrowers may affect our judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.

In deciding whether to extend credit or enter into other transactions with potential borrowers, we rely on information furnished to us by potential borrowers, and analysis of the information by independent valuers and advocates. To further verify the information provided by potential borrowers, we conduct searches with CIBIL for creditworthiness and encumbrances on collateral. We also verify information with registrar and sub-registrar of assurances for encumbrances on collateral. We follow the KYC guidelines as prescribed by the NHB on the potential borrower, collect opinions from other financial institutions, verify the place of business or place of employment as applicable to the potential borrower and also verify the details with the caution list of NHB as circulated from time to time. Such information includes representations with respect to the accuracy and completeness of information relating to the financial condition of potential borrowers, and independent valuation reports and title reports with respect to the property secured. We have framed our policies to prevent frauds in accordance with the KYC guidelines issued by NHB dated October 11, 2010 mandating the policies of the HFC to have certain key elements, including *inter-alia* a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. Further our Company has a well-established and streamlined credit appraisal process. We cannot assure you that information furnished to us by potential borrowers and analysis of the information by independent valuers or the independent searches conducted by us with CIBIL and NHB will be accurate, and our reliance on such information given by potential borrowers may affect our judgment of the credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.

36. Failure to comply with internal procedures and inaccurate appraisal of credit may adversely impact our business and results of operations.

We may be affected by failure of employees to comply with internal procedures and inaccurate appraisal of credit or financial worth of our clients. Inaccurate appraisal of credit may allow a loan sanction which may eventually result in a bad debt on our books of accounts. In the event we are unable to check the risks arising out of such lapses, our business and results of operations may be adversely affected.

37. We have entered into a number of related party transactions and may continue to enter into related party transactions, which may involve conflict of interest.

We have entered into a number of related party transactions, within the meaning of AS 18. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour. For further details, please refer to statement of related party transactions in “Financial Statements - Significant Accounting Policies and Notes to Accounts on the Reformatted

Financial Statements” beginning on page 116.

Risks pertaining to this Issue

38. *There are certain risks in connection with the NCDs being unsecured.*

The NCDs will be in the nature of subordinated debt and hence the claims of the holders thereof will be subordinated to the claims of other secured and other senior unsecured creditors of our Company. Further, since no charge upon the assets of our Company would be created in connection with the NCDs, in the event of default in connection therewith, the holders of NCDs may not be able to recover their principal amount and/or the interest accrued thereon in a timely manner, for the entire value of the NCDs held by them or at all. Accordingly, in such a case the holders of NCDs may lose all or a part of their investment therein. Further, the payment of interest and the repayment of the principal amount in connection with the NCDs would be subject to the requirements of NHB, which may also require our Company to obtain a prior approval from the NHB in certain circumstances.

39. *We are required to create a debenture redemption reserve equivalent to 25% of the value of the NCD offered through this Issue and we may not have access to adequate funds to redeem the full quantum of the NCDs at the closure of the redemption period which may adversely affect your rights and profitability.*

Section 117C of the Companies Act, 1956 states that any company that intends to issue debentures must create a debenture redemption reserve to which adequate amounts shall be credited out of the profits of the Company until the debentures are redeemed. The Ministry of Company Affairs, Government of India, through their notification dated February 11, 2013 has mandated that a “debenture redemption reserve” (“DRR”) of a value equivalent to 25% of the debentures offered through a public issue should be created. The DRR is funded from a company’s profits every year. Since the value of the reserve is required to be minimum 25% of the cumulative value of the NCDs on offer, we may not have adequate funds to redeem the NCDs at the close of the redemption period, which may adversely affect your rights and profitability.

40. *Changes in interest rates may affect the price of our NCDs which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.*

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

41. *You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.*

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all.

42. *Any downgrading in credit rating of our NCDs may affect the value of NCDs and thus our ability to raise further debts.*

The NCDs proposed to be issued under this Issue have been rated ‘CRISIL AA-/Stable’ by CRISIL for an amount of ₹ 2,000 million *vide* its letter dated February 13, 2014 and ‘[ICRA] AA- with Stable Outlook’ by ICRA for an amount of up to ₹ 2,000 million *vide* its letter dated February 13, 2014 read with clarification letter dated February 17, 2014. The rating of NCDs by CRISIL indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The rating of NCDs by ICRA indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The ratings provided by CRISIL and/or ICRA may be suspended,

withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to page 225 for the rationale for the above ratings.

43. You may be subject to Indian taxes arising on the sale of the NCDs.

Sales of NCDs by any holder may give rise to tax liability in India, as discussed in section entitled “*Statement of Tax Benefits*” on page 51.

44. There is no active market for the NCDs on the WDM segment of the stock exchanges. As a result the liquidity may fail to develop and market prices of the NCDs may accordingly be adversely affected.

There can be no assurance that an active market for the NCDs on the WDM segment of the exchanges will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market for listed debt securities, (iii) general economic conditions, and, (iv) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

External Risk Factors

45. We cannot predict the effect of the proposed notification of the Companies Act, 2013 on our business.

The Companies Act, 2013 (the “Companies Act”) has been notified by the Government of India on August 30, 2013 (the “Notification”). Under the Notification, Section 1 of the Act has come into effect and the remaining provisions of the Act have and shall come into force on such dates as the Central Government has notified and shall notify. Section 1 of the Act deals with the commencement and application of the Companies Act, and among others, sets out the types of companies to which the Act applies. Further the Ministry of Corporate Affairs has by their notification dated September 12, 2013 notified 98 sections of the Companies Act, which have come into force from September 12, 2013.

The Act is expected to replace the existing Companies Act, 1956. The Act provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, the requirements for independent directors, director’s liability, class action suits, and the inclusion of women directors on the boards of companies. The Act is expected to be complemented by a set of rules that shall set out the procedure for compliance with the substantive provisions of the Companies Act. In the absence of such rules, it is difficult to predict with any degree of certainty the impact, adverse or otherwise, of the Act on the Issue, and on the business, prospects and results of operations of the Company. Further, as mentioned above, certain provisions of the Act have already come into force and the rest shall follow in due course. In event some or all of the provisions of the Act and the rules thereto are notified prior to the consummation of the Issue, we may have to undertake certain additional actions that we are not currently aware of (in the absence of the rules), which may result in delay of the Issue.

46. Our results of operations have been, and may continue to be, adversely affected by Indian and international financial market and economic conditions.

Our business is highly dependent on Indian and international markets and economic conditions. Such conditions in India include fluctuations in interest rates; changes in consumer spending; the level of consumer confidence; housing prices; corporate or other scandals that reduce confidence in the financial markets, among others. International markets and economic conditions include the liquidity of global financial markets, the level and volatility of debt and equity prices and interest rates, investor sentiment, inflation, the availability and cost of capital and credit, and the degree to which international economies are expanding or experiencing recessionary pressures. The independent and/or collective fluctuation of these conditions can directly and indirectly affect demand for our lending finance and other financial products, or increase the cost to provide such products. In addition, adverse economic conditions, such as declines in housing values, could lead to an increase in mortgage and other home loan delinquencies and higher write-offs, which can adversely affect our earnings.

Global financial markets were and continue to be extremely volatile and were materially and adversely affected

by a significant lack of liquidity, decreased confidence in the financial sector, disruptions in the credit markets, reduced business activity, rising unemployment, declining home prices and erosion of consumer confidence. These factors have contributed to and may continue to adversely affect our business, financial condition and results of operations.

47. Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our results of operations.

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks, NBFCs and HFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

48. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business

Terrorist attacks and other acts of violence or war may negatively affect our business and may also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence. In addition, any deterioration in relations between India and its neighboring countries might result in investor concern about stability in the region, which could adversely affect our business.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the market price of our NCDs.

49. Natural calamities could have a negative impact on the Indian economy, particularly the agriculture sector, and cause our business to suffer

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. The erratic progress of the monsoon in 2012 affected sowing operations for certain crops. Further, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy thereby, adversely affecting our business.

50. Any downgrading of India's debt rating by any of the international rating agencies could have a negative impact on our business.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, our ability to raise financing for onward lending and the price of our NCDs.

51. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalization could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalization.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

52. Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include: (i) central and state taxes and other levies; (ii) income tax; (iii) value added tax; (iv) turnover tax; (v) service tax; (vi) stamp duty; and (vii) other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For example, a new tax code is proposed to be introduced in the Indian Parliament.

The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 32.45 %. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

53. Financial instability in other countries could disrupt our business.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

In the event that the current difficult conditions in the global credit markets continue or if the recovery is slower than expected or if there any significant financial disruption, this could have an adverse effect on our cost of funding, loan portfolio, business, prospects, results of operations and financial condition

PROMINENT NOTES

1. This is a public issue of NCDs by our Company aggregating upto ₹1,000 million with an option to retain over-subscription upto ₹1,000million, aggregating to a total of 2,000 million.
2. For details on the interest of our Company's Directors, please refer to the sections titled "**Our Management**" and "**Capital Structure**" beginning on pages 79 and 44, respectively.
3. Our Company has entered into certain related party transactions, within the meaning of AS 18, as notified under the Companies (Accounting Standards) Rules, 2006 and disclosed in the chapter titled "**Financial Statements**" beginning on page 94.
4. Any clarification or information relating to the Issue shall be made available by the Lead Managers, Co-Lead Managers and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
5. Investors may contact the Registrar to the Issue, Compliance Officer, Lead Managers and the Co-Lead Managers for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact Registrar to the Issue.
6. In the event of oversubscription to the Issue, allocation of NCDs will be as per the "**Basis of Allotment**" set out in the chapter "**Issue Procedure**" on page 183.

7. Our Equity Shares are currently unlisted.
8. All the earlier secured non-convertible debentures issued by our Company on private placement basis are listed on NSE. The previous public issue of secured redeemable non-convertible debentures of face value of ₹ 1,000 each aggregating to 5,000 million in the year 2013-2014 is listed on NSE and BSE.
9. Our Company has had no contingent liabilities as of March 31, 2013 and September 30, 2013.
10. For further information relating to certain significant legal proceedings that we are involved in, please refer to the chapter “*Outstanding Litigation*” on page 187.

SECTION III-INTRODUCTION

GENERAL INFORMATION

India Infoline Housing Finance Limited

Our Company was originally incorporated on December 26, 2006 as a public limited company under the provisions of the Companies Act, 1956 as India Infoline Housing Finance Limited and received the certificate for commencement of business on August 16, 2007.

NHB Registration

Our Company has obtained a certificate of registration dated February 03, 2009 bearing registration no. 02.0070.09 issued from the National Housing Bank to commence/carry on the business of a housing finance institution without accepting public deposits subject to the conditions mentioned in the certificate.

Registered Office & Corporate Office:

2A-10, 13th floor, Parinee Crescenzo,
C-38 & 39, G-Block, Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
Maharashtra, India

Tel.: +91 22 6788 1000

Fax: +91 22 6788 1010

Website: www.iihfl.com

Company Secretary and Compliance Officer:

Mr. Nirav Shah

12A-10, 13th Floor, Parinee Crescenzo
C-38 & 39, G-Block, Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
Maharashtra, India

E-mail: nirav.s@indiainfoline.com

Tel.: +91 22 6788 1000

Fax: +91 22 6788 1010

Registrar of Companies, Maharashtra, Mumbai

100, Everest House
Marine Lines,
Mumbai – 400 002
Maharashtra, India

Board of Directors

The following table sets out the details regarding the Board of Directors as on the date.

Name, Designation and DIN	Age (years)	Address
S. Sridhar Designation: Chairman and Independent Director DIN: 00004272	62	D-905, Ashok Towers, Dr. S S Rao Road, Parel, Mumbai – 400 012 Maharashtra, India.
Nirmal Jain	47	101-A, Ashoka Guruprasad CHS Limited, Hanuman Road,

Name, Designation and DIN	Age (years)	Address
Designation: Non-Executive Director DIN: 00010535		Vile Parle (East), Mumbai – 400 057, Maharashtra, India
R. Venkataraman Designation: Non-Executive Director DIN: 00011919	46	604, Glen Heights, Hiranandani Gardens, Powai, Andheri, Mumbai – 400 076, Maharashtra, India
Mukesh Kumar Singh Designation: Non-Executive Director DIN: 00011933	41	A/01, 41st Floor Imperial Heights, Best Nagar, Oshiwra, Goregaon (West) – Mumbai – 400 104, Maharashtra, India
R Mohan Designation: Non-Executive Director DIN: 00012070	48	A-204, Rajrudram, Gokuldharm, Goregaon (East), Mumbai – 400 063, Maharashtra, India.
Kranti Sinha Designation: Independent Director DIN: 00001643	72	Flat No. 3, 2nd Floor, Jeevan Sangram CHSL, Plot No.24, Sector 2, Charkop, Kandivali (West), Mumbai – 400 067 Maharashtra, India.

For further details of Directors of our Company, please refer to chapter titled “**Our Management**” beginning on page 80.

Manager

Name and Designation	Age (years)	Address
B. K. Singh Designation: Manager and CEO	40	A-2004, Ekta Meadows, Siddharth Nagar, Near Thakur Cillage, Borivali East, Mumbai – 400 066, Maharashtra, India

Investors can contact our Compliance Officer and/or the Registrar to the Issue in case of any pre- Issue or post-Issue related problems such as non-receipt of Allotment Advice, demat credit, refund orders or interest on Application Money.

Lead Managers to the Issue

Axis Capital Limited

Axis House, Level 1,
C-2 Wadia International Centre,
P.B. Marg, Worli,
Mumbai – 400 025, Maharashtra, India

Tel.: +91 22 4325 2525
Fax: +91 22 4325 3000
Email: iifhl.ncd@axiscap.in
Investor grievance email: complaints@axiscap.in
Website: www.axiscap.in
Contact Person: Simran Gadh
Compliance Officer: M. Natarajan
SEBI Regn. No.: INM000012029

India Infoline Limited**

IIFL Centre,
Kamala City, Senapati Bapat Marg,
Lower Parel (West),
Mumbai – 400 013, Maharashtra, India

Tel: +91 22 4646 4600
Fax: +91 22 2493 1073
Email: ifl.ncd@iiflcap.com
Investor Grievance ID: ig.ib@iiflcap.com
Website: www.iiflcap.com
Contact Person: Sachin Kapoor/Pinak Bhattacharyya
Compliance Officer: Rajesh Ganu
SEBI Regn. No.: INM000010940

Trust Investment Advisors Private Limited

109/110, 1st Floor, Balrama,
Village Parigkhari,
BKC, Bandra (East),
Mumbai 400 051, Maharashtra, India

Tel. : +91 22 4084 5000/60

Fax.: +91 22 4084 5066/07

Email id : info@trustgroup.co.in

Investor Grievance mail: customercare@trustgroup.co.in

Website: www.trustgroup.co.in

Contact Person: Anindya Sen

Compliance Officer: Balkrishna Shah

SEBI Regn. No.: INM000011120

*** India Infoline Limited (IIFL) is our Promoter's Promoter. As there are common directors between IIFL and our Company, IIFL is deemed to be our associate as per Merchant Bankers Regulations. IIFL will sign the due diligence certificate and accordingly been disclosed as a Lead Manager. Further, in compliance with the provision to Regulation 21A(1) and explanation to Regulation 21A(1) of the Merchant Bankers Regulations, IIFL would be involved only in marketing of the Issue.*

Co-Lead Managers to the Issue

RR Investors Capital Services (P) Limited

47, M M Road,
Rani Jhansi Marg,
Jhandewalan,
New Delhi – 110 055, India

Tel: + 91 11 2363 6362/63

Fax: +91 11 2363 6745

Email: iiflncd2013@rrfcl.com

Investor Grievance Email: investors@rrfcl.com

Website: www.rrfinance.com/www.rrfcl.com

Contact Person: Anurag Awasthi

Compliance Officer: Ravi Kant Goyal

SEBI Regn. No.: INM000007508

Karvy Investor Services Limited

701, Hallmark Business Plaza,
Sant Dnyaneshwar Marg,
Off. Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051, Maharashtra, India

Tel: + 91 22 6149 1500

Fax: +91 22 61491515

Email: iiflncd@karvy.com

Investor Grievance Email: cmg@karvy.com, igmbd@karvy.com

Website: www.karvy.com

Contact Person : Sumit Singh/ Swapnil Mahajan

Compliance Officer: V. Madhusudhan Rao

SEBI Regn. No.: INM000008365

SMC Capitals Limited[#]

302-303, Enterprise Centre,
Near Orchid Hotel,
Nehru Road, Vile Parle (East),
Mumbai - 400 099, Maharashtra, India

Tel: +91 22 6648 1818

Fax: +91 22 6648 1850

Email: iifl.ncd@smccapitals.com

Investor Grievance Email:

investor.grievance@smccapitals.com

Website: www.smccapitals.com

Contact Person : Sanjeev Barnwal

Compliance Officer: Sanjeev Barnwal

SEBI Regn. No.: INM000011427

[#] The SEBI registration certificate as "Merchant Bankers" for SMC Capitals Limited has expired on December 30, 2013. An application dated September 25, 2013 for renewal of the said certificate of registration has been made to SEBI.

Debenture Trustee

IDBI Trusteeship Services Limited

Asian Building, Ground Floor,
17, R Kamani Marg,
Ballard Estate, Mumbai - 400 001
Maharashtra, India.

Tel: +91 22 4080 7000
Fax: + 91 22 6631 1776
Website: www.idbitrustee.co.in
Contact Person: Ajit Guruji
Email: ajit.guruji@idbitrustee.com
SEBI Registration No.: IND000000460

IDBI Trusteeship Services Limited has by its letter dated February 11, 2014 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

Registrar to the Issue:

Link Intime India Private Limited

C- 13 Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai – 400 078, Maharashtra, India.

Tel: +91 22 2596 7878;
Fax: +91 22 2596 0329
Email: iihfl.ncd2@linkintime.co.in
Investor Grievance mail: iihfl.ncd2@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Dinesh Yadav
Registration Number: INR000004058

Credit Rating Agencies:

CRISIL Limited

CRISIL House, Central Avenue,
Hiranandani Business Park,
Powai, Mumbai – 400 076.
Maharashtra, India

Tel: +91 22 3342 3000
Fax: +91 22 3342 3050
Email: creditratingdesk@crisil.com
Contact Person: Rajat Bahl
Website: www.crisil.com
SEBI Registration No: IN/CRA/001/1999

ICRA Limited

1802, 18th Floor, Tower 3, Indiabulls Financial Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai – 400 013,
Maharashtra, India

Tel: +91 22 6179 6300
Fax: +91 22 2433 1390
Email: shivakumar@icraindia.com
Contact Person: L Shivakumar
Website: www.icra.in
SEBI Registration No: IN/CRA/003/1999

Legal Counsel to the Issue

Khaitan & Co

One Indiabulls Centre, 13th Floor,
Tower 1, 841 Senapati Bapat Marg,
Elphinstone Road,
Mumbai – 400 013,
Maharashtra, India.

Tel: + 91 22 6636 5000
Fax: + 91 22 6636 5050

Statutory Auditors of our Company

Sharp & Tannan Associates

Chartered Accountants,
87, Nariman Bhawan,
8th Floor, 227, Nariman Point,
Mumbai – 400 021, Maharashtra, India.

Tel: +91 22 6153 7500; 2202 2224/8857
Fax: +91 22 2202 3856
Email: mumbai.office@sharp-tannan.com
Contact Person: Tirtharaj Khot
Membership No: 37457
Firm Registration Number: 109983W

Chartered Accountant issuing Statement of Tax Benefit

Pritesh Mehta & Co

Chartered Accountants
511, Sai Chambers, Next to Syndicate Bank,
Near Railway Station, Santacruz (East),
Mumbai – 400 055, Maharashtra, India

Tel: +91 22 2617 5159
Fax: +91 22 2617 5159
Contact Person: Pritesh Mehta
Membership No: 049593
Firm Registration Number: 115857W

Bankers to the Issue/ Escrow Collection Banks

ICICI Bank Limited

Capital Market Division, 1st floor, 122,
Mistry Bhavan, Dinshaw Vaccha Road,
Back Bay Reclamation, Churchgate
Mumbai – 400 001, Maharashtra, India.

Tel: +91 22 66310389
Fax: +91 22 22611138
Email id: anil.gadoo@icicibank.com
Website: www.icicibank.com
Contact Person: Anil Gadoo
SEBI Registration No: INBI00000004

IndusInd Bank limited

PNA House, 4th Floor, Plot no. 57 & 57/1,
Road No 17, Near SRL, MIDC,
Andheri East, Mumbai – 400 093, Maharashtra, India.

Tel: +91 22 6106 9248
Fax: +91 22 6623 8021
Email id: suresh.esaki@indusind.com
Website: www.indusind.com
Contact person: Suresh Esaki
SEBI Registration No: INBI00000002

Axis Bank Limited

Jeevan Prakash Building,
Ground Floor,
Sir P M Road, Fort,
Mumbai – 400 001, Maharashtra, India.

Tel: +91 22 4086 7371/7373
Fax: +91 22 4086 7241
Email id: viraj.vaidya@axisbank.com,
nachiket.kalwit@axisbank.com
Website: www.axisbank.com
Contact person: Viraj Vaidya & Nachiket Kalwit
SEBI Registration No: INBI00000017

Lead Brokers

Axis Capital Limited

Axis House, Level 1,
C-2 Wadia International Centre,
P.B. Marg, Worli,
Mumbai – 400 025, Maharashtra, India.

Tel: +91 22 4325 2525
Fax: +91 22 4325 3000
Email Id: ajay.sheth@axiscap.in /
vinayak.ketkar@axiscap.in
Investors Grievance Id: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Ajay Sheth/ Vinayak Ketkar
SEBI Regn. No. INM000012029

Edelweiss Broking Limited

Edelweiss House,
Off CST Road, Kalina,
Mumbai – 400 098, Maharashtra, India.

Tel: +91 22 4063 5411 / 99303 62969/93203 31070
Fax: +91 22 6747 1347
Investors Grievance Email: helpdesk@edelweissfin.in
Website: www.edelweissfin.com
Email: amit.dalvi@edelweissfin.com,
prakash.boricha@edelweissfin.com
Contact Person: Amit Dalvi/Prakash Boricha
SEBI Regn. No: INB/INF/INE231311631(NSE)/
INB011311637 (BSE)/ INB/INF/INE231311634(MCX)

Trust Financial Consultancy Services Pvt. Ltd.

109/110, First Floor, Balarama,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051, Maharashtra, India.

Tel: +91 22 4084 5060
Fax : +91 22 4084 5066
Email: info@trustgroup.co.in
Investors Grievance Email:
customercare@trustgroup.co.in
Website: www.trustgroup.co.in
Contact Person: Pranav Inamdar
SEBI Regn. No: INB231198731(NSE) /
INB011198737(BSE)

SMC Global Securities Limited

17, Netaji Subhash Marg,
Opp Golcha Cinema, Daryaganj,
New Delhi – 110 002, India

Tel: +91 11 6662 3300/9818620470 / 9810059041
Fax: +91 11 2326 3297
Email: mkg@smcindiaonline.com,

India Infoline Limited

IIFL House, 3rd Floor, Road No. 16V,
Plot No B-23, MIDC,
Thane Industrial Area, Wagle Estate,
Thane West – 400 604, Maharashtra, India.

Tel: +91 22 4103 5274/73/4103 0211
Fax: +91 22 2580 6654
Email: ncd@indiainfoline.com
Investors Grievance Id: cs.ncd@indiainfoline.com
Website: www.indiainfoline.com
Contact Person: Chintan Modi
SEBI Regn. No. INB/INF/INE 231097537 (NSE);
INB/INF 011097533

RR Equity Brokers Private Limited

47 ,MM, Road,
Rani Jhansi Marg, Jhandewalan,
New Delhi – 110 055, India.

Tel: +91 11 2350 8473
Fax: +91 11 2363 6666
Email: manishagrawal@rrfcl.com
Investors Grievance Email: investors@rrfcl.com
Website: www.rrfcl.com / www.rrfinance.com
Contact Person: Manish Agrawal
SEBI Regn. No INB231219636(NSE) /
INB011219632(BSE)

Karvy Stock Broking Limited

“Karvy House”, 46, Avenue 4,
Street No 1, Banjara Hills,
Hyderabad – 500 034, Andhra Pradesh, India.

Tel: +91 40 2331 2454
Fax: +91 40 6662 1474
Email: ksblldist@karvy.com
Investors Grievance Email: ksblredressal@karvy.com
Website: www.karvy.com
Contact Person: P B Ramapriyan
SEBI Regn. No: INB230770138

JM Financial Services Limited

2,3 & 4, Kamanwala Chambers,
Ground Floor, Sir PM Road, Fort,
Mumbai – 400 001, Maharashtra, India.

Tel: +91 22 3021 3500
Fax: +91 22 2266 5902
Email: rohit.singh@jmfl.com

neerajkhanna@smcindiaonline.com
Investors Grievance Email: distribution.query@smcindiaonline.com
Website: www.smctradeonline.com
Contact Person: Mahesh Gupta & Neeraj Khanna
SEBI Regn. No: INB230771431

HDFC Securities Limited

I Think Techno Campus Building-B
“Alpha”, Office Floor 8, Opposite Crompton Greaves,
Near Kanjurmarg Station, Kanjurmarg East,
Mumbai – 400 042, Maharashtra, India.

Tel: +91 22 3075 3400
Fax: +91 22 3075 3435
Email: sunil.raula@hdfcsec.com / sharmila.kambli@hdfcsec.com
Investors Grievance Email: customercare@hdfcsec.com
Website: www.hdfcsec.com
Contact Person: Sunil Raula / Sharmila Kambli
SEBI Regn. No: INB231109431

SPA Securities Limited

25, C Block,
Community Centre, Janakpuri,
New Delhi – 110 058, India

Tel: +91 11 4567 5500
Fax: +91 11 2553 2644
Email Id: sunil@spacapital.com
Investors Grievance Email: rajesh.gandhi@spacapital.com
Website: www.spasecurities.com
Contact Person: Sunil Maheshwari
SEBI Regn. No. INB011178234/ INB231178238

Self Certified Syndicate Banks

The list of Designated Branches that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html. For details of the Designated Branches of the SCSBs which shall collect ASBA Application Forms, please refer to the above-mentioned link.

Impersonation

As a matter of abundant precaution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013 relating to punishment for fictitious Applications.

Minimum Subscription

If our Company does not receive the minimum subscription of 75 % of the Base Issue, i.e. ₹750 million, prior to the Issue Closing date, the entire subscription shall be refunded to the Applicants within 12 working days from the date of closure of the Issue. If there is delay in the refund of subscription by more than 8 days after our Company becomes liable to refund the subscription amount, our Company will pay interest for the delayed period, at rates prescribed under applicable law.

Investors Grievance Email: ig.distribution@jmfl.com
Website: www.jmfinancialservices.in
Contact Person: Rohit Singh
SEBI Regn. No: INB/ 231054835/ INB/011054831

Integrated Enterprises (India) Limited

15, 1st Floor,
Modern House,
Dr. V.B.Gandhi Marg, Fort,
Mumbai – 400 023, Maharashtra, India.

Tel: +91 22 4066 1800
Fax: +91 22 2287 4676
Email: krishnan@integratedindia.in
Investors Grievance Email: mbd@integratedindia.in
Website: www.integratedindia.in
Contact Person: V Krishnan
SEBI Regn. No: INB231271835

Credit Rating

CRISIL

The NCDs proposed to be issued under this Issue have been rated 'CRISIL AA-/Stable' by CRISIL for an amount of up to ₹ 2,000 million *vide* its letter dated February 13, 2014. The rating of the NCDs by CRISIL indicates a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

ICRA

The NCDs proposed to be issued under this Issue have been rated '[ICRA] AA- with Stable Outlook' by ICRA for an amount of ₹ 3,000 million *vide* its letter dated February 13, 2014. ICRA *vide* its letter dated February 17, 2014 has clarified that the said ICRA letter bearing reference number 2013-14/MUM/1346 dated February 13, 2014 for a public issue of up to ₹ 3,000 million of unsecured subordinated redeemable non-convertible debentures is valid and could be used by our Company for the proposed Issue amounting to ₹ 2,000 million.

The rating of NCDs by ICRA indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Consents

The written consents of Directors of our Company, Company Secretary and Compliance Officer, our Statutory Auditor, Pritesh Mehta & Co. (the Chartered Accountant issuing statement of tax benefit), the legal advisor, the Lead Managers, Co-Lead Managers, the Registrar to the Issue, Escrow Collection Bank(s), Refund Bank, Credit Rating Agencies, the Bankers to our Company, the Debenture Trustee, and the Lead Brokers to act in their respective capacities, will be filed along with a copy of this Prospectus with the RoC as required under Section 56 and 60 of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery with the ROC.

Utilisation of Issue proceeds

Boards of Directors of our Company certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Act;
- details of all monies utilised out of the Issue referred above shall be appropriately disclosed in the Financial statements indicating the purpose for which such monies have been utilised along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue;
- details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- the Issue proceed shall be kept in the escrow accounts opened in terms of this Prospectus and shall be available to the Company only upon execution of Debenture Trust Deed as stated in this Prospectus and on receipt of the minimum subscription of 75% of the Base Issue; and
- the Issue Proceeds shall not be utilized towards providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management as our Company

Issue Programme

ISSUE OPENS ON
ISSUE CLOSES ON

Wednesday, March 12, 2014
Monday, March 24, 2014*

* The subscription list for the Issue shall remain open for subscription upto 5 pm, with an option for early closure or extension by such period, upto a period of 30 days from the date of opening of the Issue, as may be decided at the discretion of the duly authorised committee of Directors of our Company subject to necessary approvals. In the event of such early closure of the Issue or extension of the Issue, our Company shall ensure that notice of such early closure or extension of the Issue is given as the case may be on or before such early date of closure or the initial Closing Datethrough advertisement/s in a leading national daily newspaper.

Applications Forms for the Issue will be accepted only between 10 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Lead Managers, Co-Lead Managers, Lead Brokers or the Trading Members of the Stock Exchange, as the case maybe, at the centres mentioned in Application Form through the non-ASBA mode or, (ii) in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) Lead Managers, Lead Brokers or the Trading Members of the Stock Exchange, as the case maybe. On the Issue Closing Date the Application Forms will be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers, Co-Lead Managers, Lead Brokers or Trading Members of the Stock Exchanges are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise.

Please note that the Basis of Allotment under the Issue will be on a date priority basis. The Issue may close on such earlier date or extended date as may be decided at the discretion of the duly authorised committee of Directors of our Company subject to necessary approvals. In the event of such early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors, on or before such early date of closure or the initial Closing Date, as the case may be, through advertisement/s in a leading national daily newspaper.

SUMMARY OF BUSINESS, STRENGTHS AND STRATEGIES

We are a wholly owned subsidiary of India Infoline Finance Limited. We received a Certificate of Registration (not valid for acceptance of public deposits) from the National Housing Bank (“NHB”) dated February 3, 2009 to carry on the business of a housing finance institution. We offer housing loans and Loans against Property.

Our lending products include Mortgage Loans, which includes Retail Mortgage Loans and Corporate Mortgage Loans. These loans are bifurcated into Housing Loans and Loans Against Property. Housing Loans includes finance for purchase of flats, construction of houses, extension and for improvement in the flats/homes and for acquiring plots of land (which are intended to be used for construction of houses). LAP is availed for, working capital requirements, for business use or acquisition of new property and for financing construction projects.

Our Promoter, India Infoline Finance Limited is a systemically important non-deposit taking NBFC focusing on Mortgage Loans, Commercial Vehicle Finance, Gold Loan, Capital Market Finance and Healthcare Finance. Our Promoter, India Infoline Finance Limited is a subsidiary of India Infoline Limited (“IIFL”), a diversified financial services organization having presence across India. The global footprint of IIFL Group extends across geographies with offices in New York, London, Geneva, Hong Kong, Singapore, Dubai, Mauritius and Colombo. IIFL Group’s services and products include retail broking, institutional equities, commodities and currency broking, wealth advisory, credit & finance, insurance broking, asset management, financial products distribution & investment banking. The product/ services portfolio of IIFL caters to the diverse investment and strategic requirements of retail, institutional, corporate and affluent clients. We leverage extensively on the infrastructure, distribution network and insights of IIFL Group into market and customer needs. We also source our Mortgage Loans from our wide network of DSAs and other alternate channels (i.e. the staff and client base of IIFL Group).

Our income from operations and profit after tax (PAT) of the Company for the financial year ending March 31, 2013 stood at ₹ 451.97 million and ₹ 139.66 million respectively, and for the half year ended September 30, 2013 stood at ₹ 390.24 million and ₹ 117.81 million respectively. The company’s income from operations and PAT witnessed a CAGR of 95.6 % and 92.64 % respectively over the last three years from FY11 to FY13. The Loan Book of the company has witnessed a CAGR of 92.37 % over the last three years.

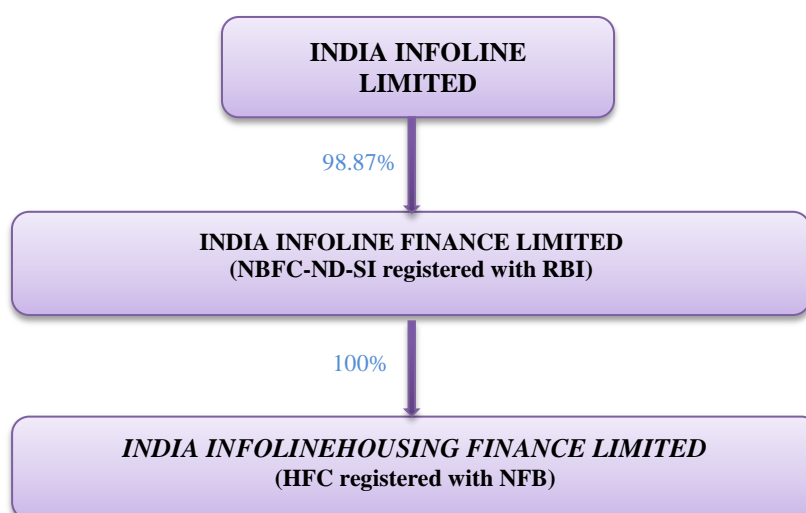
A summary of our key operational and financial parameters for the last three completed financial years, as specified below, are as follows:

For Financial Entities	(In ₹)			
	As at September 30, 2013	FY13	FY12	FY11
Networth	3,014,929,974	1,559,412,919	1,420,043,854	1,385,628,318
Total Debt	2,640,000,000	2,050,000,000	1,200,000,000	1,600,000,000
of which –				
Non-Current Maturities of Long Term Borrowing	637,500,000	650,000,000	800,000,000	1,200,000,000
Short Term Borrowings	1,240,000,000	1,000,000,000	-	-
Current Maturities of long Term Borrowings	762,500,000	400,000,000	400,000,000	400,000,000
Net Fixed Assets	-	-	-	-
Non-Current Assets	7,130,083,728	3,359,569,636	2,527,743,746	2,930,346,358
Cash and Cash Equivalents	49,300,492	13,611,872	229,140,096	189,858,875
Current Investments	-	130,000,000	-	-
Current Assets	489,236,995	455,025,435	432,308,330	370,007,237
Current Liabilities	3,901,357,253	1,575,857,659	718,253,251	702,750,987
Assets Under Management	9,368,098,375	6,134,191,540	6,456,918,600	7,572,628,490
Off Balance Sheet Assets	-	-	-	-
Interest Income	310,476,052	398,637,634	403,306,656	218,371,262
Interest Expense	144,145,826	175,358,313	176,722,099	90,152,471
Provisioning & Write-offs	24,126,804	7,132,736	9,251,489	11,319,014
PAT	117,806,509	139,666,248	35,942,906	64,202,544
Gross NPA (%)	0.46%	0.26%	0.37%	0.32%
Net NPA (%)	0.39%	0.22%	0.32%	0.26%
Tier I Capital Adequacy Ratio (%)*	45.55%	37.08%	39.95%	34.94%
Tier II Capital Adequacy Ratio (%)*	3.94%	6.09%	6.91%	6.13%

* Capital adequacy ratio is reported for IIFL

For Financial Entities	As at September 30, 2013	FY13	FY12	FY11
Gross Debt: Equity Ratio of the Company:-				
Before the issue of debt securities (As on September 30, 2013)	0.88			
After the issue of debt securities **	2.55			
** The debt-equity ratio post the Issue is indicative since it includes assumed cash flows on account of the present issue of ₹ 2,000.00 million which is added to debts, net of repayments, amounting to ₹5,700.00 million as at February 15, 2014.				

Our Corporate Structure



OUR STRENGTHS

Our Parentage

We believe we benefit extensively from our Promoter, India Infoline Finance Limited and our Promoter's Promoter IIFL, which is a diversified financial services company with a pan-India presence. IIFL is a well-established brand among retail, institutional and corporate investors in India. IIFL along with its subsidiaries offers a wide range of products and services including retail broking, institutional equities, commodities and currency broking, wealth advisory, credit & finance, insurance broking, asset management, financial products distribution & investment banking. IIFL offers advisory/ broking/ distribution services in certain overseas locations through its overseas subsidiaries. The IIFL brand is associated with trust, knowledge leadership and high quality services. We believe we have been able to leverage on our Promoter to grow our business, build relationships and also attract talent. We extensively leverage upon IIFL Group's distribution network and its understanding of the market and customer needs.

We depend on IIFL and our Promoter for support, operations and common infrastructure. We believe we can further leverage upon the branch network of IIFL for expansion, new product launch & building scale.

Secured Loan Book and Strong Asset Quality

We provide only secured finance which ensures lower NPAs and lesser recovery related problems. The Mortgage Loans are secured with mortgage of residential property, land, commercial properties, which are either under construction or fully developed. As a policy, we lend up to 65% of value of property for Loan against Property and up to 90%/80%/75% for Home Loans based on loan amount and in line with NHB guidelines. We believe this policy provides us a cushion against possible defaults. We believe that our robust credit approval mechanisms, credit control processes, audit and risk management processes and policies help us maintain the quality of our loan portfolio

We are adequately capitalized to fund our growth

We are subject to capital adequacy ratio ("CAR") requirements prescribed by NHB. We are currently required to maintain a minimum of 12% as prescribed under the Prudential Norms of NHB based on our total capital to

risk weighted assets. As part of our governance policy, we ordinarily maintain capital adequacy higher than statutorily prescribed CAR. As of September 30, 2013 and March 31, 2013 our capital adequacy ratio computed on the basis of applicable NHB requirement was 49.49% and 43.17% as compared to a minimum of capital adequacy requirement of 12% stipulated by NHB for FY13.

Set forth below is our capital adequacy ratio for the last five fiscal years.

Year	As at September 30, 2013	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Capital Adequacy Ratio	49.49	43.17	46.86	41.07	140.36	Nil

Access to cost effective funding sources

Our fund requirements are currently predominantly sourced through term loans from banks, issue of redeemable non-convertible debentures on private placement basis and commercial paper. We believe that we have developed stable long term relationships with our lenders and have established a track record of timely servicing of our debts. We also place commercial paper and access inter-corporate deposits.

We believe that we have been able to achieve a relatively stable cost of funds despite the difficult conditions in the global and Indian economy and the resultant reduced liquidity and an increase in interest rates, primarily due to effective treasury management and innovative fund raising programs. We believe we are able to borrow from a range of sources at competitive rates.

Set forth below is our Average Cost of Borrowing for the last five fiscal years.

Year	Half year ending September 30, 2013	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Average Cost of Borrowing	12.16%	12.41%	11.84%	10.77%	9.82%	10.48%

Well Defined Processes

We believe our well defined business processes ensure complete independence of function and segregation of responsibilities. Our robust credit approval and credit control processes, centralized operations unit, independent audit unit for checking compliance with the prescribed policies and approving all loans at transaction level and risk management processes and policies provide for multiple checks and verifications for both legal and technical parameters, including collateral valuation and title search, document verification and fraud and KYC check, personal meetings with clients and audit before disbursement of loans above a specific limit.

For our Mortgage Loans the credit department evaluates proposals focusing on both the borrower and the security on various legal and technical parameters like title reports from empanelled lawyers. We believe our procedures have ensured that the eventual write off due to non-recovery have remained less than 0.1% of Loan Book during the last three fiscals.

Access to Extensive Distribution and Branch Network

Our Mortgage Loans business is sourced through direct sales and regional offices of our Promoter. Additionally we have access to the pan India branch and distribution network of IIFL Group and we leverage the extensive distribution network of the IIFL Group for sourcing business. We also source our Mortgage Loans from our wide network of DSAs and other alternate channels (i.e. the staff and client base of IIFL Group). We propose to set up additional branches across India to further strengthen our geographic reach and customer service and distribution points.

We believe that access to such an extensive distribution network enables us to service and support our existing customers from proximate locations which gives our customers easy access to our services and enables us to reach new customers. We believe we can leverage on this existing branch network for further expansion, new product launch and building scale.

Experienced Management Team

The Board of Directors comprises of 6 directors with significant experience in the banking and finance sector. The members of our executive management team also have significant experience in the products and services

offered by us. We believe that our senior management and talented and experienced executives are and would continue to be the principal drivers of our growth and success in all of our businesses. We believe that the extensive relevant experience and financial acumen of our management and executives provides us with a distinct competitive advantage. Our management organization structure is designed to support each product line by a dedicated team of executives with substantial experience in their particular business segment.

Technology, Analytics and Credit bureau usage

We believe that our robust loan management system, analytic ability and extensive usage of the credit bureau and other allied KYC procedures offer us a significant competitive advantage. Our systems have the capability of end to end customer data capture, computation of income, collateral data capture, and repayment management. Our loan approval is controlled by the loan application system. We believe our monthly analytics reports including through-the-door and credit-information tracking are efficient tools for ensuring risk management-controls & compliance.

Our systems are custom designed for our services and help us reduce people contact time and enhance our processes and operational excellence. Our systems fully integrate businesses in every aspect bringing together various departments in simple transitions and customer information updates. Technology gives us the ability to integrate cash flows in real time and allows us better informed decision making with instantaneous access to record and information.

OUR STRATEGIES

Our key strategy is to gradually grow retail focused mortgage assets, leveraging technology to achieve operational efficiency and to leverage extensive branch network of our parent, particularly in the unbanked and under-banked regions of the country. Key elements of our strategy are:

Retail Focus

Given the potential, our focus is to grow diversified retail mortgage assets. We will continue to focus primarily on residential mortgage assets and to maintain a conservative loan to value ratio across all loan products. We will focus on gaining size and scale in our existing product portfolio. We believe that lending for residential assets across various geographies will allow us to build a healthy loan book.

Operational Efficiency

Operational efficiency is the key to grow retail focused loan portfolio and will form the backbone of our product and service delivery. We intend to continuously improve our operating processes and customer turnaround time to get higher efficiency. As a result, we expect to deliver a superior customer experience. We also intend to further strengthen our risk management systems to maintain asset quality so that growth does not come at the cost of quality.

Technology driven

We will continue to bank on cutting edge technology solutions. We will continue to invest in our IT infrastructure as we believe technology and system driven processes will help us scale up the retail oriented loan assets. System driven risk management processes will help us in growth without comprising on the quality of assets. We expect that technology will help us reduce operating costs and reduce turnaround time. We will continue to rely on proprietary system for loan processing and booking. The in-house loan application system has been built utilizing the expertise of the business and technology teams. We will also source best in-class industry applications, including credit bureaus, if needed due to growing size of the organization.

Leveraging Group's Branch Network

A good distribution network is very important for retail lending business and we plan to continue to leverage IIFL's vast branch network. IIFL has developed a vast distribution network across the country with a large customer base across different product and service offerings. This facilitates customer acquisition, maintain high service standards and timely collections resulting in improved portfolio performance and profitability.

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “**Terms of the Issue**” beginning on page 158 of this Prospectus.

Common Terms of NCDs

Issuer	India Infoline Housing Finance Limited
Lead Managers	Axis Capital Limited, Trust Investment Advisors Private Limited and India Infoline Limited
Co-Lead Managers	Karvy Investor Services Limited RR Investors Capital Services (P) Limited and SMC Capitals Limited
Debenture Trustee	IDBI Trusteeship Services Limited
Registrar to the Issue	Link Intime India Private Limited
Type and nature of Instrument	Un-Secured Subordinate Redeemable Non-Convertible Debentures
Face Value of NCDs(₹ / NCD)	₹1,000
Issue Price (₹ / NCD)	₹1,000
Minimum Application	₹10,000 (10 NCDs)
In Multiples of	One NCD after the minimum application
Seniority	Subordinated to the claims of other creditors
Mode of Issue	Public Issue
Issue	Public Issue by our Company of Un-Secured Subordinate Redeemable NCDs aggregating up to ₹1,000 million with an option to retain over-subscription up to ₹1,000 million aggregating to a total of up to ₹2,000 million.
Stock Exchange proposed for listing of the NCDs	BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”)
Listing and timeline for Listing	The NCDs shall be listed within 12 Working Days of Issue Closure
Mode of Allotment	Both in physical and dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Trading Lot	One NCD
Depositories	NSDL and CDSL
Security	The NCDs offered in this Issue shall be unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority, NHB.
Who can apply	<p>Category I</p> <ul style="list-style-type: none"> ▪ Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks, ▪ Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs; ▪ Provident Funds of minimum corpus of ₹ 250 million, Pension Funds of minimum corpus of ₹ 250 million, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; ▪ Venture Capital funds and / or Alternative Investment Funds registered with SEBI; ▪ Insurance Companies registered with the IRDA; ▪ National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); ▪ Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India ▪ Mutual Funds, registered with SEBI; <p>Category II</p> <ul style="list-style-type: none"> ▪ Companies falling within the meaning of Section 2(20) of the Companies Act, 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; ▪ Educational institutions and associations of persons and/or bodies established

	<p>pursuant to or registered under any central or state statutory enactment; which are authorized to invest in the NCDs;</p> <ul style="list-style-type: none"> ▪ Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs; ▪ Association of Persons ▪ Scientific and/or industrial research organisations, which are authorised 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); ▪ Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 1.0 million; <p>Category III*</p> <ul style="list-style-type: none"> ▪ Resident Indian individuals; and ▪ Hindu undivided families through the Karta; <p>* applications aggregating to a value not more than ₹1.0 million.</p>																		
Rating	<table border="1"> <thead> <tr> <th>Rating Agency</th> <th>Instrument</th> <th>Rating symbol</th> <th>Date of credit rating Letter</th> <th>Amount rated</th> <th>Rating definition</th> </tr> </thead> <tbody> <tr> <td>CRISIL</td> <td>Non-Convertible Debenture</td> <td>‘CRISIL AA- /Stable’</td> <td>February 13, 2014</td> <td>2,000.00</td> <td>The rating of NCDs by CRISIL indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.</td> </tr> <tr> <td>ICRA</td> <td>Non-Convertible Debenture</td> <td>‘[ICRA] AA- with Stable Outlook’</td> <td>February 13, 2014 read with clarification letter dated February 17, 2014</td> <td>2,000.00</td> <td>The rating of NCDs by ICRA indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.</td> </tr> </tbody> </table>	Rating Agency	Instrument	Rating symbol	Date of credit rating Letter	Amount rated	Rating definition	CRISIL	Non-Convertible Debenture	‘CRISIL AA- /Stable’	February 13, 2014	2,000.00	The rating of NCDs by CRISIL indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.	ICRA	Non-Convertible Debenture	‘[ICRA] AA- with Stable Outlook’	February 13, 2014 read with clarification letter dated February 17, 2014	2,000.00	The rating of NCDs by ICRA indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
Rating Agency	Instrument	Rating symbol	Date of credit rating Letter	Amount rated	Rating definition														
CRISIL	Non-Convertible Debenture	‘CRISIL AA- /Stable’	February 13, 2014	2,000.00	The rating of NCDs by CRISIL indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.														
ICRA	Non-Convertible Debenture	‘[ICRA] AA- with Stable Outlook’	February 13, 2014 read with clarification letter dated February 17, 2014	2,000.00	The rating of NCDs by ICRA indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.														
Issue Size	Public Issue by our Company of Un-Secured Subordinate Redeemable NCDs aggregating up to ₹1,000 million with an option to retain over-subscription up to ₹1,000 million aggregating to a total of up to ₹ 2,000 million. Base Issue is for ₹1,000 million.																		
Minimum Subscription	Minimum of 75% of the Base Issue, i.e. ₹ 750 million																		
Pay-in date	3 (three) Business Days from the date of upload of application in the book building system of the Exchanges or the date of realisation of the cheques/demand drafts, whichever is later.																		
Application money	The entire Application Amount is payable on submitting the application.																		
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.																		
Issue Schedule*	The Issue shall be open from Wednesday, March 12, 2014 to Monday, March 24, 2014 with an option to close earlier and/or extend up to a period as may be determined by a duly authorised committee of the Board.																		
Objects of the Issue	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 50.																		

Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 50.
Coupon rate and redemption premium	Please refer to the chapter titled “ <i>Issue Structure – Terms and Conditions in connection with the NCDs</i> ” on page 144.
Working Days convention/Day count convention / Effect of holidays on payment	<p>All days excluding, Sundays and a public holiday in Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.</p> <p>Interest shall be computed on a 365 days a year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date Of Allotment / anniversary date of Allotment till one day prior to the next anniversary / redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.</p> <p>If the date of payment of coupon does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest, as the case may be (the “Effective Date”). Coupon will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date, interest for period between actual interest payment date and the Effective Date will be paid in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the payment will be made on the previous Working Day, without any interest for the period outstanding.</p>
Issue Opening Date	Wednesday, March 12, 2014
Issue Closing Date	Monday, March 24, 2014
Default interest date	In the event of any default in fulfillment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed
Interest on Application Money	Please refer to the chapter titled “ <i>Issue Structure – Interest on Application Money</i> ” on page 156.
Deemed Date of Allotment	The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
Transaction documents	Lead Managers MoU dated February 14, 2014 between our Company, the Lead Managers, Co-Lead Managers, the Registrar Agreement dated February 13, 2014 between our Company and the Registrar to the Issue, Debenture Trustee Agreement dated February 13, 2014 executed between our Company and the Debenture Trustee and the agreed form of the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.
Conditions precedent and subsequent to the Issue	The conditions precedent and subsequent to disbursement will be finalised upon execution of the Debenture Trust Deed.
Events of default	Please refer to the chapter titled “ <i>Issue Structure - Events of Default</i> ” on page 156.
Cross Default	Please refer to the chapter titled “ <i>Issue Structure - Events of Default</i> ” on page 156.
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled “ <i>Issue Structure - Debenture Trustees for the NCD holders</i> ” on page 155.
Settlement Mode	Please refer to the chapter titled “ <i>Issue Structure - Payment on Redemption</i> ” on page 153.
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Mumbai.

**The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure or extension by such period, as may be decided by the Board or the duly authorised committee of the Board constituted by resolution of the Board. In the event of such early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard*

Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges.

The specific terms of the instrument is set below

Details	Option I	Option II
Tenure	6 years	6 years
Frequency of Interest Payment	monthly	cumulative
Who can apply	<p>Category I</p> <ul style="list-style-type: none"> ▪ Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks, ▪ Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs; ▪ Provident Funds of minimum corpus of ₹ 250 million, Pension Funds of minimum corpus of ₹ 250 million, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; ▪ Venture Capital funds and / or Alternative Investment Funds registered with SEBI; ▪ Insurance Companies registered with the IRDA; ▪ National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); ▪ Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India ▪ Mutual Funds, registered with SEBI; <p>Category II</p> <ul style="list-style-type: none"> ▪ Companies falling within the meaning of Section 2(20) of the Companies Act, 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; ▪ Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorized to invest in the NCDs; ▪ Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs; ▪ Association of Persons ▪ Scientific and/or industrial research organisations, which are authorised 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); ▪ Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 1.0 million; <p>Category III*</p> <ul style="list-style-type: none"> ▪ Resident Indian individuals; and ▪ Hindu undivided families through the Karta; <p><i>* applications aggregating to a value not more than ₹1.0 million.</i></p>	
Minimum Application	₹ 10,000 (10 NCDs)	
In Multiples of	1 NCD after the minimum Application	
Face Value of NCDs(₹ / NCD)	₹1,000	
Issue Price (₹ / NCD)	₹1,000	
Mode of Interest Payment/Redemption	Through various options available	
Coupon (%) for NCD Holders in Category I, II and III	12.00%	NA
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	1,000	2,000
Coupon Type	Fixed	
Effective Yield (per annum)%	12.68%	12.25%

Details	Option I	Option II
Redemption Date	6 years from the Deemed Date of Allotment	
Deemed Date of Allotment	The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.	
Nature of Indebtedness	Un-Secured Subordinate Redeemable Debt	

For details of category wise eligibility and allotment in the Issue please refer to “*Issue Procedure – How to apply – Who can apply*” and “*Issue Procedure – Basis of allotment*”, on pages 163 and 183, respectively.

CAPITAL STRUCTURE

Details of share capital

The share capital of our Company as at date of this Prospectus is set forth below:

Share Capital	In ₹
Authorised Share Capital	
11,000,000 Equity Shares of ₹ 10 each	110,000,000
155,000,000 Preference Shares of ₹ 10 each	1,550,000,000
Total Authorised Share Capital	1,660,000,000
Issued, Subscribed and Paid-up share capital	
10,900,000 Equity Shares of ₹ 10 each	109,000,000
20,000,000 Non-Convertible Redeemable Preference Shares of ₹ 10 each	200,000,000
135,000,000 Compulsory Convertible Redeemable Preference Shares of ₹ 10 each	1,350,000,000
Total Issued, Subscribed and Paid-up share capital	1,659,000,000

Changes in the authorised capital of our Company as on the date of this Prospectus:

Date of Approval	Authorised Share Capital (in ₹)	Particulars
December 18, 2006	20,000,000	Authorised Share Capital of our Company on incorporation as mentioned in Clause V of the Memorandum of Association was ₹ 20 million divided into 2,000,000 Equity Shares of ₹ 10 each.
February 14, 2007	25,000,000	Authorised Share Capital was increased from ₹20,000,000 divided into 2,000,000 Equity Shares of ₹10 each to ₹25,000,000 divided into 2,500,000 Equity Shares of ₹10 each
September 29, 2009	275,000,000	Authorised Share Capital was increased from ₹25,000,000 divided into 2,500,000 Equity Shares of ₹10 each to ₹275,000,000 divided into 7,500,000 equity shares of ₹10 each and 20,000,000 Preference Shares of ₹10 each
October 12, 2010	310,000,000	Authorised Share Capital was increased from ₹275,000,000 divided into 7,500,000 Equity Shares of ₹10 each and 20,000,000 Preference Shares of ₹10 each to ₹310,000,000 divided into 11,000,000 Equity Shares of ₹10 each and 20,000,000 Preference Shares of ₹10 each.
September 23, 2013	1,660,000,000	Authorised Share Capital was increased from ₹310,000,000 divided into 11,000,000 Equity Shares of ₹10 each and 20,000,000 Preference Shares of ₹10 each to ₹1,660,000,000 divided into 11,000,000 Equity Shares of ₹10 each and 155,000,000 Preference Shares of ₹10 each.

Equity Share Capital History of our Company:

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
December 18, 2006	2,000,000	10	10	Cash	Initial subscription to MoA*	2,000,000	20,000,000	-
July 24, 2007	500,000	10	10	Cash	Issue of Equity Shares on a Rights basis to India Infoline Limited in the ratio of one right Equity Share for every Equity Share held	2,500,000	25,000,000	-
September 30, 2009	5,000,000	10	60	Cash	Allotment to India Infoline	7,500,000	75,000,000	250,000,000

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
					Finance Limited (previously known as India Infoline Investment Services Limited)			
November 24, 2010	3,400,000	10	200	Cash	Issue of Equity Shares on a Rights basis to India Infoline Finance Limited (previously known as India Infoline Investment Services Limited) in the ratio of one right Equity Share for every two Equity Share held	10,900,000	109,000,000	896,000,000
Total						10,900,000	109,000,000	896,000,000

*Initial allotment of 1999400 Equity Shares to India Infoline Limited, 100 Equity Shares to Chintan Modi, 100 Equity Shares to Harshad Apte, 100 Equity Shares to R Mohan, 100 Equity Shares to Anshu Agarwal, 100 Equity Shares to Nimish Mehta, 100 Equity Shares to Kapil Krishan by way of subscription to memorandum .

Notes:
Preference Share Capital History of our Company:
a. 10 % Non-Convertible Redeemable Preference shares

Date of Allotment	No. of Preference Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Preference Shares	Cumulative Preference Share Capital (in ₹)	Cumulative Preference Share Premium (in ₹)
September 30, 2009	20,000,000	10	15	Cash	Preferential Allotment*	20,000,000	200,000,000	100,000,000

*Preferential allotment of 20,000,000 10% Non-Convertible Redeemable Preference Shares to India Infoline Finance Limited

b. 6% Compulsorily Convertible Redeemable Preference Shares

Date of Allotment	No. of Preference Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Preference Shares	Cumulative Preference Share Capital (in ₹)	Cumulative Preference Share Premium (in ₹)
September	135,000,000	10	10	Cash	Preferential	135,000,000	1,350,000,000	-

Date of Allotment	No. of Preference Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Preference Shares	Cumulative Preference Share Capital (in ₹)	Cumulative Preference Share Premium (in ₹)
30, 2013					Allotment*			

*Preferential allotment of 135,000,000 6% Compulsorily Convertible Redeemable Preference Shares to India Infoline Limited

Shareholding pattern of our Company as on February 14, 2014:

Sr. No.	Name of the Shareholder	Total number of Equity Shares	Number of shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares	Shares pledged or otherwise encumbered
1.	India Infoline Finance Limited	10,899,400	10,899,400	99.994	NIL
2.	Chintan Modi*	100	0	0.001	NIL
3.	Narendra Jain*	100	0	0.001	NIL
4.	R. Mohan*	100	0	0.001	NIL
5.	Pallab Mukherji*	100	0	0.001	NIL
6.	Dhruv Jain*	100	0	0.001	NIL
7.	Mukesh Kumar Singh*	100	0	0.001	NIL
	Total	10,900,000	10,899,400	100.000	

*Nominee of India Infoline Finance Limited

List of top ten holders of Equity Shares of our Company as on February 14, 2014:

Sr. No.	Name of Shareholders	Address	Number of Equity Shares held	Amount per share	Percentage of total to Equity Shares
1.	India Infoline Finance Limited	12A-10, 13th Floor, Parinee Crescenzo,G BlockC-38&39, Bandra Kurla Complex, Bandra(E)	10,899,400	10	99.994
2.	Chintan Modi*	12A-10, 13th Floor, Parinee Crescenzo,G BlockC-38&39, Bandra Kurla Complex, Bandra(E)	100 [#]	10	0.001
3.	Narendra Jain*	12A-10, 13th Floor, Parinee Crescenzo,G BlockC-38&39, Bandra Kurla Complex, Bandra(E)	100 [#]	10	0.001
4.	R. Mohan*	12A-10, 13th Floor, Parinee Crescenzo,G BlockC-38&39, Bandra Kurla Complex, Bandra(E)	100 [#]	10	0.001
5.	Pallab Mukherji*	12A-10, 13th Floor, Parinee Crescenzo,G BlockC-38&39, Bandra Kurla Complex, Bandra(E)	100 [#]	10	0.001
6.	Dhruv Jain*	12A-10, 13th Floor, Parinee Crescenzo,G BlockC-38&39, Bandra Kurla Complex, Bandra(E)	100 [#]	10	0.001
7.	Mukesh Kumar Singh*	12A-10, 13th Floor, Parinee Crescenzo,G BlockC-38&39, Bandra Kurla Complex, Bandra(E)	100 [#]	10	0.001
	Total		10,900,000	10	100

*Nominee of India Infoline Finance Limited

[#]Not held in demat form

List of top ten holders of 10% Non-Convertible Redeemable Preference Shares as on February 10, 2014

Sr. No.	Name of Shareholders	Address	Number of Preference Shares held	Number of shares held in dematerialized form	Amount per share	Percentage
1.	India Infoline Finance Limited	12A-10, 13th Floor, Parinee Crescenzo, G BlockC-38&39, Bandra Kurla Complex, Bandra (E)	20,000,000	Nil	10	100
Total			20,000,000	Nil	10	100

List of top ten holders of Compulsory Convertible Redeemable Preference Shares as on date February 10, 2014

Sr. No.	Name of Shareholders	Address	Number of Preference Shares held	Number of shares held in dematerialized form	Amount per share	Percentage
1.	India Infoline Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604	135,000,000	Nil	10	100
Total			135,000,000	Nil	10	100

List of top ten holders of debt instruments, as on February 10, 2014

1. List of holders of other privately placed Debentures as on February 14, 2014

Sr. No.	Name of Debenture holders	Number of Debenture held	ISIN	Amount	Face Value per NCD	%
1	HDFC Trustee Company Limited	350	-	350,000,000	1,000,000.00	100
2	UTI - Income Opportunities Fund	150	INE477L07016	150,000,000	1,000,000.00	100
3	IIFL Fixed Maturity Plan Series 6	100	INE477L07024	100,000,000	1,000,000.00	100
4	United India Insurance Company (Employees) Pension Fund	100	INE477L07032	100,000,000	1,000,000.00	100

2. List of top ten holders of Secured Redeemable Non-Convertible Debentures as on February 10, 2014 offered to public pursuant to prospectus dated December 2, 2013 bearing ISIN INE477L07040

No.	Name of Holder & Address	Number of Instruments	Aggregate Amount (in ₹)	Face Value (in ₹)	%
1	Canara Bank-Mumbai Domestic Treasury (Back Office) Maker Chamber III 7th Floor, Nariman Point Mumbai 400021	250,000	250,000,000	1,000.00	5.00
2	ICICI Prudential Life Insurance Company Limited Deutsche Bank AG DB House, Hazarimal Somani Marg Post Box No. 1142, Fort Mumbai – 400001	250,000	25,000,000	1000.00	5.00
3	Bank of Baroda DGM, Bank of Baroda Specialized Integrated Treasury Br. Bst,	200,000	200,000,000	1000.00	4.00

No.	Name of Holder & Address	Number of Instruments	Aggregate Amount (in ₹)	Face Value (in ₹)	%
	4th and 5th Floor, C-34 G-Block Bandra Kurla Complex, Mumbai 400051				
4	Chanakya Corporate Services Private Limited 8, Trivedi Niwas New Nagardas Road Andheri (East) Mumbai 400069	200,000	200,000,000	1000.00	4.00
5	Reliance Life Insurance Company Limited Deutsche Bank AG DB House, Hazarimal Somani Marg Post Box No. 1142, Fort Mumbai 400001	167,000	167,000,000	1000.00	3.34
6	HDFC Standard Life Insurance Company Limited HDFC Bank Limited, Custody Services Lodha - I Think Techno Campus Off Flr 8, Next To Kanjurmarg Stn Kanjurmarg East Mumbai 400042	150,000	150,000,000	1000.00	3.00
7	Punjab And Sind Bank H.O. Funds Management Dept 1st Floor 'Bank House' 21 Rajendra Palace, New Delhi 110008	150,000	150,000,000	1000.00	3.00
8	Oriental Bank Of Commerce Plot No.5, Institutional Area, Sector - 32, Gurgaon, Haryana 122001	150,000	150,000,000	1000.00	3.00
9	ECL Finance Limited Edelweiss House Off C S T Road Kalina Mumbai 400098	116,266	116,266,000	1000.00	2.34
10	HDFC Trustee Company Limited HDFC MF Monthly Income Plan Long Term Plan HDFC Bank Limited, Custody Services, Lodha I Think Techno Campus, Office Floor 8, Next To Kanjurmarg Railway Stn Kanjurmarg East, Mumbai 400042	100,000	100,000,000	1000.00	2.00

Details of Promoter holding in our Company as on February 14, 2014

Sr. No.	Name of Share holders	Total Number of Equity Shares	No of shares in demat form	Total shareholding as % of total no of equity shares	No of Shares Pledged	% of Shares pledged with respire to shares owned
1	India Infoline Finance Limited	10,899,400	10,899,400	99.994	Nil	Nil
2	Chintan Modi*	100	Nil	0.001	Nil	Nil
3	Narendra Jain*	100	Nil	0.001	Nil	Nil
4	R. Mohan*	100	Nil	0.001	Nil	Nil
5	Pallab Mukherji*	100	Nil	0.001	Nil	Nil
6	Dhruv Jain*	100	Nil	0.001	Nil	Nil
7	Mukesh Kumar Singh*	100	Nil	0.001	Nil	Nil
Total		10,900,000	-	100.000	Nil	NIL

*Nominee of India Infoline Finance Limited

Debt - equity ratio:

The debt-equity ratio of our Company, prior to this Issue is based on a total outstanding consolidated debt of ₹2,640 million and shareholder funds amounting to ₹3,014.9 million as on September 30, 2013.

Particulars	As at September 30 , 2013	
	Pre issue	Post issue*
Debt		
Long Term Loans	1,400.00	7,700.00
Short Term Loans	1,240.00	0.00
Total Debt	2,640.00	7,700.00
Shareholders' funds		
Share Capital	1,659.00	1,659.00
Outstanding Stock option	-	-
Reserves	1,372.60	1,372.60
Less: Deferred tax asset	16.67	16.67
Total Shareholders' funds	3,014.93	3,014.93
Long Term Debt to Equity Ratio(Number of times)	0.46	2.55
Debt to Equity Ratio (Number of times)	0.88	2.55

*The debt-equity ratio post the Issue is indicative since it includes assumed cash flows on account of the present issue of ₹ 2,000.00 million which is added to debts, net of repayments, amounting to ₹5,700.00 million as at February 15, 2014.

Post Debt = Debt (actuals as on date) + Current issue size

Post Debt equity ratio = Total Post debt (as above) / Net worth

For details on the total outstanding debt of our Company, please refer to the chapter titled “**Financial Indebtedness**” beginning on page 143.

Our Company has not made any acquisition or amalgamation in the last one year.

Our Company has not made any reorganization/ reconstruction in the last one year.

Our Company does not have any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option

Employee Stock Option Scheme:

Our Company does not have any employee stock option scheme.

OBJECTS OF THE ISSUE

The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will boost tier II capital and capital adequacy and shall be used for the financing activities including lending and investments, subject to applicable statutory and/or regulatory requirements, to repay our existing loans and our business operations including for our capital expenditure, general corporate purposes and working capital requirements.

The Main Objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

Interim Use of Proceeds

Our Management, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the Debt Regulations. The Board shall monitor the utilization of the proceeds of the Issue. For the relevant Financial Years commencing from Fiscal 2014, our Company will disclose in our financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. In accordance with clause 19 of the Debt Listing Agreement, the information shall be furnished to the stock exchange along with half yearly financial results furnished under clause 29 of the Debt Listing Agreement to the stock exchange and shall also be published in the newspapers simultaneously along with the half yearly financial results.

Other Confirmation

In accordance with the Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or for acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management of our Company.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property.

The NCDs are in the nature of Subordinated Debt and will be eligible for Tier II capital and accordingly will be utilised in accordance with statutory and regulatory requirements including requirements of NHB.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoter, our Promoter's Promoter, our Directors, key managerial personnel, or companies promoted by our Promoter, or companies promoted by our Promoter's Promoter except payments to be made by way of fees and commission to various IIFL Group companies that participate in the Issue as SEBI registered intermediaries.

STATEMENT OF TAX BENEFITS

Under the current tax laws, the following tax benefits *inter-alia* will be available to the Debenture Holders as mentioned below. The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Debenture Holder is advised to consider in his own case the tax implications in respect of subscription to and redemption of the NCDs after consulting his tax advisor as alternate views are possible.

To the Debenture Holder**A. INCOME-TAX****I. To the Resident Debenture Holder**

1. 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 in respect of the following:
 - (a) In case the payment of interest on debentures to resident individual or HUF Debenture Holder by a company in which the public are substantially interested in the aggregate during the financial year does not exceed ₹5000 provided the interest is paid by an account payee cheque;
 - (b) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company BEFORE THE PRESCRIBED DATE OF CLOSURE OF BOOKS FOR PAYMENT OF DEBENTURE INTEREST.
 - (c) When the resident Debenture Holder with PAN (not being a company or a firm or a senior citizen) submits a declaration in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be nil as per the provisions of section 197A (1A) of the I.T. Act. However, under section 197A (1B) of the I.T. Act, Form 15G cannot be submitted nor considered for exemption from deduction from tax at source if the aggregate of income of the nature referred to in the said section, *viz.* dividend, interest, etc. as prescribed therein, credited or paid or likely to be credited or paid during the Previous year in which such income is to be included exceeds the maximum amount which is not chargeable to tax, as may be prescribed in each year's Finance Act. To illustrate, as on April 1, 2013, the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is ₹200,000; in case of resident senior citizens (who are 60 or more years of age but less than 80 years of age at any time during the financial year) is ₹250,000 and in case of resident super senior citizens (who are 80 or more years of age at any time during the financial year) is ₹500,000 for Previous Year 2013-14. Senior citizens who are 65 years or more of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A (1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax i.e. ₹250,000 for FY 2013-14 provided that the tax due on total income of the person is NIL. In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act; Form No.15G WITH PAN / 15H WITH PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest. Further, section 87A provides a rebate of 100 percent of income-tax or an amount of ₹ 2,000 whichever is less to a resident individual whose total income does not exceed ₹500,000.
 - (d) On any securities issued by a company in a dematerialized form and is listed on recognized stock exchange in India. (W.e.f. June 1,2008).
2. Under section 2 (29A) of the I.T. Act, read with section 2 (42A) of the I.T. 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. Under section 112 of the I.T. Act, capital gains arising on the transfer of long

term capital assets being listed securities are subject to tax at the rate of 10% of capital gains calculated without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the debenture from the sale consideration.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax, then the long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

In addition to the aforesaid tax, a surcharge of 10% (if net income exceeds ₹ 10,000,000) of such tax liability, in the case of firms and a surcharge of 5% (if net income is in the range of ₹ 10,000,000 to ₹ 100,000,000) & 10% (if net income exceeds ₹ 100,000,000) of such tax liability, in case of domestic companies is also payable. A 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge) is payable by all categories of taxpayers

3. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions related to maximum amount not chargeable to tax, surcharge and education cess described at para 2 above would also apply to such short-term capital gains.
4. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.
5. **HOWEVER IN CASE WHERE TAX HAS TO BE DEDUCTED AT SOURCE WHILE PAYING DEBENTURE INTEREST, THE COMPANY IS NOT REQUIRED TO DEDUCT SURCHARGE, EDUCATION CESS AND SECONDARY AND HIGHER EDUCATION CESS.**
6. The said issue of debentures qualifies as eligible investment under section 11(5)(ix) of the Income Tax Act, 1961 by a charitable trust.

II. To the Non Resident Indians

1. A non-resident Indian has an option to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:
 - a) Under section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20% (plus applicable surcharge, education cess and secondary & higher education cess), whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition (plus applicable surcharge, education cess and secondary & higher education cess). Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
 - b) Under section 115F of the I.T. Act, subject to the conditions and to the extent specified therein, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the I.T. Act in accordance with and subject to the provisions contained therein.
 - c) Under section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and / or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.

- d) Under section 115H of the I.T. Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion into money of such assets.
2. In accordance with and subject to the provisions of Section 115I of the I.T. Act, Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the I.T. Act. In that case, please refer to para A (2, 3 and 4) for the tax implications arising on transfer of debentures.
 3. Under Section 195 of the I.T. Act, the company is required to deduct tax at source at the rate of 20% on investment income and at the rate of 10% on any long-term capital gains and as referred to in section 115E; at the normal rates for Short Term Capital Gains if the payee Debenture Holder is a Non Resident Indian. The provisions related to surcharge and education cess described above would also apply to such income/gains.
 4. As per section 90(2) of the I.T. Act read with the circular no. 728 dated October 30, 1995 issued by the CBDT, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate, containing prescribed particulars is a mandatory condition for availing benefits under any DTAA. In terms of Chapter XA of the Income Tax Act general Anti Avoidance Rule may be invoked notwithstanding anything contained in the Act. By this Rule any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be interalia denial of tax benefit, applicable w.e.f 1-04-2016.
 5. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 197(1) or section 195 (3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest.

III. To the FIIs

In accordance with and subject to the provisions of section 115AD of the I.T. Act on transfer of debentures by FIIs, long term capital gains are taxable at 10% (plus applicable surcharge and education and secondary and higher education cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and education and secondary and higher education cess). The cost indexation benefit will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply. Income other than capital gains arising out of debentures is taxable at 20% in accordance with and subject to the provisions contained therein.

In addition to the aforesaid tax, in case of foreign corporate FIIs where the net income is in the range of ₹ 10,000,000 to ₹ 100,000,000 , a surcharge of 2 % of such tax liability and if the net income exceeds ₹100,000,000 a surcharge of 5% of such tax liability is also payable. A 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge) is payable by all categories of taxpayers.

The Finance Act, 2013 (by way of insertion of a new section 194LD in the I.T. Act) provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and June 1, 2015 provided such rate does not exceed the rate as may be notified by the Government.

In accordance with and subject to the provisions of section 196D (2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs.

The provisions at para II (4 and 5) above would also apply to FIIs.

IV. To the Other Eligible Institutions

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India be exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein.

B. WEALTH TAX

Wealth-tax is not levied on investment in debentures under section 2(ea) of the Wealth-tax Act, 1957.

C. GIFT TAX

Gift-tax is not levied on gift of debentures in the hands of the donor as well as the donee because the provisions of the Gift-tax Act, 1958 have ceased to apply in respect of gifts made on or after October 1, 1998. **HOWEVER, IF ANY INDIVIDUAL OR HUF, RECEIVES THESE DEBENTURES OF THE AGGREGATE VALUE OVER ₹ 50,000 FROM ANY PERSON OR PERSONS WITHOUT CONSIDERATION OR RECEIVES THESE DEBENTURES FOR A CONSIDERATION WHICH IS LESS THAN AGGREGATE FAIR MARKET VALUE OF THE DEBENTURES BY AN AMOUNT EXCEEDING FIFTY THOUSAND RUPEES, THERE WILL BE LIABILITY TO INCOME TAX TO THE EXTENT PROVIDED IN SECTION 56(2)(VII) OF THE INCOME TAX ACT 1961 TO SUCH RECEIVER. HOWEVER, THE DEBENTURES RECEIVED AS GIFTS FROM ANY RELATIVE AS DEFINED IN SECTION 56 (2)(VII) OF THE INCOME TAX ACT WILL NOT ATTRACT INCOME TAX LIABILITY IN THE HANDS OF THE RECEIVER.**

For Pritesh Mehta & Co
Chartered Accountants

Pritesh Mehta
(Proprietor)

Mumbai
February 11, 2014

SECTION IV - ABOUT OUR COMPANY

INDUSTRY

Housing Industry in India

The growth of the Indian economy and the resultant rise in the per capita income are stepping up the pace of urbanisation. This, along with the increasing availability of finance, has resulted in a growth in demand for housing in the past few years. As per CRISIL estimates, the housing stock in India stands at around 148 million in Fiscal 2013, as compared to around 103 million in Fiscal 2003.

Further improvements in the macro-economic scenario, coupled with associated demographic changes in population such as changing age-mix, increasing nuclearisation of families, etc., are expected to give an added impetus to the growth of the housing industry in India.

Source: CRISIL Report, Retail Finance – Housing, October 2013

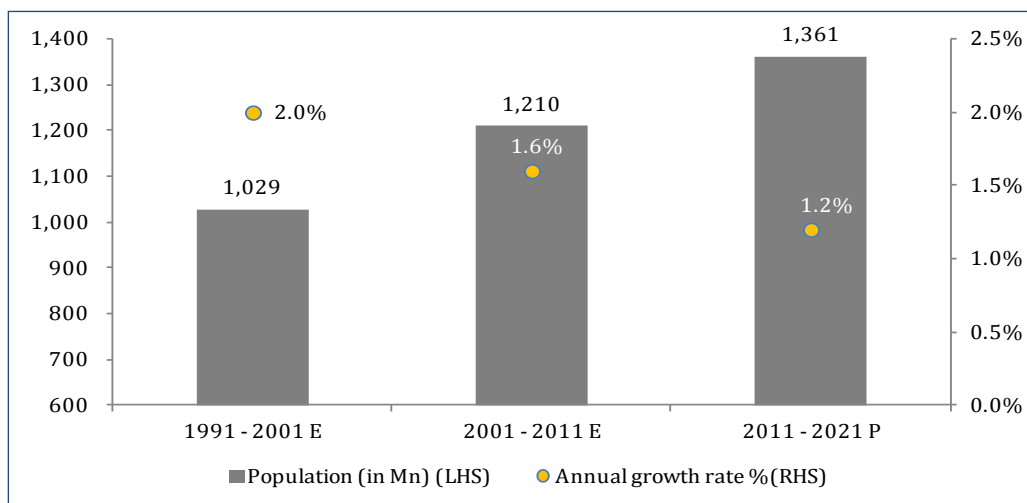
Key Demand Drivers

- **Population growth backed by favourable demographics**

India had an estimated population of more than 1.2 billion people, representing an estimated 250.6 million households in 2012 as compared to more than 1.0 billion people representing 197.2 million households in 2002. The growth in the number of households is a result of growth in population and changing income demographics, especially in urban areas. India's population grew at a slower CAGR of 1.6 per cent between 2001-2011 as compared to 2.0 per cent growth between 1991-2001. The population growth is expected to slow down further to 1.2 per cent in the current decade.

The increase in population has a direct bearing on the requirement for housing units and, through this, on floor space area requirements. The number of households is likely to rise with change in age-mix, growing number of nuclear families, continuous urbanisation and growing penetration of finance. Moreover, in the current scenario, population growth is occurring in younger age brackets. As per CRISIL Research estimates this translates into a tremendous increase in working population, thereby leading to greater demand for housing.

India - Population growth



E: Estimated; P: Projected

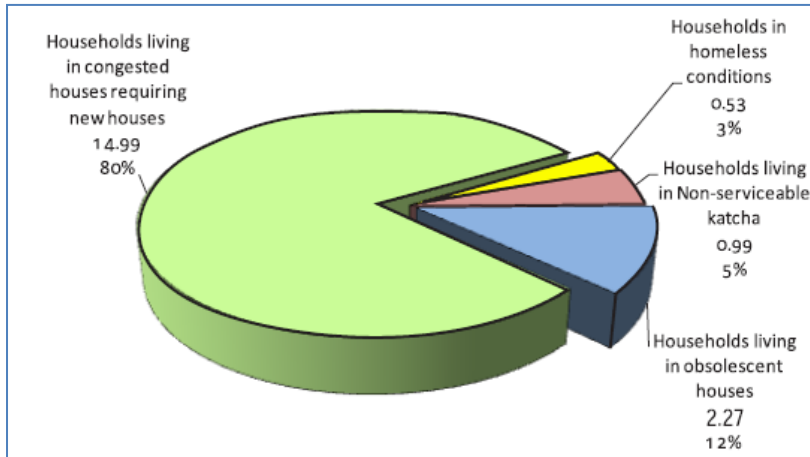
Note: Population figures for 2001, 2011 and 2021 in Mn.

Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Shortage of Housing Stock**

Despite strong growth in housing supply in recent years, India still faces a shortage of houses, especially in urban areas. As per the Report of the Technical Group on Urban Housing Shortage for the 12th Five Year Plan (“TG-12”), housing shortage is defined as the number of households that would not have acceptable dwelling units or no dwelling unit to live in at the beginning of the 12th Five Year Plan. The housing shortage in urban India was estimated to stand at 18.78 million units, as of March 1, 2012, the break-up of which is shown below:

Urban Housing Shortage (In Mn, %)



As various government and private agencies build additional housing stock for reducing this shortfall, it will lead to additional demand for housing loans.

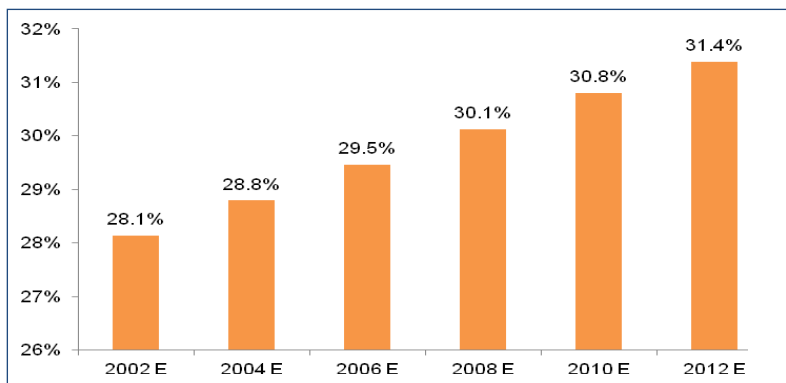
Source: Report of the Technical Group on Urban Housing Shortage for the 12th Five Year Plan http://mhupa.gov.in/W_new/urban-housing-shortage.pdf

- **Increasing Urbanisation**

The share of urban population has been increasing steadily from 28.1 per cent in 2002 to 31.4 per cent in 2012. The urban population has grown at a much higher CAGR of 2.8% vis-à-vis the overall CAGR of 1.6% for the decade of 2001-2011.

Urbanisation is expected to accelerate with expected CAGR of 2-2.5% vis-à-vis the overall population CAGR of 1.3% between 2010 to 2015. This difference in growth rates implies that the gap between urban and rural population will narrow. Urbanisation has a twin impact on housing demand. On the one hand, it reduces the area per household, and on the other, there is an increasing need for more nuclear families, leading to the formation of more number of households.

Urban population as a percentage of total population



E: Estimated, data pertains to calendar year

Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Increasing Nuclearisation**

Nuclearisation refers to the formation of nuclear families from joint families. Nuclearisation is primarily driven by employment-related migration. Nuclearisation like urbanisation has a twin impact. It reduces the area per household, but increases overall household formation, thereby increasing demand for housing units.

Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Income Growth – Rising affordability**

Income levels of the households has been increasing steadily over the years. The less than ₹ 0.1 mn income household category represented an estimated 56 per cent of the total population in 2011-12 as compared to 69 per cent in 2006-07. The ₹0.2-0.5 mn bracket, though approximately constituting 13.5 per cent of the total households in 2011-12, is increasing at a faster pace.

The ₹0.2-0.5 mn income households and greater than ₹0.5 mn income households in India are estimated to have posted a CAGR of 12 per cent and 8 per cent, respectively, from 2006-07 to 2011-12. Rising incomes have resulted in increasing floor space requirements.

Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Higher Penetration of Housing Finance**

The increasing availability of housing finance with low interest rates in the past has been a key driver of growth in housing. This is driven by factors like good branch and agency network of lenders, increasing acceptability of loans by customers, etc. As per CRISIL estimates, finance penetration in urban areas stood at 41.2 per cent in Fiscal 2013, and is projected to increase to 41.5 per cent in Fiscal 2014, and to 47.0 per cent in Fiscal 2018.

In comparison, housing finance penetration in rural areas is estimated to have stood at only 8.3 per cent in Fiscal 2013 and is expected to increase to 9.4 per cent by Fiscal 2018. The lower penetration of housing finance in rural regions is primarily due to absence of adequate branches by lenders because of higher cost of operations, absence of large salaried class, and challenges in valuing collateral in rural areas. The finance penetration in rural areas is expected to remain low, unless private financiers shift focus to these markets and establish a good branch network.

Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Tax Benefits**

The government has been offering several tax concessions to spur housing demand, which have also been instrumental in driving growth in housing and housing finance sectors. The government has provided tax sops to both borrowers and lenders.

Some of the tax benefits provided by the Government include:

Tax benefits to individuals

Tax deduction is available for home loans under two sections of the Income Tax Act of India (excluding home loans from private sources such as friends, family, etc.). The change in income tax slabs in the Union Budget 2012-13 lead to a significant reduction in tax liability for the salaried class. This in turn resulted in an increase in disposable income and has likely induced higher demand for housing finance.

- Interest paid on home loan:* As per Sec 24 (b) of the Income Tax Act, 1961, annual interest payments up to ₹0.15 mn on housing loans can be claimed as a deduction from taxable income. The Finance Minister in the Union Budget 2013-14, had allowed an additional deduction of ₹0.1 mn on interest paid towards home loan upto ₹2.5 mn availed in 2013-14 by first time home buyers (over and above the existing ₹0.15 mn deduction). This additional deduction can be claimed over a period of two years.

- ii. *Principal repayment of home loan:* As per Sections 80 C read with section 80 CCE of the Income Tax Act, 1961 principal repayment up to ₹0.1 mn on home loan is allowed as a deduction from gross total income.

Tax benefits to corporate

- i. Corporate borrowers do not get any special tax sops, as the interest paid on the loan is allowed as normal deduction for tax purposes. In addition, depreciation on house property is permitted as deduction for calculating taxable income.

Tax benefits given to lender of housing loans

- i. Under Section 36 (1) (viii) of the Indian Income Tax Act 1961, with respect to any special reserve created and maintained by a financial corporation engaged in providing long-term finance for construction or purchase of houses in India for residential purposes, a maximum amount of 20 per cent of the profits derived from such business (computed under the head 'profits and gains of business or profession') and carried to such special reserve is tax deductible. This deduction is available only up to twice the total amount of the company's paid-up share capital and its general reserves.

Source: CRISIL Report, Retail Finance – Housing, October 2013

Housing Finance Industry in India

- **Industry Composition**

India's housing finance industry mainly comprises banks and HFCs, and to a certain limited extent, smaller institutions such as community-based organisations, self-help groups, etc. The NHB operates as the principal agency for promoting, regulating and providing financial and other support to HFCs at local and regional levels, while banks and NBFCs are managed and regulated by the RBI. As of October 24, 2013, 57 companies have been granted certificates of registration by NHB to act as HFCs.

Source: <http://www.nhb.org.in/Regulation/RegisteredCompanies.php> and <http://www.nhb.org.in/Regulation/NonValidCompanies.php>, accessed on October 24, 2013

Historically, the housing finance industry was dominated by HFCs. However, towards the end of the 1990s, the scheduled commercial banks became very active in lending to the housing sector in the backdrop of lower interest rates, rising disposable incomes, stable property prices and fiscal incentives by the government.

While banks depend on their own equity and reserves and large deposit base for funding their housing loan portfolios, HFCs primarily depend on funding sources such as loans from banks and financial institutions, financing from NHB, borrowing through bonds and debentures, commercial paper, subordinate debt and fixed deposits from public, besides their own equity and reserves.

Increased competition in the housing finance industry has also led to the introduction of new mortgage products in the market, such as variable interest rate loans, loan for repairs and renovation, and customised products with features like ballooning EMI, depending on the need and eligibility of the borrowers concerned. In addition, some banks and HFCs also offer home equity loans (loans against the mortgage of existing property), which may be used for non-housing purposes.

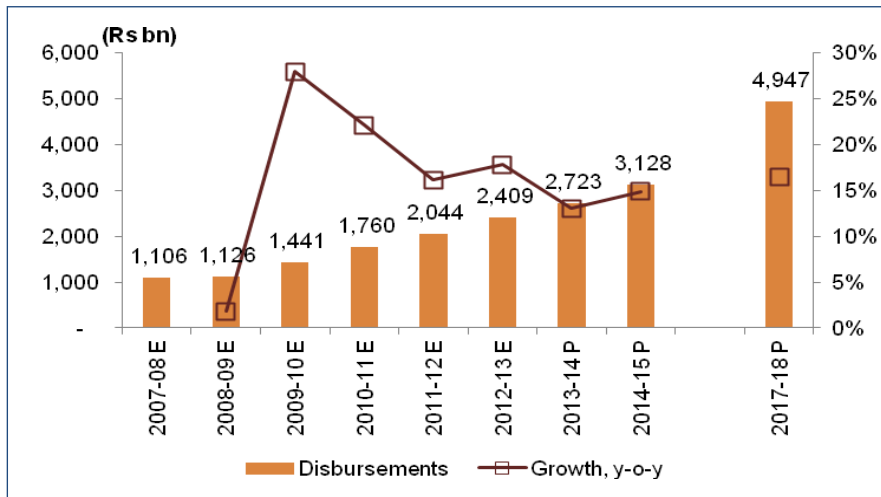
- **Disbursements Growth**

As per CRISIL estimates, housing finance disbursements are estimated to have grown by around 18% in Fiscal 2013 to ₹2,409 billion (as compared with ₹2,044 billion in Fiscal 2012). High capital values in metros and tier-I cities and elevated interest rates will impact the affordability levels of home buyers in 2013-14 and 2014-15, despite expected property price correction in certain pockets. As a result, growth in disbursements is expected to decelerate to 12-14 per cent over the next 2 years.

Over the next 5 years, housing finance disbursements are projected to grow at a CAGR of 15-16 % to reach ₹4,947 billion by Fiscal 2018. Increase in transaction volumes, rise in property prices and higher loan to value (“LTV”) ratios are some of the key drivers behind the growth in disbursements in the housing finance industry.

The year on year growth (historical & projected) in the outstanding housing loan portfolio in India is graphically represented in the chart below:

Disbursements vs y-o-y growth



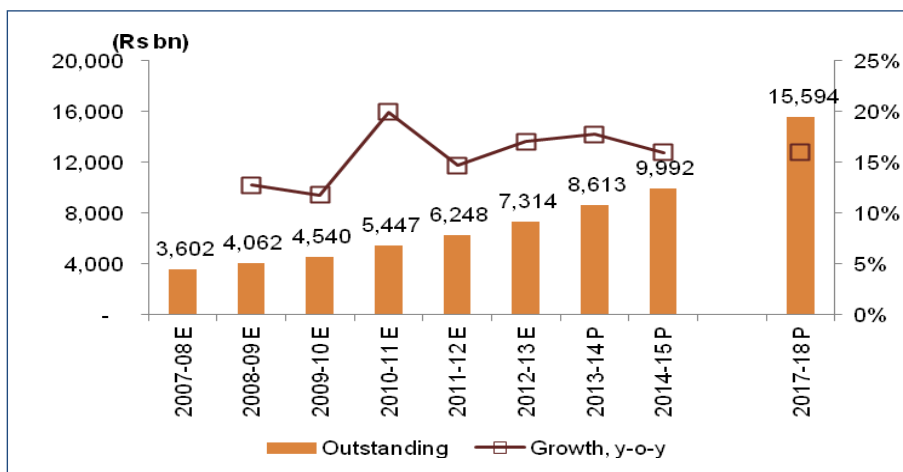
E: Estimated; P: Projected

Source: CRISIL Report, Retail Finance – Housing, October 2013

- Outstanding Loans Growth**

The quantum of outstanding loans is impacted by a combination of disbursements, repayments and prepayments. As per CRISIL estimates, housing finance outstanding portfolio, i.e. the total loan book of a housing finance player, grew by around 17 % Y-o-Y in Fiscal 2013 (to ₹ 7,314billion as compared with ₹6,248billion in Fiscal 2012), due to a steady growth in disbursements and lower prepayments. The housing finance outstanding portfolio is expected to grow at a CAGR of 16% to reach ₹15,594billion in Fiscal 2018. The chart below shows the historic and projected growth in the outstanding housing loan portfolio in India.

Growth in outstanding portfolio



E: Estimated; P: Projected

Source: CRISIL Report, Retail Finance – Housing, October 2013

Key Drivers of Growth for Housing Finance

- Housing Finance disbursements to grow at a steady pace over the next 5 years**

Between 2012-13 and 2017-18, home loan disbursements by housing finance players are expected to grow at a CAGR of 15-16 per cent, led by increase in home sales, rising property prices and a steady increase in finance penetration. CRISIL Research estimates the housing stock to grow by 3.5-3.7 per cent per annum in urban areas and by 4.2-4.5 per cent per annum in rural areas over the next 5 years.

The key factors influencing housing finance disbursements are:

- i. Underlying housing demand
- ii. Average ticket size (“ATS”)
- iii. Finance penetration

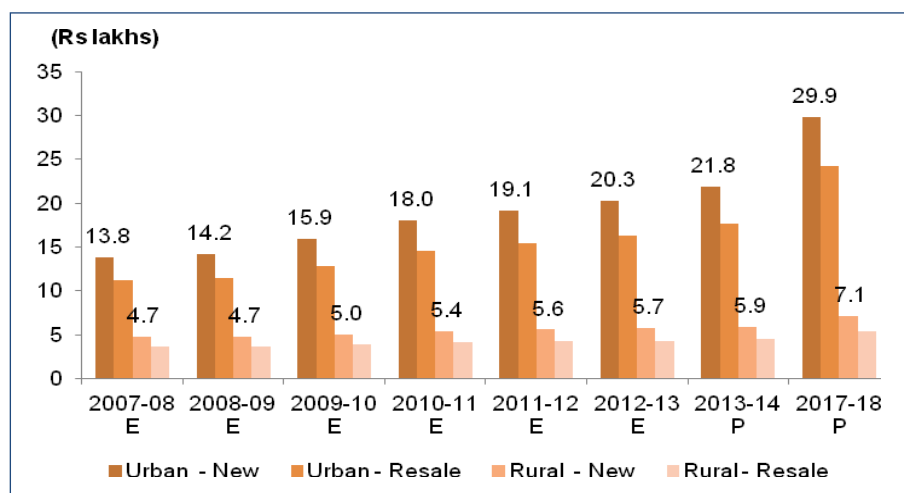
Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Increase in property prices in non-metro cities to support ATS growth**

CRISIL Research expects the ATS, which is a function of price per sq ft, area per unit and the loan-to-value (LTV) ratio, to increase by 6-7 per cent y-o-y in 2013-14 owing to steady rise in demand from the top 10 cities in the country, especially Pune, Hyderabad and Delhi-NCR. Further, increasing urbanisation is pushing up prices in tier-II and tier-III cities.

In 2012-13, the urban ATS grew only by ~7 per cent, as property prices in markets such as Mumbai, Delhi-NCR region, Hyderabad and Chandigarh stabilised. Unsold inventories, the result of high interest rates, may have led to price corrections in some areas, impacting the growth in ATS.

Average Ticket Size(“ATS”) in urban and rural areas



E: Estimated; P: Projected

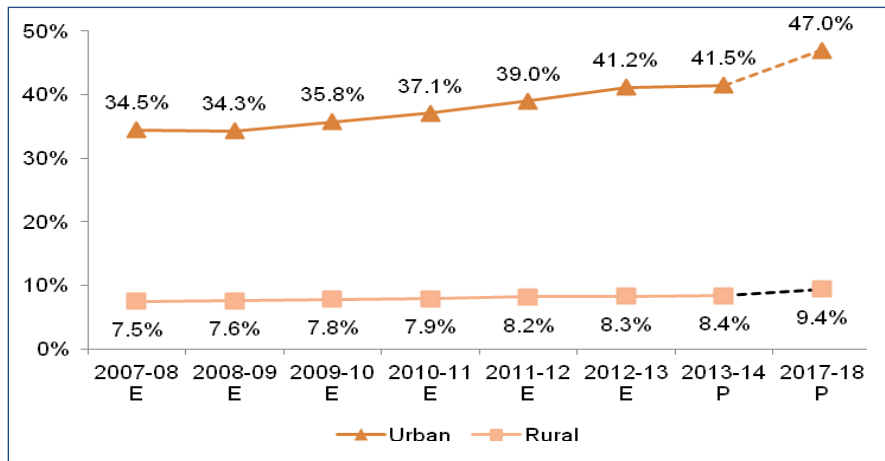
Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Rise in Urban Finance penetration**

Increase in finance penetration is also expected to support the industry's growth. Rising demand for housing from tier-II and tier-III cities and subsequent surge in construction activity have resulted in increasing focus from financiers on these geographies.

Accordingly, in urban areas, finance penetration is expected to increase to 41.5 per cent in 2013-14 from an estimated 41.2 per cent in 2012-13. Finance penetration is likely to rise marginally to 8.4 per cent in 2013-14 from 8.3 per cent in 2012-13 in rural areas.

Finance penetration in rural and urban areas



E: Estimated; P: Projected

By 2017-18, CRISIL Research expects finance penetration to increase to 47.0 per cent in urban areas and to 9.4 per cent in rural areas. Rural areas are unlikely to witness any major improvement in finance penetration unless private financiers shift focus to these markets and establish a good branch network. Moreover, profitability is lower in rural areas as compared with urban areas.

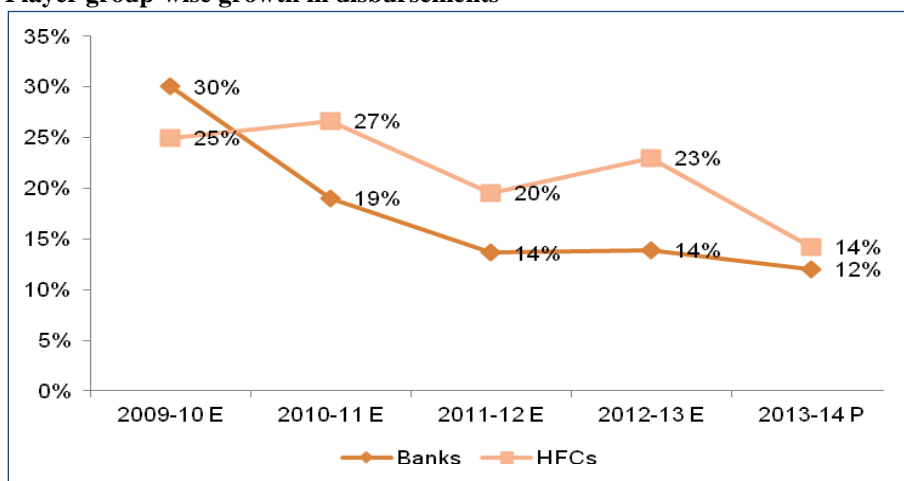
Further, rural areas pose more operational challenges, such as the timely collection of payments from customers.

Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Share of Banks to come down in the near term vis-a-vis HFCs**

Over the past few years, robust growth in disbursements has enabled housing finance companies (HFCs) to enhance their market share significantly as compared to banks. With the recent slowdown in corporate credit, banks are aggressively focusing and competing with HFCs in the home loan segment. However, with strong origination skills, focused approach, targeting of special customer segments, relatively superior customer services and significant growth plans, HFCs will continue to gain market share, although at a slower pace. The expected growth rates of banks and HFCs in disbursements have been depicted in the chart below.

Player group-wise growth in disbursements

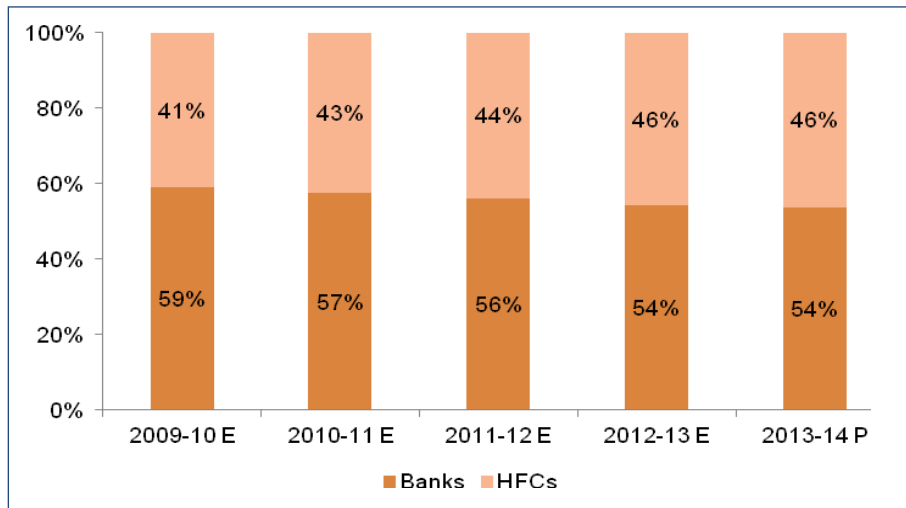


E: Estimated; P: Projected

Bank disbursements are expected to grow by 12.0 per cent in 2013-14, while disbursements by HFCs are likely to grow at 14.0 per cent during the same year. Slower economic growth along with higher costs (inflation, property prices, home loan rates) have impacted the demand for real estate, particularly in Tier 1 cities. With no sign of significant economic recovery in sight, uncertainty over income growth, elevated CPI inflation, and high interest rates will continue to impact absorption growth. HFCs are expected to grow marginally faster on a y-o-y basis because of their increasing presence in tier II and tier III centers, higher ATS and stable asset quality.

Consequently, CRISIL Research estimates the share of HFCs to increase to around 46 per cent in 2013-14.

Market share of HFCs vs Banks



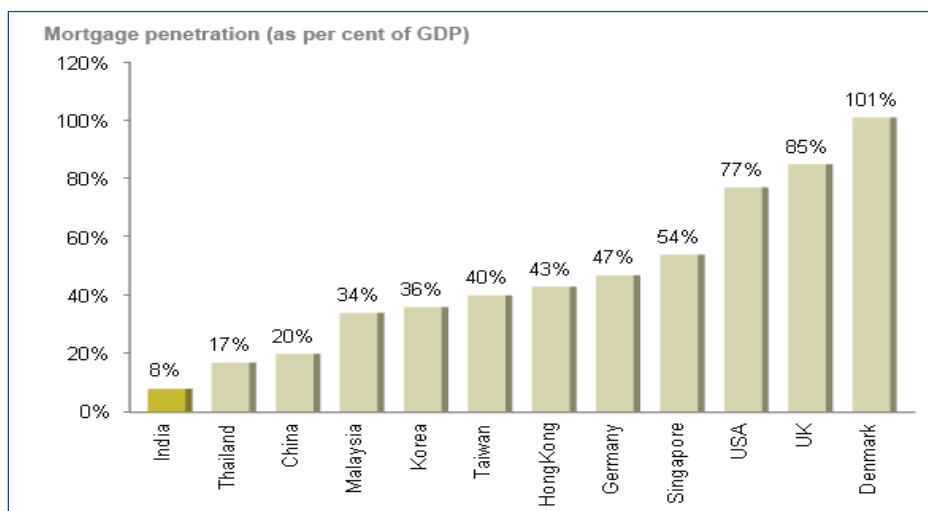
E: Estimated; P: Projected

Source: CRISIL Report, Retail Finance – Housing, October 2013

Key trends in the Housing Finance Industry in India

- Housing finance disbursements growth to remain healthy over long term

While India's mortgage to GDP ratio is low as compared to other developing countries at 8 per cent, it has improved by 300-400 bps over the last 6 years. In the long term, increasing income levels, improving affordability, rising urbanisation including emergence of tier-II and tier-III cities and evolution of the nuclear family concept, ease of financing, tax incentives and widening reach of financiers, CRISIL Research forecasts disbursements to grow at a 5-year CAGR of 15-16 per cent to reach ₹4,947 billion by 2017-18. Increase in volumes and rise in property prices will also play a significant role in determining the growth in disbursements.



With players actively competing in the home finance space, the differential in the rates offered by different financiers will narrow down. As a result, CRISIL Research expects balance transfer cases to stabilise as financiers operate on a level playing field.

- **Prepayment rates to decline marginally**

The outstanding portfolio is a function of repayments, prepayments and disbursements, which are all affected by loan tenure and interest rates. The overall prepayments can be divided into two components, viz structural and cyclical prepayments. While the former depends on the increase in the borrower's income, which encourages prepayment of the loan, the latter is sensitive to the interest rate environment.

In an increasing interest rate environment, cyclical prepayments would be subdued and may even become negative, indicating that some portion of the principal to be repaid will be pushed to later years. In 2012-13, with income growth uncertainty, the structural payments were subdued; however, with decline in interest rates in the latter half, cyclical prepayments increased. This scenario is likely to persist during 2013-14.

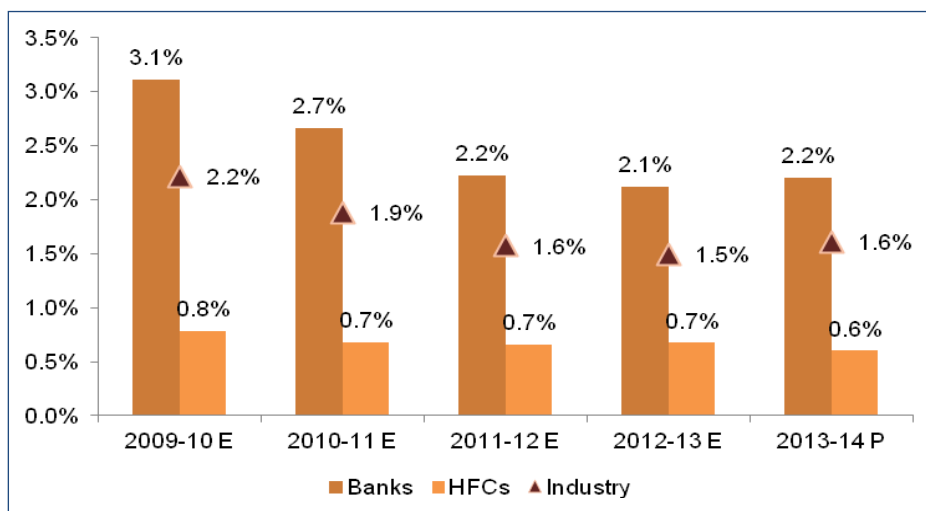
Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Asset quality within check**

As demand for housing finance is primarily dominated by first-time buyers, asset quality in this segment has remained low historically. The non-performing assets (NPAs) of financiers improved in 2012-13 because of adequate appraisal systems and effective recovery mechanisms. The NPAs are likely to decline marginally in 2013-14 owing to better control, system checks, follow-ups and the expected improvement in job security. According to industry sources, despite the seasoning of teaser loan portfolio, there are minimal delinquencies from these accounts, which have contributed to stability in asset quality in 2012-13. We do not expect a significant rise in delinquencies from this portfolio in 2013-14 as well.

Our interactions with industry sources indicate that the defaults are generally higher in the smaller ticket size segments (below ₹0.10 mn). This can be attributed to the difficulty in assessing the income profile of such borrowers. Banks are now increasingly shifting their focus to high ticket size loans, which will help them improve their asset quality.

Player group-wise asset quality



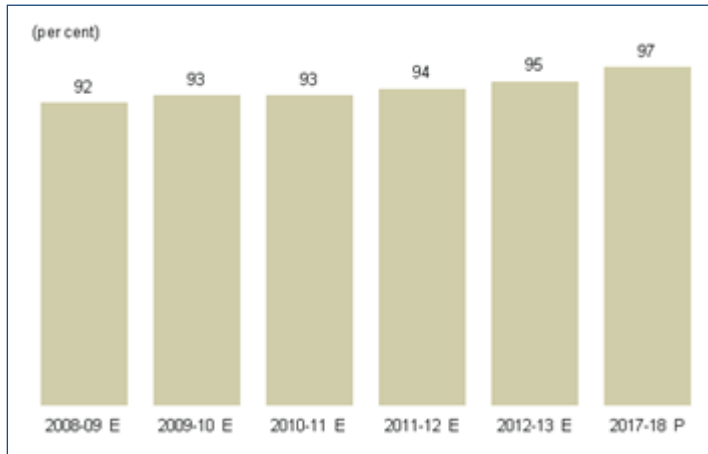
E: Estimated; P: Projected

Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Floating rate loans account for bulk of market**

The proportion of floating rate loans has been increasing since 2005-06 with the rise in interest rates. This was primarily due to the indirect push from financiers for floating rate loans by way of higher spread between fixed rate loans and floating rate loans, which in some cases was around 275 bps. Post 2009-10, the increasing interest rate scenario made borrowers opt for floating rate loans in anticipation of reduction/stabilisation of interest rates in the later years. Going forward, we expect more disbursements with floating interest rate structure.

Proportion of floating rate loans



E: Estimated; P: Projected

Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Increase in average contractual tenure of loan**

The average contractual tenure of loans is 180 months. With a continuous rise in property prices, loan tenures have been increasing over the past few years. Increase in tenure decreases the EMI and enables the borrower to take loan for a higher amount. Moreover, as the average age of borrowers is decreasing, financiers have the comfort of increasing the loan tenures.



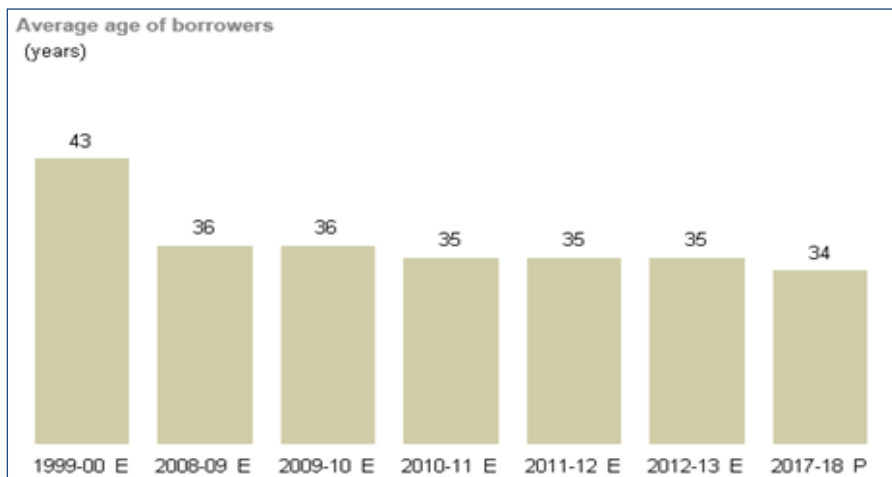
E: Estimated; P: Projected

Source: CRISIL Report, Retail Finance – Housing, October 2013

- **Decrease in average age of borrowers**

Almost 80-85 per cent of home loan borrowers belong to the salaried class. Between 1999-00 to 2007-08, salaries are estimated to have increased at a higher rate than the rise in property prices, thereby increasing the affordability of new houses for individuals.

Also, the growth rate in salaries has been higher for those in the younger age bracket than those who are close to retirement. This trend, coupled with tax incentives in place for interest and principal repayments, has prompted more and more young people to buy houses. In 2012-13, the average age of the borrower is estimated to have been in the age bracket of 35-36 years.



E: Estimated; P: Projected

Going forward, we expect the average age of the borrower to decline further. This would also be encouraged by growth in salary levels and growing preference of people for accumulating assets as a means of investment as well as for tax benefits.

Source: CRISIL Report, Retail Finance – Housing, October 2013

Disclaimer of CRISIL Research

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

OUR BUSINESS

In this section only, any reference to “we”, “us” or “our” refers to India Infoline Housing Finance Limited (“IIFL”). Unless stated otherwise, the financial data in this section is as per our reformatted financial statements prepared in accordance with Indian GAAP set forth elsewhere in this Prospectus.

The following information should be read together with the more detailed financial and other information included in this Prospectus, including the information contained in the chapter titled “Risk Factors” beginning on page 10.

Overview

We are a wholly owned subsidiary of India Infoline Finance Limited. We received a Certificate of Registration (not valid for acceptance of public deposits) from the National Housing Bank (“NHB”) dated February 3, 2009 to carry on the business of a housing finance institution. We offer housing loans and Loans against Property.

Our lending products include Mortgage Loans, which includes Retail Mortgage Loans and Corporate Mortgage Loans. These loans are bifurcated into Housing Loans and Loans Against Property. Housing Loans includes finance for purchase of flats, construction of houses, extension and for improvement in the flats/homes and for acquiring plots of land (which are intended to be used for construction of houses). LAP is availed for, working capital requirements, for business use or acquisition of new property and for financing construction projects.

Our Promoter, India Infoline Finance Limited is a systemically important non-deposit taking NBFC focusing on Mortgage Loans, Commercial Vehicle Finance, Gold Loan, Capital Market Finance and Healthcare Finance. Our Promoter, India Infoline Finance Limited is a subsidiary of India Infoline Limited (“IIFL”), a diversified financial services organization having presence across India. The global footprint of IIFL Group extends across geographies with offices in New York, London, Geneva, Hong Kong, Singapore, Dubai, Mauritius and Colombo. IIFL Group’s services and products include retail broking, institutional equities, commodities and currency broking, wealth advisory, credit & finance, insurance broking, asset management, financial products distribution & investment banking. The product/ services portfolio of IIFL caters to the diverse investment and strategic requirements of retail, institutional, corporate and affluent clients. We leverage extensively on the infrastructure, distribution network and insights of IIFL Group into market and customer needs. We also source our Mortgage Loans from our wide network of DSAs and other alternate channels (i.e. the staff and client base of IIFL Group).

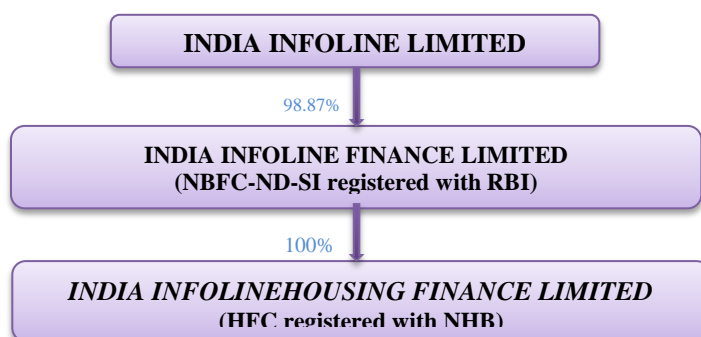
Our income from operations and profit after tax (PAT) of the Company for the financial year ending March 31, 2013 stood at ₹ 451.97 million and ₹139.66 million respectively, and for the half year ended September 30, 2013 stood at ₹390.24million and ₹117.81million respectively. The company’s income from operations and PAT witnessed a CAGR of 95.6 % and 92.64 % respectively over the last three years from FY11 to FY13. The Loan Book of the company has witnessed a CAGR of 92.37 % over the last three years.

A summary of our key operational and financial parameters for the last three completed financial years, as specified below, are as follows:

For Financial Entities	(In ₹)			
	As at September 30, 2013	FY13	FY12	FY11
Networth	3,014,929,974	1,559,412,919	1,420,043,854	1,385,628,318
Total Debt	2,640,000,000	2,050,000,000	1,200,000,000	1,600,000,000
of which –				
Non-Current Maturities of Long Term Borrowing	637,500,000	650,000,000	800,000,000	1,200,000,000
Short Term Borrowings	1,240,000,000	1,000,000,000	-	-
Current Maturities of long Term Borrowings	762,500,000	400,000,000	400,000,000	400,000,000
Net Fixed Assets	-	-	-	-
Non-Current Assets	7,130,083,728	3,359,569,636	2,527,743,746	2,930,346,358
Cash and Cash Equivalents	49,300,492	13,611,872	229,140,096	189,858,875
Current Investments	-	130,000,000	-	-
Current Assets	489,236,995	455,025,435	432,308,330	370,007,237

For Financial Entities	As at September 30, 2013	FY13	FY12	FY11
Current Liabilities	3,901,357,253	1,575,857,659	718,253,251	702,750,987
Assets Under Management	9,368,098,375	6,134,191,540	6,456,918,600	7,572,628,490
Off Balance Sheet Assets	-	-	-	-
Interest Income	310,476,052	398,637,634	403,306,656	218,371,262
Interest Expense	144,145,826	175,358,313	176,722,099	90,152,471
Provisioning & Write-offs	24,126,804	7,132,736	9,251,489	11,319,014
PAT	117,806,509	139,666,248	35,942,906	64,202,544
Gross NPA (%)	0.46%	0.26%	0.37%	0.32%
Net NPA (%)	0.39%	0.22%	0.32%	0.26%
Tier I Capital Adequacy Ratio (%)*	45.55%	37.08%	39.95%	34.94%
Tier II Capital Adequacy Ratio (%)*	3.94%	6.09%	6.91%	6.13%
* Capital adequacy ratio is reported for IHFL				
Gross Debt: Equity Ratio of the Company:-				
Before the issue of debt securities as on September 30, 2013	0.88			
After the issue of debt securities **	2.55			
** The debt-equity ratio post the Issue is indicative since it includes assumed cash flows on account of the present issue of ₹ 2,000.00 million which is added to debts, net of repayments, amounting to ₹5,700.00 million as at February 15, 2014.				

Our Corporate Structure



OUR STRENGTHS

Our Parentage

We believe we benefit extensively from our Promoter, India Infoline Finance Limited and our Promoter's Promoter IIFL, which is a diversified financial services company with a pan-India presence. IIFL is a well-established brand among retail, institutional and corporate investors in India. IIFL along with its subsidiaries offers a wide range of products and services including retail broking, institutional equities, commodities and currency broking, wealth advisory, credit & finance, insurance broking, asset management, financial products distribution & investment banking. IIFL offers advisory/ broking/ distribution services in certain overseas locations through its overseas subsidiaries. The IIFL brand is associated with trust, knowledge leadership and high quality services. We believe we have been able to leverage on our Promoter to grow our business, build relationships and also attract talent. We extensively leverage upon IIFL Group's distribution network and its understanding of the market and customer needs.

We depend on IIFL and our Promoter for support, operations and common infrastructure. We believe we can further leverage upon the branch network of IIFL for expansion, new product launch & building scale.

Secured Loan Book and Strong Asset Quality

We provide only secured finance which ensures lower NPAs and lesser recovery related problems. The Mortgage Loans are secured with mortgage of residential property, land, commercial properties, which are either under construction or fully developed. As a policy, we lend up to 65% of value of property for Loan against Property and up to 90%/80%/75% for Home Loans based on loan amount and in line with NHB guidelines. We believe this policy provides us a cushion against possible defaults. We believe that our robust

credit approval mechanisms, credit control processes, audit and risk management processes and policies help us maintain the quality of our loan portfolio

We are adequately capitalized to fund our growth

We are subject to capital adequacy ratio (“CAR”) requirements prescribed by NHB. We are currently required to maintain a minimum of 12% as prescribed under the Prudential Norms of NHB based on our total capital to risk weighted assets. As part of our governance policy, we ordinarily maintain capital adequacy higher than statutorily prescribed CAR. As of September 30, 2013 and March 31, 2013 our capital adequacy ratio computed on the basis of applicable NHB requirement was 49.49% and 43.17% as compared to a minimum of capital adequacy requirement of 12% stipulated by NHB for FY13.

Set forth below is our capital adequacy ratio for the last five fiscal years.

Year	As at September 30, 2013	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Capital Adequacy Ratio	49.49	43.17	46.86	41.07	140.36	Nil

Access to cost effective funding sources

Our fund requirements are currently predominantly sourced through term loans from banks, issue of redeemable non-convertible debentures on private placement basis and commercial paper. We believe that we have developed stable long term relationships with our lenders and have established a track record of timely servicing of our debts. We also place commercial paper and access inter-corporate deposits.

We believe that we have been able to achieve a relatively stable cost of funds despite the difficult conditions in the global and Indian economy and the resultant reduced liquidity and an increase in interest rates, primarily due to effective treasury management and innovative fund raising programs. We believe we are able to borrow from a range of sources at competitive rates.

Set forth below is our Average Cost of Borrowing for the last five fiscal years.

Year	Half year ending September 30, 2013	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Average Cost of Borrowing	12.16%	12.41%	11.84%	10.77%	9.82%	10.48%

Well Defined Processes

We believe our well defined business processes ensure complete independence of function and segregation of responsibilities. Our robust credit approval and credit control processes, centralized operations unit, independent audit unit for checking compliance with the prescribed policies and approving all loans at transaction level and risk management processes and policies provide for multiple checks and verifications for both legal and technical parameters, including collateral valuation and title search, document verification and fraud and KYC check, personal meetings with clients and audit before disbursement of loans above a specific limit.

For our Mortgage Loans the credit department evaluates proposals focusing on both the borrower and the security on various legal and technical parameters like title reports from empanelled lawyers. We believe our procedures have ensured that the eventual write off due to non-recovery have remained less than 0.1% of Loan Book during the last three fiscals.

Access to Extensive Distribution and Branch Network

Our Mortgage Loans business is sourced through direct sales and regional offices of our Promoter. Additionally we have access to the pan India branch and distribution network of IIFL Group and we leverage the extensive distribution network of the IIFL Group for sourcing business. We also source our Mortgage Loans from our wide network of DSAs and other alternate channels (i.e. the staff and client base of IIFL Group). We propose to set up additional branches across India to further strengthen our geographic reach and customer service and distribution points.

We believe that access to such an extensive distribution network enables us to service and support our existing customers from proximate locations which gives our customers easy access to our services and enables us to

reach new customers. We believe we can leverage on this existing branch network for further expansion, new product launch and building scale.

Experienced Management Team

The Board of Directors comprises of 6 directors with significant experience in the banking and finance sector. The members of our executive management team also have significant experience in the products and services offered by us. We believe that our senior management and talented and experienced executives are and would continue to be the principal drivers of our growth and success in all of our businesses. We believe that the extensive relevant experience and financial acumen of our management and executives provides us with a distinct competitive advantage. Our management organization structure is designed to support each product line by a dedicated team of executives with substantial experience in their particular business segment.

Technology, Analytics and Credit bureau usage

We believe that our robust loan management system, analytic ability and extensive usage of the credit bureau and other allied KYC procedures offers us a significant competitive advantage. Our systems have the capability of end to end customer data capture, computation of income, collateral data capture, and repayment management. Our loan approval is controlled by the loan application system. We believe our monthly analytics reports including through-the-door and credit-information tracking are efficient tools for ensuring risk management-controls & compliance.

Our systems are custom designed for our services and help us reduce people contact time and enhance our processes and operational excellence. Our systems fully integrate businesses in every aspect bringing together various departments in simple transitions and customer information updates. Technology gives us the ability to integrate cash flows in real time and allows us better informed decision making with instantaneous access to record and information.

OUR STRATEGIES

Our key strategy is to gradually grow retail focused mortgage assets, leveraging technology to achieve operational efficiency and to leverage extensive branch network of our parent, particularly in the unbanked and under-banked regions of the country. Key elements of our strategy are:

Retail Focus

Given the potential, our focus is to grow diversified retail mortgage assets. We will continue to focus primarily on residential mortgage assets and to maintain a conservative loan to value ratio across all loan products. We will focus on gaining size and scale in our existing product portfolio. We believe that lending for residential assets across various geographies will allow us to build a healthy loan book.

Operational Efficiency

Operational efficiency is the key to grow retail focused loan portfolio and will form the backbone of our product and service delivery. We intend to continuously improve our operating processes and customer turnaround time to get higher efficiency. As a result, we expect to deliver a superior customer experience. We also intend to further strengthen our risk management systems to maintain asset quality so that growth does not come at the cost of quality.

Technology driven

We will continue to bank on cutting edge technology solutions. We will continue to invest in our IT infrastructure as we believe technology and system driven processes will help us scale up the retail oriented loan assets. System driven risk management processes will help us in growth without compromising on the quality of assets. We expect that technology will help us reduce operating costs and reduce turnaround time. We will continue to rely on proprietary system for loan processing and booking. The in-house loan application system has been built utilizing the expertise of the business and technology teams. We will also source best in-class industry applications, including credit bureaus, if needed due to growing size of the organization.

Leveraging Group's Branch Network

A good distribution network is very important for retail lending business and we plan to continue to leverage IIFL's vast branch network. IIFL has developed a vast distribution network across the country with a large customer base across different product and service offerings. This facilitates customer acquisition, maintain high service standards and timely collections resulting in improved portfolio performance and profitability.

OUR PRODUCTS

Our product portfolio consists of Mortgage Loans. Mortgage Loans include Retail Mortgage Loans and Corporate Mortgage Loans. These loans are bifurcated into Housing Loans and Loans Against Property.

1. Housing Loans includes finance for purchase of flats, construction of houses, extension and for improvement in the flats/homes and for acquiring plots of land (which are intended to be used for construction of houses).
2. Loan Against Property (“LAPs”) is availed for, working capital requirements, business use, acquisition of new property or for financing construction projects.

Housing Loans and LAPs are secured by equitable mortgage or a registered mortgage of the residential property, land, under construction residential/ commercial properties and fully constructed properties, as applicable. As a policy, for the retail segment, we lend up to 65% of value of property for LAP and 90%/80%/75% for Home Loans against value of property based on loan amount and in line with NHB guidelines.

Pricing of Retail Mortgage Loans is driven by the risk profile of the borrower, the product and the market demand. Loan applications are sourced through direct sourcing model, existing branch network of IIFL Group, DSA network and other alternate channels. The pricing in case of Corporate Mortgage Loans is driven by the risk profile of the borrower, the product and the market demand.

The maximum tenure for Housing Loans is 240 months and the maximum tenure of Loans Against Property is 180 months.

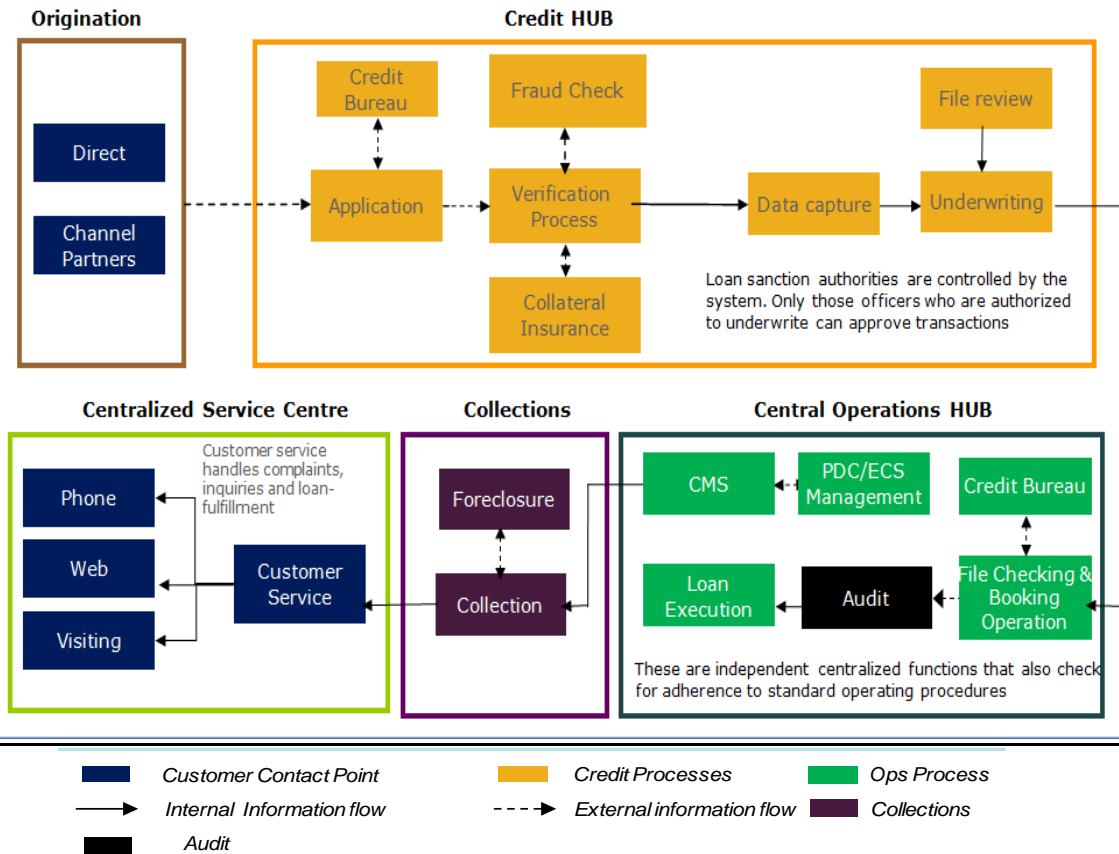
OUR PROCESSES

Our Credit Policy

For all our products, the credit policy is approved by the Board of Directors, senior management members, risk and audit committees. The policy ensures multiple checks through the process. The business model requiring independent operations and audit functions ensures better quality of loans through multiple check points and standard processes. Credit applications of big ticket customers are taken by various credit committee and at the board level depending on the value of the transaction. All loan proposals are audited.

Senior members of the teams are empowered at the local level to take credit decisions. Operations are an independent & centralized function that confirms to adherence with policy parameters.

Mortgage Loans specific processes



Initial Evaluation

In accordance with our credit policy, once a customer has been identified and has completed an application, the loan proposal is evaluated on the prescribed parameters such as:

1. Document Verification for proof of identity, proof of income, proof of residence, collateral analysis etc.
2. Past history of borrowing with us.
3. Credit appraisal note is completed and signed by all required to approve.
4. Completion of the prescribed loan documents, KYC documents.

As a part of the verification process, our officers undertake the prescribed checks. The checks include document verification and personal discussion. We also undertake independent fraud control checks. Our Company uses a fraud control application system called 'Hunter' by Experian Bureau which is a hosted solution provided to the closed user group members. The product aims at identifying fraudulent borrowers at the application stage itself, as well as identifying inconsistencies in applications made by the same borrower to different member banks/FIs.

In addition to the aforesaid we also undertake credit and financial background check on each borrower and provide legal and technical evaluation of security. We also obtain a title search report. We also rely on external appraisals of all properties including valuations by international property consultants for large ticket Mortgage Loans. Title search is conducted by empanelled lawyers.

Credit Controls

Credit Control policies and procedures are laid down in product policies approved by the board of directors, other senior management and risk. Only senior resources with relevant work experience are allocated authorities for transaction approvals.

External agencies for credit operations are appointed based on past experience, reputation and reference checks.

High ticket loans move through a centralized underwriting process and committee approvals in addition to the local process.

Audit

The audit function reports independently to the Board of Directors. All loans go through an audit process at a transaction level. Final disbursement authority for all cases rests with the audit function. Loan disbursements require a case level sign off from audit in addition to approvals from the authorized signatories.

Operational controls

This is an independent and centralized function and additionally checks loans for adherence to policy parameters.

For every loan proposal, disbursements are approved by the central operations and audit. Upon loan disbursement approval, cheque instructions are issued centrally while printing is done at the respective locations.

Credit Score and Portfolio tracking reports

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. The score predicts the likelihood of more than 91 days delinquency on one or more trades in the next twelve months. It uses attributes based on credit behavior information, delinquency measures, days past due, amount past due, enquiries, trade attributes, age, type, mixture.

Our Company uses a minimum bureau score cut-off for all loan applicants. Our Company has membership with three credit bureaus in India – CIBIL, Experian and Equifax. Our Company works in close proximity with the bureau teams and capitalizes on their expertise and learning with other players in the industry. This is helpful for the business since the market is dynamic and helps the business to adopt best practices.

In addition, monthly portfolio quality reports are used for risk management. Performance is reviewed and TTD (Through-The-Door) population is monitored based on these reports. Extensive MISs by segments (salaried/self-employed, commercial/residential, sourcing channels etc.) are used to monitor & review approval rates, delinquencies, performance etc. Thrust of business is monitored through sales reports. Underwriting efficiency is measured through application status reports that provide approval/rejection rates and work-in-progress.

Collections

Collections are done through in-house managers and agencies. External agencies are selected based on their prior experience, reputation & market references. These are managed by collection managers employed by our Company. The collections function is further complimented & strengthened by the involvement of the sales managers & credit underwriters. These are resources that interact closely with the customer at the time of loan disbursement. Their involvement in the collection process ensures higher collection efficiency and better customer relationships.

Branch Network

Our Mortgage Loans business is sourced through direct sales from our regional offices. Additionally we leverage the extensive distribution network of the IIFL Group for sourcing business. We also source our Mortgage Loans from our wide network of DSAs and other alternate channels (i.e. the staff and client base of IIFL Group). We propose to set up additional branches across India to further strengthen our geographic reach and customer service and distribution points.

Asset Quality

The Housing Finance Companies (NHB) Directions, 2010 prescribed by the National Housing Bank require us to observe the norms on classification of our assets, treatment of a NPA and provisioning against the NPA. For detail on Prudential Norms Directions please refer to the chapter titled “*Key Regulations and Policies*” on page 204.

Asset Classification

Set out below are the NHB Guidelines for asset classification:

Asset classification	NHB Guidelines
Standard Assets	An asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
Sub-standard Assets	<p>Means:</p> <p>a) an asset which has been classified as non-performing asset for a period not exceeding 12 months;</p> <p>b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled after release of any installment of loan or an inter-corporate deposit which has been rolled over, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled terms.</p> <p>Provided that where a delay in completion of a project is caused on account of factors beyond the control of the project implementing agency, terms of the loan agreement regarding interest and/ or principal may be rescheduled once before the completion of the project and such loans may be treated as standard asset, subject to the condition that such reschedulement shall be permitted only once by the Board of Directors of the concerned housing finance company and that interest on such loan is paid regularly and there is no default.</p> <p>Provided further that where natural calamities impair the repaying capacity of a borrower, terms of the loan agreement regarding interest and/ or principal may be rescheduled and such loans shall not be classified as sub-standard; the classification of such loans would thereafter be governed by the revised terms and conditions.</p>
Doubtful Assets	<p>Means:</p> <p>(a) a term loan, or</p> <p>(b) a lease asset, or</p> <p>(c) a hire purchase asset, or</p> <p>(d) any other asset,</p> <p>which remains a sub-standard asset for a period exceeding 12 months.</p>
Loss Assets	<p>Means:</p> <p>a) an asset which has been identified as loss asset by the housing finance company or its internal or external auditor or by the National Housing Bank during the inspection of the housing finance company, to the extent it is not written off by the housing finance company; and</p> <p>b) an asset which is adversely affected by a potential threat of non- recoverability due to any one of the following, namely:</p> <ol style="list-style-type: none"> non-availability of security, either primary or collateral, in case of secured loans and advances; erosion in value of security, either primary or collateral, is established; insurance claim, if any, has been denied or settled in part; fraudulent act or omission on the part of the borrower; the debt becoming time barred under Limitation Act, 1963 (36 of 1963); inchoate or defective documentation. <p>Explanation- For the removal of doubt, it is clarified that mere right of the housing finance company to file suit against the borrower/guarantor for recovery of dues does not debar the National Housing Bank or the auditors to consider the asset or part thereof as loss asset due to aforesaid reasons;</p>

The following table sets forth data regarding the classification of our credit exposure (net of write-offs and unpaid interest on NPAs).

Particulars	As at September 30, 2013	FY 2012-13	FY 2011-12	FY 2010-11	<i>(₹ in million)</i>
					FY 2009-10
Standard	7,230.63	3,438.20	2,521.07	3,002.61	475.10
Substandard	33.67	8.85	9.39	6.15	8.60

Particulars	As at September 30, 2013	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10
Doubtful	Nil	Nil	Nil	3.36	1.77
Loss	Nil	Nil	Nil	Nil	Nil
Total	7,264.30	3,447.05	2,530.46	3,012.12	485.46

Provisioning and Write-offs

Statutory provisions are required to be made in respect of Sub-standard, Doubtful and Loss Assets as per NHB directives.

Given below is a description of the NHB Guidelines on provisioning and write-offs:

1. **Loss assets:** The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding should be provided for.

2. Doubtful assets:

- i. (a) 100% provision to the extent to which the advance is not covered by the realisable value of the security to which the housing finance company has a valid recourse shall be made. The realisable value is to be estimated on a realistic basis;
- ii. In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 25% to 100% of the secured portion (i.e. estimated realisable value of the outstanding) shall be made on the following basis:

Period for which the asset has been considered as doubtful	% of provision
Up to one year	25
One to three years	40
More than three years	100

3. **Sub-standard assets:** A general provision of 15% of total outstanding shall be made.

4. Provisioning of Standard Assets:

Sr. No.	Particulars	Provisioning
(a)	Standard Assets in respect of housing loans at teaser/special rates i.e. housing loans at comparatively lower rates of interest in the first few years after which rates are re-set at higher rates	2% provision on the total outstanding amount of such loans. The provisioning of these loans to be re-set after one year at the applicable rates from the date on which the rates are re-set at higher rates if the accounts remain 'standard'
(b) (i)	Standard Assets in respect of Commercial Real Estate (Residential Housing)	0.75% on the total outstanding amount of such loans
(b) (ii)	Standard Assets in respect of all other Commercial Real Estate (CRE)	1% on the total outstanding amount of such loans
(c)	Standard Assets in respect of all loans other than (a) & (b) above	A general provision of 0.4% of the total outstanding amount of loans which are standard assets shall be made.

Provided that no provision need be made towards the portion of the housing loan guaranteed by the Credit Risk Guarantee Fund Trust for Low Income Housing (hereinafter referred as 'Credit Risk Guarantee Fund Trust') created by Declaration of Trust dated May 01, 2012 executed by the Government of India and registered as document no. 1984 dated May 1, 2012 with the Sub-Registrar V, New Delhi, in case the housing loan guaranteed by Credit Risk Guarantee Fund Trust becomes non-performing. However, the amount outstanding in excess of the guaranteed portion should be provided for as per the extant directions on provisioning requirement.

Given below is a description of our internal guidelines on provisioning and write-offs:

An account moves into non-accrual (of income) when it reaches 90 Days past due date ("DPD"). Interest accrued but not earned is reversed at this stage. The mortgage provisioning and write-off policy is as follows:

Delinquency stage	Action
90 DPD	1. Fresh appraisal done 2. Write Down 10% of Principal Outstanding (“POS”) or write down to 90% of Quick Sale Value (QSV) whichever rule requires a higher write-off
360 DPD	Additional 10% of POS (total write-off at this stage is 20% of POS or write down to 80% of QSV whichever rule requires higher write-off)
720 DPD	Additional 25% of POS (total write-off at this stage is 45% of POS or write down to 55% of QSV whichever rule requires higher write-off)
1080 DPD	Additional 25% of POS (total write-off at this stage is 70% of POS or write down to 30% of QSV whichever rule requires higher write-off)
1440 DPD	Balance 30% of POS (total write-off at this stage is 100% of POS or write down to 0% of QSV whichever rule requires higher write-off)

Based on our policy, our provisions as of September 30, 2013 and March 31, 2013 stood ₹ 48.53 million and ₹24.41 million, respectively.

NPAs

Collections are done through external agencies and in-house managers. External agencies are selected based on their prior experience, reputation and market references. External Agencies are managed by collection managers employed by our Company. The collections function is further complimented & strengthened by the involvement of the sales managers and credit underwriters. Sales managers and credit underwriters interact closely with the customer at the time of loan disbursal, thus their involvement in the collection process ensures higher collection efficiency & better customer relationships. Legal proceedings are initiated and followed up on all NPA accounts. Our stringent recovery procedures have led to good collections and low NPAs, on the book. As on September 30, 2013, NPA amount stood at ₹ 33.6 million.

The following table sets forth, at the dates indicated, data regarding our NPAs:

	Half year ending September 30, 2013	March 31				
		2013	2012	2011	2010	2009
Gross NPA %	0.46	0.26	0.37	0.32	2.14	Nil
Net NPA %	0.39	0.22	0.32	0.26	1.89	Nil

The above Gross NPA and Net NPA numbers have been worked out as a percentage of the total Loan Book.

Assignment of Receivables

Pursuant to the terms of an Assignment Agreement dated March 28, 2012 between Dena Bank (“DENA”) and our Company (“**Assignment Agreement**”), our Company has assigned with effect from March 28, 2012 to DENA a certain portfolio of receivables in connection with certain loan facilities relating to mortgage loans amounting as below (the “**DENA Receivables**”), together with all right, title and interest therein under the relevant underlying loan and security documents relating to the DENA Receivables as of March 28, 2012.

Company	Amount (₹in million)
India Infoline Housing Finance Limited	812.00
Total	812.00

Funding Sources

Our fund requirements are currently predominantly sourced through term loans from banks, issue of redeemable non-convertible debentures on private placement basis. We have accessed funds from a number of credit providers, including nationalized banks and private Indian banks. We believe that we have developed stable long term relationships with our lenders and have established a track record of timely servicing of our debts. We also place commercial paper and access inter-corporate deposits.

We believe that we have been able to achieve a relatively stable cost of funds despite the difficult conditions in the global and Indian economy and the resultant reduced liquidity and an increase in interest rates, primarily due to our improved credit ratings, effective treasury management and innovative fund raising programs. We believe we are able to borrow from a range of sources at competitive rates.

Our Borrowings

Please refer to the sections titled “*Financial Statements*” and “*Financial Indebtedness*” on pages 94 and 142.

Our Credit Ratings

Credit Rating Agency	Instrument	Date	Ratings	Rated Amount ₹ in Million
CRISIL	Long Term Bank Facilities	December 12, 2011	CRISIL AA- (Stable)	1,000.00
CRISIL	Long Term Debt-NCD	June 19, 2013	CRISIL AA- (Stable)	500.00
ICRA	Short Term Debt	February 13, 2014	[ICRA] A1+	550.00
ICRA	Long Term Bank Facilities	February 13, 2014	[ICRA] AA-	1,600.00
CRISIL	Non-Convertible Debenture	November 14, 2013	CRISIL AA-/Stable	5,000.00
CARE	Non-Convertible Debenture	November 8, 2013	CARE AA-	5,000.00
CARE	Long Term Bank Facilities	November 12, 2013	CARE AA (SO)	1,450.00
CRISIL	Short Term Debt	February 10, 2014	CRISIL A1+	2,000.00
ICRA	Long Term Non Convertible Debenture	February 13, 2014	‘[ICRA] AA- with Stable Outlook’	1000.00
CRISIL	Non Convertible Debenture	February 13, 2014	‘CRISIL AA-/Stable’	2,000.00
ICRA	Non Convertible Debenture	February 13, 2014	‘[ICRA] AA- with Stable Outlook’	3,000.00

Increasingly we have depended on term loans from banks and issue of commercial paper from mutual funds & others as primary source of funding. We believe that we have developed stable long term relationships with our lenders and have established a track record of timely servicing of our debts.

Treasury Operations

Our treasury operations are mainly focused on meeting our funding requirements and managing short term surpluses. Our fund requirements are currently predominantly sourced through loans from banks and issue of commercial papers to Mutual Funds and Financial Institutions. We believe that through our treasury operations we are able to maintain our ability to repay borrowings as they mature and obtain new loans at competitive rates. Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the NHB requirements of asset liability management. The objective is to ensure smooth functioning of all our operations and at the same time avoid the holding of excessive cash. Our treasury maintains a balance between interest earning liquid assets and cash to optimize earnings. We actively manage our cash and funds flow using various cash management services provided by banks. As part of our treasury activities we also invest our temporary surplus funds with liquid debt based mutual funds. Our investments are made in accordance with the investment policy approved by the Board.

Capital Adequacy

We are subject to capital adequacy ratio (“CAR”) requirements prescribed by NHB. We are currently required to maintain a minimum of 12% as prescribed under the Prudential Norms of NHB based on our total capital to risk weighted assets. As part of our governance policy, we maintain capital adequacy higher than statutorily prescribed CAR. As of September 30, 2013 and March 31, 2013 our capital adequacy ratio computed on the basis of applicable NHB requirement was 49.49 % and 43.17 %, respectively, as compared to a minimum of capital adequacy requirement of 12% stipulated by NHB for FY13.

The following table sets out our capital adequacy ratios computed on the basis of applicable NHB requirements on a standalone basis as of the dates indicated:

	As at September 30, 2013	As at March 31,				
		2013	2012	2011	2010	2009
Capital Adequacy Ratio	49.49	43.17	46.86	41.07	140.36	Nil
Tier I Capital	45.55	37.08	39.95	34.94	106.61	Nil

Risk Management & Internal Controls

The Company has 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.

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 KYC process, loan documentations audits etc. The Company also has an internal team of professionals at head office in Mumbai, supported by regional teams at zonal offices. The Company also has to comply with several specific audits that are required by regulatory authorities and the reports are submitted to the regulators periodically.

Liquidity Risk

Liquidity risk arises due to non-availability of adequate funds or non-availability of adequate funds at an appropriate price, or of appropriate tenure, to meet our business requirements. This risk is minimised through a mix of strategies, including asset securitisation and temporary asset liability gap.

We monitor liquidity risk through our ALCO Committee with the help of fortnightly and monthly liquidity and Asset Liability mismatch reviews. This involves the categorisation of all assets and liabilities in different maturity buckets, and evaluating them for any mismatches in any particular maturity bucket, especially in the short-term. The ALM Policy has capped the maximum mismatches in the various maturities in line with the regulatory guidelines.

To manage short term funding arrangements we borrow from mutual funds by issuing commercial papers, we also borrow from mutual funds by issuing short term instruments maturing up to 364 days. We also borrow from corporates through inter-corporate deposits.

Technology



We currently use in-house SQL based desktop application for loan origination, booking and Repayment Management System. This system has the capability of end to end customer data capture, computation of income, and repayment management. The application provides flexibility, caters to the demands of a changing business environment thus providing a significant competitive advantage. Features include extensive data capture, document scanning and view option, capturing of complete verifications, income computation, customer level statement of accounts and performance tracking. The system reduces dependency on external vendors & allows quick enhancements with lesser cost implications.


Competition

Our primary competitors are public sector banks, private sector banks and foreign banks, co-operative banks, regional rural banks NBFCs and HFCs.

Intellectual Property

Our Company is using the following trade mark/ Logo for commercial purpose and is in the process of applying for registration/ has commercial agreements for use of the logo:

Sr. No.	Trade Mark/ Logo
1.	
2.	

Sr. No.	Trade Mark/ Logo
3.	 The logo for India Infoline Housing Finance Limited (IIFL) Home Loans, identical to the one in the top right corner of the page.

Employees

Our employee strength is 53 as on January 31, 2014. None of our employees are represented by a labour union and we believe that our relations with our employees are good.

Remuneration to our employees comprises a fixed component as well as variable pay. The variable pay consists of direct incentives and shared incentives. Our direct and indirect incentives are linked to performance targets being achieved by the employees. We have an annual performance appraisal system for all employees.

We have an extensive training program for our employees through a combination of classroom and virtual set-ups. We have tied up with leading training groups and academic institutions for delivery of training programs to our employees.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Corporate Profile

Our Company was originally incorporated on December 26, 2006 as a public limited company under the provisions of the Companies Act, 1956 as India Infoline Housing Finance Limited and received the certificate for commencement of business on August 16, 2007.

Our Company has obtained a certificate of registration dated February 03, 2009 bearing registration no. 02.0070.09 issued from the National Housing Bank to commence/carry on the business of a housing finance institution without accepting public deposits subject to the conditions mentioned in the certificate of registration.

Our Company does not have any subsidiaries.

Change in registered office of our Company

The registered office of our Company was initially changed from Building No. 75, Nirlon Complex, off Western Express Highway, Goregaon (East), Mumbai – 400 063, Maharashtra, India to IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604 with effect from April 24, 2010.

The Registered office of the Company was subsequently changed from IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604 to 12A-10, 13th Floor, Parinee Crescenzo, C-38 & 39, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, with effect from June 18, 2013.

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. To carry on the business of providing finance to any person or persons, company or corporation, society or association of persons with or without interest and with or without any security for the purpose of enabling such borrower to construct/purchase any house, flats or buildings or any part or portions thereof for residential or commercial purposes on such terms and conditions as the company may deem fit and to also provide finance to persons engaged in the business of construction of houses, flats or buildings for residential or commercial purposes to be sold by them by way of hire purchase or on deferred payment or other similar basis upon such terms and conditions as the Company may deem fit.
2. To provide finance for enlargement, repairs or improvement of any residential or commercial property or any part thereof on such terms and conditions as the company may deem fit.

OUR MANAGEMENT

The Articles of Association of our Company require us to have not less than 3 (three) and not more than 12 (twelve) Directors. As on the date of this Prospectus, we have 4 (four) Non-executive Directors and 2 (two) Independent Directors.

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in the Board of Directors. Currently, we have 6 (directors) Directors on the Board of Directors.

Details relating to Directors

Name, Designation, Nationality, DIN and Address	Age (years)	Date of Appointment	Other Directorships
<p>S. Sridhar</p> <p>Designation: Chairman and Independent Director</p> <p>DIN: 00004272</p> <p>Nationality: Indian</p> <p>Occupation: Service</p> <p>Address: D-905, Ashok Towers, Dr. S S Rao Road, Parel, Mumbai - 400012</p>	62	October 1, 2013	<ol style="list-style-type: none"> 1. Centbank Financial Services Limited 2. JP Morgan Mutual Fund India Private Limited 3. Strides Arcolab Limited 4. Ferro Alloys Corporation Limited 5. Binani Cement Limited 6. Incube Trustee Company Private Limited 7. DCB Bank Limited 8. Sewa Grih Rin Private Limited 9. Jubilant Life Sciences Limited 10. Strategic Research And Information Capital Services Private Limited 11. Frontier Leasing And Finance Limited 12. NABARD Consultancy Services Private Limited
<p>Nirmal Jain</p> <p>Designation: Non-Executive Director</p> <p>DIN: 00010535</p> <p>Nationality: Indian</p> <p>Occupation: Business</p> <p>Address: 101-A, Ashoka Guruprasad CHS Limited, Hanuman Road, Vile Parle (East), Mumbai – 400 057, Maharashtra, India</p>	47	December 26, 2006	<ol style="list-style-type: none"> 1. India Infoline Limited 2. India Infoline Distribution Company Limited 3. India Infoline Finance Limited 4. India Infoline Commodities Limited 5. India Infoline Insurance Services Limited 6. India Infoline Insurance Brokers Limited 7. IIFL Wealth Management Limited 8. IIFL Realty Limited 9. IIFL (Asia) Pte. Limited 10. India Infoline Commodities DMCC, Dubai 11. India Infoline Trustee Company Limited
<p>R. Venkataraman</p> <p>Designation: Non-Executive Director</p>	46	December 26, 2006	<ol style="list-style-type: none"> 1. India Infoline Limited 2. India Infoline Distribution Company Limited 3. India Infoline Finance

Name, Designation, Nationality, DIN and Address	Age (years)	Date of Appointment	Other Directorships
<p>DIN: 00011919</p> <p>Nationality: Indian</p> <p>Occupation: Service</p> <p>Address: 604, Glen Heights, Hiranandani Gardens, Powai, Andheri, Mumbai – 400 076, Maharashtra, India</p>			<p>Limited</p> <ol style="list-style-type: none"> 4. India Infoline Commodities Limited 5. India Infoline Insurance Services Limited 6. India Infoline Insurance Brokers Limited 7. IIFL Wealth Management Limited 8. India Infoline Commodities DMCC, Dubai 9. IIFL Realty Limited 10. India Infoline Asset Management Company Limited
<p>Mukesh Kumar Singh</p> <p>Designation: Non-Executive Director</p> <p>DIN: 00011933</p> <p>Nationality: Indian</p> <p>Occupation: Services</p> <p>Address: A/01, 41st Floor Imperial Heights, Best Nagar, Oshiwra, Goregaon (West) –Mumbai 400104 Maharashtra, India</p>	41	December 26, 2006	<ol style="list-style-type: none"> 1. India Infoline Finance Limited 2. India Infoline Distribution Company Limited 3. IIFL Realty Limited 4. India Infoline Commodities DMCC, Dubai 5. IIFL Wealth Management Limited 6. India Infoline Insurance Brokers Limited.
<p>R Mohan</p> <p>Designation: Non-Executive Director</p> <p>DIN: 00012070</p> <p>Nationality: Indian</p> <p>Occupation: Service</p> <p>Address: A-204, Rajrudram, Gokuldharm, Goregaon (East), Mumbai – 400 063, Maharashtra, India.</p>	48	April 2, 2009	<ol style="list-style-type: none"> 1. India Infoline Distribution Company Limited 2. IIFL Capital limited 3. IIFL Realty Limited 4. IIFL Distribution Services Private Limited 5. IIFL Trustee Services Limited 6. IIFL Alternate Asset Advisors Limited
<p>Kranti Sinha</p> <p>Designation: Independent Director</p> <p>DIN: 00001643</p> <p>Nationality: Indian</p> <p>Occupation: Service</p> <p>Address: Flat No. 3, 2nd Floor, Jeevan Sangram CHSL, Plot No.24, Sector 2, Charkop, Kandivali (West), Mumbai-400067</p>	72	October 1, 2013	<ol style="list-style-type: none"> 1. Hindustan Motors Limited 2. Cineline India Limited 3. HM Export Limited 4. India Infoline Limited

Profile of Directors

Mr. S. Sridhar, aged 62, is a non-executive Director and Chairman of our Company. He is an eminent personality in the banking and finance industry and has held several senior positions in retail, corporate and export/import banking in his career of over 38 years culminating as the Chairman of NHB and Central Bank of India. In his stint as chairman and managing director of the NHB, he was responsible for a number of new initiatives such as the NHB Residex, Rural Housing Fund, Reverse Mortgage for senior citizens. Prior to this, he was associated with EXIM Bank of India as Executive Director as well as State Bank of India in the early part of his career.

Mr. Nirmal Jain, aged 47 years, is a non-executive Director of our Company and is one of the original Directors of our Company. He holds a Bachelors Degree in Commerce from University of Mumbai. He is a fellow member of the Institute of Chartered Accountants of India (held the 2nd rank) and also a cost accountant. He holds a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He started his career in 1989 with Hindustan Lever Limited, the Indian arm of Unilever, where he handled a variety of responsibilities, including export and trading in agro-commodities. In 1995 he founded India Infoline Limited (earlier known as Probity Research and Services Private Limited). He is currently the Chairman of India Infoline Limited, our Promoter's promoter.

Mr. R. Venkataraman, aged 46 years, is a non-executive Director of our Company and is one of the original Directors of our Company. He is a B.Tech in electronics and electrical communications engineering from Indian Institute of Technology, Kharagpur and holds a Post Graduate Diploma in Management from Indian Institute of Management, Bangalore. He has more than 22 years of experience in the financial services sector. He is the Co-Promoter and an Executive Director of our Promoter's promoter. Prior to joining the India Infoline Board in July 1999, he held senior managerial positions in ICICI Limited, ICICI Securities Limited, BZW and Taib Capital Corporation Limited. He was also the Assistant Vice President with G E Capital Services India Limited in their private equity division.

Mr. Kranti Sinha, aged 72 years is an Independent Director of our Company. He is a renowned person in insurance and housing finance industry. He served as the director and chief executive of LIC Housing Finance Limited and concurrently as the managing director of LICHL Care Homes Limited. He was also the Deputy President of the Governing Council of Insurance Institute of India and was a member of the Governing Council of National Insurance Academy.

Mr. Mukesh Kumar Singh, aged 41 years is a non-executive Director of our Company. He is a Mechanical Engineer from Babasaheb Bhimrao Ambedkar University, Muzaffarpur and has a Post Graduate Diploma in Business Administration from Principal L.N. Welingkar Institute of Management Development & Research, Mumbai. He joined India Infoline Group in 1997 as Research Analyst. In his career span of 16 years in India Infoline Group, he has worked in various capacities and departments such as Research Analyst, distribution of fixed deposits / GOI Bonds / Mutual Funds, stock broking, life insurance, gold loan, setting up distribution network across country etc. Currently, as President, he is heading Gold Loan and Life Insurance distribution business of India Infoline Group.

Mr. R. Mohan, aged 48 years, is a non-executive Director of our Company. He is a Chartered Accountant by qualification and has about 26 years' experience in financial services and capital market regulations and compliances. Prior to joining IIFL, he was with Securities and Exchange Board of India (SEBI) as general manager and served for over 12 years. He has held various positions in the regulations, supervision, market surveillance and investigation functions at SEBI which marked the evolutionary and developmental phase of SEBI and Indian capital market regulations. During his tenure at SEBI, he also served as the member secretary of the "Group for review of Portfolio Managers Regulations" in 2000, co-ordinator for the "Committee on strengthening of disclosures in the offer documents of companies" in 2001, member of "Working Group to prepare pilot policy statement on takeover / merger and transfer of shares of banks" set up by RBI in 2003. Prior to joining SEBI, he was with Carborundum Universal Limited, a part of Murugappa Group handling its corporate finance and taxation for about 5 years.

Confirmations

Our Directors have not been identified as willful defaulters by the RBI, ECGC or any government authority.

Remuneration of the Directors

The Board of Directors of our Company in their meeting held on October 24, 2013, have approved payment of sitting fees ₹20,000 to the Independent Director of our Company for attending every meeting of the Board of Directors.

Borrowing Powers of the Board

Pursuant to resolution passed by the shareholders of our Company at their EGM held on September 23, 2013 and in accordance with provisions of Section 293 (1)(d) of the Companies Act, 1956 and all other applicable provisions of the Act and the Articles of Association of our Company, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding ₹ 20,000 million.

Interest of the Directors

All the directors of our Company, including our independent director, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. The non-executive independent director of our Company is entitled to sitting fees for every meeting of the Board or a committee thereof.

All the directors of our Company, including the independent director, may also be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All our directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Prospectus and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

Our Company's directors have not taken any loan from our Company.

Debenture holding of Directors:

As on date, none of our Directors hold any debentures in our Company.

Changes in the Directors of our Company during the last three years:

The Changes in the Board of Directors of our Company in the three years preceding the date of this Prospectus are as follows:

Name of Director	Designation	Date of Appointment	Date of Change	Reason
Kapil Krishan Din: 00130109	Non-Executive Director	April 2, 2009	July 01, 2011	Resignation

Shareholding of Directors, including details of qualification shares held by Directors

As per the provisions of our MOA and AOA, Directors are not required to hold any qualification shares.

Details of the Equity shares of ₹ 10 each held in our Company by our Directors, as on date, are provided in the table given below:

Sr. No.	Name of Director	Number of Equity Shares held	Percentage of the total paid-up capital (%)
1.	R. Mohan*	100	0.001
2.	Mukesh Kumar Singh*	100	0.001

* as nominee of India Infoline Finance Limited

Details of various committees of the Board

Our Company has constituted the following committees:

1. Audit Committee

The Audit Committee of our Company was constituted on October 23, 2009 pursuant to Section 292A of the Act, and other applicable regulations including the directions of National Housing Bank. The Audit Committee was last reconstituted on October 24, 2013.

The committee currently comprises of 3 Directors.

The members of the Audit Committee as on date of this Prospectus are:

1. Mr. Kranti Sinha,
2. Mr. R. Venkataraman, and
3. Mr. R. Mohan,

The terms of reference of the Audit Committee, *inter alia*, include:

- (i) Review of the Company's financial processes and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (ii) Recommending the appointment and removal of external and internal auditors and fixation of audit fees.
- (iii) Reviewing with management the half yearly accounts, if prepared, and the annual accounts before submission to the Board, focusing primarily on:
 1. Any changes in accounting policies and practices.
 2. Major accounting entries based on exercise of judgment by management.
 3. Qualifications in the draft audit report.
 4. Significant adjustments arising out of the audit.
 5. The going concern assumption.
 6. Compliance with Accounting Standards.
 7. Compliance with regulatory requirements concerning financial statements including the requirements prescribed by the National Housing Bank.
 8. Generally, the compliance by the Company with the requirements of the National Housing Bank.
- (iv) Reviewing the adequacy of internal control systems with the management, external and internal auditors, as felt necessary.
- (v) Reviewing the adequacy of the internal audit function, and discussions on significant findings.
- (vi) Discussions with the external auditors to ascertain any areas of concern, as felt necessary.

2. Risk Management and Assets Liability Management Committee (“ALCO”)

The Risk Management Committee and ALCO committee of our Company were constituted on April 24, 2010 and were subsequently last reconstituted on October 24, 2013.

The members of the Risk Management Committee as on date of this Prospectus are:

1. Mr. S. Sridhar,
2. Mr. Kranti Sinha,

3. Mr. Nirmal Jain
4. Mr. R. Mohan,
5. Mr. B.K. Singh, and
6. Mr. Amit Mehendale.

The members of the Board Supervisory ALCO Committee as on date of this Prospectus are:

1. Mr. S. Sridhar,
2. Mr. Kranti Sinha,
3. Mr. R. Venketravan, and
4. Mr. R. Mohan,

The terms of reference of the ALCO and Risk Management Committee, *inter alia*, include better governance and internal controls

3. Credit Committee

The Credit Committee of our Company was constituted on April 24, 2010 for considering credit sanctions and investment proposals. The Credit Committee was last reconstituted January 28, 2014.

The members of the Credit Committee as on date of this Prospectus are:

1. Mr. R Venkataraman
2. Mr. R Mohan
3. Mr. Mukesh Singh
4. Mr. B. K. Singh
5. Mr. Amit Mehendale
6. Ms. Priya Kashyap

The terms of reference of the Credit Committee, *inter alia*, include considering credit sanctions and investment proposals.

Manager under section 269 of Companies Act, 1956

Mr. B.K. Singh, aged 40 years, is the Manager and CEO of our Company. He was appointed as a manager under section 269 of Companies Act, 1956 on July 01, 2013 for a period of 5 years.

He is a masters of business administration from Banaras Hindu University. Over the past decade, he has overseen all business aspects viz. sales, credit, operations, collections/ recovery, liabilities & marketing at various levels across Indian geography. In a career spanning over 17 years, he has been associated with organisations viz. Nestle, Henkel, ICICI Bank, GE Money, HDFC Bank & DHFL.

His residential address is 401 Arun Jangid Estate, near Vijay Park, Mira Road (E) Thane - 401 107, Maharashtra, India.

Mr. B K Singh is not a director on the board of any company.

Key Personnel:

Mr. B.K. Singh. For details please refer to “*Our Management- Manager* under section 269 of Companies Act, 1956 on page 85.

Mr. Lalit Rajvanshi is the ‘Chief Operating Officer’ of our Company and the Principal Officer of our Company at the NHB. He holds a post graduate diploma in business management from Institute of Integrated Learning in Management, New Delhi. He supervises the credit underwriting, operations and risk management. He has experience across new business development, credit management and loan operations. He has experience of more than 12 years. He started his career with ‘Citifinancial Consumer Finance India Limited’ in operations and later moved to credit in the year 2004.

Ms Athika Wawda, aged 36 years, is currently Vice President - Zonal Sales Head. She holds a diploma in management studies from University of Mumbai. She had worked for over 7 years in Citigroup prior to joining IIFL in 2007. She has over 13 years of experience in sales and distribution, business development, credit underwriting, collection and legal recoveries and branch operations in retail assets.

Mr. Vikram Rooprai, aged 37 years, is currently zonal sales manager, north region for mortgage business of IIFL. He holds a post graduate diploma in business management from Guru Nanak Institute of Management and a diploma certificate in PR and Advertising from New Delhi YMCA Centre for Mass Media. He has over 11 years of experience in the field of mortgages in organisations like ICICI, ABN Amro, GE Money and Reliance Capital. He also experience in implementing sales plans for business generation, assessing loan worthiness of clients and taking measures to ensure receipt of payments.

Mr. Nirav Shah, aged 33 years, is the Company Secretary of our Company. He holds a Bachelors Degree in Commerce from University of Mumbai. He is an associate member of the Institute of Company Secretary of India and Law Graduate from Mumbai University. Prior to joining India Infoline Limited, he worked with National Stock Exchange of India Limited in inspection and compliance department. Earlier to NSE, he worked with Reliance Media Works Limited and was handling corporate secretarial compliances. He is also the Nodal Officer of our Company at the NHB.

OUR PROMOTER

Profile of our Promoter

Our Promoter is India Infoline Finance Limited. Our Promoter was originally incorporated on July 7, 2004 as a private limited company under the provisions of the Companies Act, 1956 as India Infoline Investment Services Private Limited. Pursuant to a resolution of the shareholders dated May 15, 2007, our Promoter converted to a public limited company with effect from July 10, 2007. A fresh certificate of incorporation consequent to the change of the name to India Infoline Investment Services Limited was granted to our Promoter on July 10, 2007 by the RoC, Maharashtra, Mumbai. Further the name of our Promoter was changed to India Infoline Finance Limited pursuant to Fresh Certificate of Incorporation dated November 18, 2011 issued by the RoC, Maharashtra, Mumbai.

Our Promoter has a certificate of registration dated May 12, 2005 bearing registration no. - B-13.01792 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act. Based on the revised regulatory framework prescribed by RBI for NBFCs, our Promoter was classified under the category “*Loan Company-Non Deposit Accepting*” and is a systemically important non-deposit taking NBFC. IIFL has also made an application for banking license by opting to convert the Company into a bank on July 1, 2013 after conforming to the requirements of the RBI guidelines for Licensing of New Banks in the Private Sector February 22, 2013 read with clarifications issued on June 3, 2013.

Our Promoter has only one subsidiary i.e. our Company.

Changes to the registered office of our Promoter:

Old Registered Office	Changed Registered Office	Date of Change
24, Nirlon Complex, off Western Express Highway, Goregaon (East), Mumbai – 400 063, Maharashtra, India	75, Nirlon Complex, off Western Express Highway, Goregaon (East), Mumbai – 400 063, Maharashtra, India	October 17, 2006
75, Nirlon Complex, off Western Express Highway, Goregaon (East), Mumbai – 400 063, Maharashtra, India	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604	April 24, 2010
IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604	12A-10, 13th Floor, Parinee Crescenzo, C-38 & 39, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	June 18, 2013

Interest of our Promoter in our Company

Except as stated under the chapter titled “*Financial Statements*” beginning on page 94 and to the extent of their shareholding in our Company, our Promoter does not have any other interest in our Company’s business. Further, our Promoter has no interest in any property acquired by our Company in the last two years from the date of this Prospectus, or proposed to be acquired by our Company, or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Our Promoter does not propose to subscribe to this Issue.

We are a material subsidiary to India Infoline Finance Limited. India Infoline Finance Limited as on March 31, 2013 and September 30, 2013, held investments worth ₹1,305 million each in our Company. Further as on March 31, 2013 and September 30, 2013, IIFL, had outstanding term loan of ₹ 800 million and ₹ 1,050 million which had been guaranteed by IIFL respectively.

Other Confirmations

Our Promoter has confirmed that they have not been identified as willful defaulters by the RBI or any government authority.

No violations of securities laws have been committed by our Promoter in the past or are currently pending against them. Our Promoter has not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any

stock exchange in India or abroad.

Details of Shares allotted to our Promoter during the last three Financial Years:

Sr. No.	Nature of Transaction	Date of Allotment	No. of Equity Shares	Issue Price (₹)
1.	Preferential Allotment	November 24, 2010	3,400,000	200

Shareholding Pattern of our Promoter as on February 10, 2014

Sr. No.	Name of the Shareholder	Total number of Equity Shares	Number of shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares	Shares pledged or otherwise encumbered
1.	India Infoline Limited	234,457,549	234,457,549	98.87	Nil
2.	Nirmal B. Jain*	4,950	Nil	0.00	Nil
3.	R. Venkataraman*	5,000	Nil	0.00	Nil
4.	Narendra Jain*	10	Nil	0.00	Nil
5.	Amit Mehendale*	10	Nil	0.00	Nil
6.	Biren Patel*	10	Nil	0.00	Nil
7.	R. Mohan*	10	Nil	0.00	Nil
8.	Mukesh Kumar Singh*	10	Nil	0.00	Nil
9.	Bennet Coleman & Company Limited	2,686,481	2,686,481	1.13	Nil
	Total	237,154,030	237,144,030	100.00	Nil

*Nominee of India Infoline Limited

Board of directors of our Promoter as on the date of filing of this Prospectus

Sr. No.	Name of Director	Designation
1.	V. K. Chopra	Chairman, Independent Director
2.	Nirmal Jain	Non-Executive Director
3.	R. Venkataraman	Non-Executive Director
4.	Nilesh Vikamsey	Independent Director
5.	Mahesh Narayan Singh	Independent Director
6.	Sunil Kaul	Non-Executive Director
7.	Mukesh Kumar Singh	Wholtime Director

There has been no change in control of our Promoter during the last three years.

Changes in the board of directors in the last three years

The changes in the board of directors of our Promoter during the last three years are as follows:

Name of Director	Date of Change	Reason
Apul Nayyar	October 23, 2010	Resignation
Kapil Krishan	October 23, 2010	Appointment
Pratima Ram	May 7, 2011	Appointment
Kapil Krishnan	July 1, 2011	Resignation
Arun Kumar Purwar	June 26, 2012	Resignation
V K Chopra	June 26, 2012	Appointment
Sunil Kaul	August 9, 2012	Appointment
Mukesh Kumar Singh	November 1, 2012	Appointment
Pratima Ram	March 31, 2013	Resignation

Financial Performance of our Promoter for the last three Financial Years on a standalone basis

(₹ in million)

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2,371.54	2,371.54	2,371.54
(b) Reserves and Surplus	13,011.79	11,953.36	10,858.79
Sub total	15,383.33	14,324.90	13,230.33
(2) Share application money pending allotment	-	-	-
(3) Non-Current Liabilities	-	-	-
(a) Long-term borrowings	42,718.43	31,437.20	9,990.30
(b) Deferred tax liabilities (Net)	-	-	-
(c) Other Long-term liabilities	-	-	-
(d) Long-term provisions	228.03	161.55	71.50
Sub total	42,946.46	31,598.76	10,061.80
(4) Current liabilities	-	-	-
(a) Short-term borrowings	33,496.68	20,339.36	8,932.11
(b) Trade payables	-	-	-
(c) Other current liabilities	17,485.07	9,577.93	3,859.90
(d) Short-term provisions	228.95	299.51	8.66
Sub total	51,210.70	30,216.81	12,800.68
TOTAL	1,09,540.48	76,140.46	36,092.81
ASSETS	-	-	-
(1) Non-current assets	-	-	-
(a) Fixed assets	-	-	-
(i) Tangible assets	963.95	699.61	113.42
(ii) Intangible assets	0.11	0.22	-
(iii) Capital work-in-progress	19.59	12.15	-
Sub total	983.64	711.98	113.42
(b) Non-current investments	5,198.56	4,420.15	3,417.27
(c) Deferred tax assets (Net)	309.99	115.41	30.05
(d) Long-term loans & advances	28,920.90	22,394.91	11,837.77
(e) Other non-current assets	470.01	405.16	-
Sub total	34,899.46	27,335.62	15,285.08
(2) Current assets	-	-	-
(a) Current investments	4,239.77	3,041.93	1,000.50
(b) Inventories	69.94	107.39	223.83
(c) Trade receivables	-	-	-
(d) Cash and Bank Balances	8,191.42	2,266.94	312.86
(e) Short-term loans & advances	60,122.46	42,022.22	18,831.10
(f) Other current assets	1,033.79	654.39	326.02
Sub total	73,657.38	48,092.86	20,694.31
TOTAL	1,09,540.48	76,140.46	36,092.81

Particulars	2012-2013	2011-2012	2010-2011
INCOME			
Revenue from operations	16,145.20	8,681.27	4,255.09
Other Income	794.62	422.43	263.97
Total Revenue	16,939.82	9,103.70	4,519.06
EXPENDITURE	-	-	-
a. Employee benefits expense	1,774.05	1,044.39	600.24
b. Finance cost	8,616.58	4,616.53	2,070.42
c. Depreciation and amortisation expense	339.86	149.60	8.51

Particulars	2012-2013	2011-2012	2010-2011
d. other Expense	3,348.98	1,599.08	535.43
e. Provision & write off	319.09	254.11	110.04
	-	-	-
Total expenditure	14,398.56	7,663.71	3,324.64
Profit before exceptional items	2,541.26	1,439.99	1,194.42
Exceptional items	-	-	-
Profit before tax	2,541.26	1,439.99	1,194.42
Tax expenses	-	-	-
Current tax expense for current year	985.23	506.87	380.49
Deferred tax	-194.58	-80.05	-22.88
Current tax expense for previous year	3.12	-5.34	10.24
Total Tax expenses	793.77	421.48	367.84
Profit (loss) for the year	1,747.49	1,018.51	826.58
Earnings per equity share (Face Value ₹ 10)			
Basic	7.37	4.29	3.49
Diluted	7.23	4.21	3.40

IIFL Group

The IIFL Group is a diversified financial services sector group with established presence in India and many other countries. A brief description of the IIFL Group as on March 31, 2013 has been provided below:

India Infoline Limited

India Infoline Limited our Promoter's promoter is one of the leading players in the Indian financial services space. India Infoline Limited, offers advice and execution platform for the entire range of financial services covering products ranging from equities and derivatives, commodities, wealth management, asset management, insurance, fixed deposits, loans, investment banking, GoI bonds and other small savings instruments. As on March 31, 2013 a network of over 3,801 business locations spread over more than 844 cities and towns across India facilitates the smooth acquisition and servicing of a large customer base. All the offices of IIFL are connected with the corporate office in Mumbai using cutting edge networking technology. IIFL has also made an application for banking license by opting to convert the Company into a bank on July 1, 2013 after conforming to the requirements of the RBI guidelines for Licensing of New Banks in the Private Sector February 22, 2013 read with clarifications issued on June 3, 2013.

The Hon'ble High Court of Judicature at Bombay *vide* its order dated December 20, 2013 issued on January 16, 2014, approved transfer of India Infoline Limited's broking, Depository Participant, Portfolio Management, Mutual Fund Distribution and Investment Banking business ("Financial Services Undertaking") to a wholly owned subsidiary ("WOS"), India Infoline Distribution Company Limited, through a scheme of arrangement ("Scheme") in terms of Section 391 to 394 of the Companies Act, 1956. The appointed date for the transfer is April 1, 2013. The Scheme is under implementation.

Indian Subsidiaries of India Infoline Limited

Sr. No.	Name of the subsidiary	Indian/ Foreign	Business Activity	Regulator	Revenues FY 2012-13 (₹ in million)	PAT FY 2012-13 (₹ in million)
1.	India Infoline Commodities Limited	Indian	Commodity broking	MCA National Commodity & Derivatives Exchange Limited Multi Commodities	1,044.91	90.03

Sr. No.	Name of the subsidiary	Indian/ Foreign	Business Activity	Regulator	Revenues FY 2012-13 (₹ in million)	PAT FY 2012-13 (₹ in million)
				Exchange		
2.	India Infoline Finance Limited	Indian	NBFC	MCA RBI	16,939.82	1747.49
3.	India Infoline Housing Finance Limited	Indian	Housing Finance Company	MCA NHB	451.5	139.66
4.	India Infoline Distribution Company Limited	Indian	Distribution of financial products	MCA	33.47	6.96
5.	India Infoline Insurance Brokers Limited	Indian	Insurance Broker	MCA IRDA	903.74	26.79
6.	India Infoline Media and Research Services Limited	Indian	Media and Research	MCA	1,110.33	18.15
7.	IIFL Capital Limited	Indian	Stock Broker	MCA NSE/SEBI BSE/SEBI	9.94	4.51
8.	IIFL Realty Limited	Indian	Realty	MCA	917.52	193.6
9.	IIFL Wealth Management Limited	Indian	Wealth Management	MCA SEBI	1602.61	282.89
10.	India Infoline Trustee Company Limited	Indian - Trustee Company for proposed Mutual Fund	Trustee company	MCA SEBI	0.17	(0.48)
11.	India Infoline Asset Management Company Limited	Indian	Asset Management Company	MCA SEBI	15.27	(24.23)
12.	India Infoline Insurance Services Limited	Indian	Insurance Marketing Services	MCA	31.67	4.42
13.	IIFL Investment Adviser and Trustee Services Limited	Indian	Trustee Services	MCA	5.50	1.72
14.	IIFL Distribution Service Pvt. Limited (earlier Finest Wealth Managers Private Limited)	Indian	Distributor	MCA	34.40	19.87
15.	IIFL Alternate Asset Advisors Limited	Indian	Investment Manager	MCA	135.72	8.51

Foreign Subsidiaries of India Infoline Limited
(₹ in million)

Sr. No.	Name of the Entity	Located at	Business Activity	Regulator	Revenues FY 2012- 13	PAT FY 2012-13
1	India Infoline Commodities DMCC	Dubai	Gold and Commodity exchange, Broking member	Dubai Gold and Commodities Exchange, Dubai	-	(0.54)
			Gold and Commodity exchange	Dubai Multi Commodities Centre, Dubai		
2	IIFL Wealth (UK) Limited	UK	Financial Service	Financial Services Authority	32.52	0.20

Sr. No.	Name of the Entity	Located at	Business Activity	Regulator	Revenues FY 2012-13	PAT FY 2012-13
3	IIFL Inc.	USA	Investment Advisor	Securities and Exchange Commission	89.09	(4.59)
		USA	FII	SEBI		
4	IIFL (Asia) Pte. Limited	Singapore	Investment holding company only, for IIFL Securities Pte Limited and IIFL Capital Pte Limited	NIL	25.0	1.2
5	IIFL Capital Pte. Limited <i>formerly known as IIFL Wealth Pte. Limited</i>	Singapore	Exempt Financial Advisor & Exempt Fund Manager	Monetary Authority of Singapore	54.6	9.5
6	IIFL Securities Pte. Limited	Singapore	Dealing in Securities & Advising on Corporate Finance	Monetary Authority of Singapore	321.7	160.4
			Dealing in Securities & Advising on Corporate Finance			
			Trading & Clearing member			
7	IIFL Securities Ceylon (Pvt) Limited	Sri Lanka	Stock Broker of Colombo Stock Exchange	Securities Exchange Commission, Sri Lanka)	33.60	(10.10)
8	IIFL Capital Ceylon (Pvt) Limited	Sri Lanka	Financial Service	Registrar of Companies, Srilanka	0.67	(4.77)
9	IIFL Private Wealth (Mauritius) Limited	Mauritius	CIS License Manager & Category I Global Business License.	Financial Services Commission, Mauritius	284.64	44.64
10	IIFL Private Wealth (Suisse) SA	Switzerland	Swiss Financial Market Supervisory Authority	Financial Services activities/capital market related activities	-	(0.56)
11	IIFL Private Wealth Management (Dubai) Limited	Dubai	Advising on Financial Products or Credit, Arranging Credit or Deals in Investment	DFSA (Dubai Financial Services Authority)	29.48	(20.56)
12	IIFL Private Wealth Hong Kong Limited	Hong Kong	Financial Service	Securities & Futures Commission	13.72	1.11

Sr. No.	Name of the Entity	Located at	Business Activity	Regulator	Revenues FY 2012-13	PAT FY 2012-13
13	IIFL Capital Inc.	USA	Financial Service	Securities Exchange Commission	N.A.	0

India Infoline Commodities Limited

IIFL's wholly owned subsidiary namely India Infoline Commodities Limited ("**IICL**") is a member of National Spot Exchange Limited ("**NSEL**") which enabled spot transactions in commodities on behalf of its clients. NSEL as an exchange is responsible for ensuring due settlement of all trades of the clients on the exchange. NSEL *vide* its circular dated July 31, 2013 had decided to keep on hold the settlement of all outstanding contracts of clients. Ministry of Consumer Affairs, Government of India, *vide* its gazette notification dated August 6, 2013, had directed that the settlement of all outstanding contracts at NSEL shall be done under the supervision of Forward Market Commission ("**FMC**") and any order or direction issued by FMC in this regard shall be binding upon NSEL and any person, intermediary or warehouse connected with the NSEL, and for this purpose, the FMC is authorised to take such measures, as deems fit. Subsequently, NSEL had announced a revised settlement schedule *vide* its circular dated August 14, 2013 for settlement of funds for all outstanding positions of the clients.

IIFL or its subsidiary/ies including our Company does not have any proprietary positions nor has it funded any client positions on NSEL.

1,653 clients of IICL had outstanding position with NSEL totalling to ₹ 3,262.4 million as on August 31, 2013. Pursuant to revised settlement schedule of NSEL, ₹ 422.9 million have been paid by NSEL which have been distributed to clients proportionately and the balance ₹ 2,839.5 million are outstanding from NSEL as on January 31, 2014 for 1498 clients.

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

To,

The Board of Directors

India Infoline Housing Finance Limited

Mumbai.

Dear Sirs,

We have examined the attached Reformatted financial information of **India Infoline Housing Finance Limited**, (the “Company”) annexed to this report, which is proposed to be included in the Draft Prospectus / Prospectus of the Company in connection with the proposed issue of Un-Secured, Subordinate, Redeemable, Non-Convertible Debentures (NCDs) aggregating to Rs. 1,000 Million with an option to retain over-subscription upto Rs.1,000Million for issuance of additional NCDs in terms of the requirement of Paragraph B(1) of Part-II of Schedule II to the Companies Act, 1956 (“the Act”), Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (“the Regulations”) issued by Securities and Exchange Board of India (SEBI), as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 (the “SEBI Act”) and in terms of our engagement letter dated February 13, 2014. This financial information has been prepared by the Company and is approved by the debenture committee of the board of directors of the company.

We have examined this financial information taking into consideration the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

1. Reformatted Financial Statements as per Audited Financial Statements of the Company

We have examined the following attached statements of the Company:

- a) the “Reformatted Statement of Assets and Liabilities” as at September 30, 2013 and March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010, and March 31, 2009 (Annexure -1) and the Notes forming part thereof (Annexure -4); and
- b) the “Reformatted Statement of Profits and Losses” for six months ended September 30,2013 and for each of the years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010, and March 31, 2009 (Annexure -2) and the Notes forming part thereof (Annexure -5); and
- c) the “Reformatted Statement of Cash Flows” for six months ended September 30,2013 and for each of the years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010, and March 31, 2009 (Annexure -3); together referred to as “Reformatted Financial Statements”.

These Reformatted Financial Statements have been extracted from the Audited Financial Statements of the Company for each of the years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010, and March 31, 2009 and the Interim Financial Information for the six months ended September 30, 2013 approved by the Board of Directors & audited by us in terms of our Report dated 24th October 2013 and based on our examination of these Reformatted Financial Statements, we state that:

- a) These Reformatted Financial Statements have been presented in “Rupees in Million” solely for the convenience of readers;
- b) These Reformatted Financial Statements have to be read in conjunction with the relevant Significant Accounting Policies and Notes to Financial Statements on the Reformatted Financial Statements given as per (Annexure -13);
- c) The figures of earlier years / Periods have been regrouped (but not restated) wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements;
- d) There are no extra-ordinary items that need to be disclosed separately in the Reformatted Financial Statements; and

- e) There are no qualifications in the auditors' reports that require adjustments to the figures in the Reformatted Financial Statements.
- f) These Reformatted Financial Statements conform to the requirements of the Revised Schedule VI of the Companies Act, 1956.

2. Other Financial Information of the Company

We have examined the following Other Financial Information of the Company in respect of six months ended September 30, 2013 and each year ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010, and March 31, 2009 proposed to be included in the Draft Prospectus / Prospectus, and annexed to this report:

- a) Statement of Contingent Liability (Annexure -6)
 - b) Statement of Dividends (Annexure -7)
 - c) Capitalisation Statement (Annexure -8)
 - d) Statement of Accounting Ratios (Annexure -9)
 - e) Statement of Tax Shelter (Annexure -10)
 - f) Statement of Secured Loans (Annexure -11)
 - g) Statement of Unsecured Loans (Annexure -12)
3. In our opinion, the "Reformatted Financial Statements as per Audited Financial Statements of the Company" and "Other Financial Information of the Company" mentioned above for six months ended September 30,2013 and for the years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010, and March 31, 2009 have been prepared in accordance with Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 and the Regulations amended by time to time, by SEBI Act.
4. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.
5. This report is intended solely for your information and for inclusion in the Draft Prospectus / Prospectus in connection with the proposed issue of Secured, Subordinate, Redeemable, Non-Convertible Debentures (NCDs) aggregating to Rs. 2500 Million with an option to retain over-subscription upto Rs. 2500 Million for issuance of additional NCDs and is not to be used, referred to or distributed for any other purpose without our prior written consent.

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

Tirtharaj Khot Partner
Membership No.:(F) 037457

Place: Mumbai
Date: February 17, 2014

Annexure 1

Statement of Reformatted Assets and Liabilities

(₹ in million)

Particulars	Note No	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
I EQUITY AND LIABILITIES							
(1) Shareholders' funds							
(a) Share Capital	1	1,659.00	309.00	309.00	309.00	275.00	25.00
(b) Reserve and Surplus	2	1,372.60	1,254.79	1,115.13	1,079.19	368.99	1.20
		3,031.60	1,563.79	1,424.13	1388.19	643.99	26.20
(2) Share application money pending allotment							
(3) Non-Current Liabilities							
(a) Long-term borrowings	3	637.50	650.00	800.00	1,200.00	-	-
(b) Deferred tax liabilities (Net)		-	-	-	-	-	-
(c) Other Long-term liabilities		-	-	-	-	-	-
(d) Long-term provisions	4	48.86	24.94	17.67	9.42	1.21	-
		686.36	674.94	817.67	1,209.42	1.21	-
(4) Current liabilities							
(a) Short-term borrowings	5	1,240.00	1,000.00	-	-	-	131.79
(b) Trade payables		-	-	-	-	-	-
(c) Other current liabilities	6	-	-	-	-	-	-
-Borrowings		762.50	400.00	400.00	400.00	-	-
-Others		1,864.01	167.04	315.71	301.83	0.05	0.49
(d) Short-term provisions	7	34.85	8.82	2.54	0.92	8.95	0.01
		3,901.36	1,575.86	718.25	702.75	9.00	132.29
TOTAL – EQUITY AND LIABILITIES		7,619.32	3,814.59	2,960.05	3,300.36	654.20	158.49
II ASSETS							
(1) Non-current assets							
(a) Fixed assets							
(i) Tangible assets		-	-	-	-	-	-
(ii) Intangible assets		-	-	-	-	-	-
(iii) Capital work-in-progress		-	-	-	-	-	-
(iv) Intangible assets under development		-	-	-	-	-	-
(b) Non-current investments							
(c) Deferred tax assets (Net)	8	16.67	4.38	4.08	2.56	0.43	0.03

Particulars	Note No	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
(d) Long-term loans & advances	9						
-Loans		7,007.81	3,245.27	2,412.32	2,917.22	350.38	79.94
-Others		-	0.01	1.19	3.25	-	0.04
(e) Other non-current assets	10	105.60	109.90	110.15	7.32	-	-
		7,130.08	3,359.56	2,527.74	2,930.35	350.81	80.01
(2) Current assets							
(a) Current investments	11	-	130.00	-	-	-	-
(b) Inventories		-	-	-	-	-	-
(c) Trade receivables		-	-	-	-	-	-
(d) Cash and Bank balances	12	49.30	13.61	229.14	189.86	161.77	28.36
(e) Short-term loans & advances	13	-	-	-	-	-	-
-Loans		256.49	201.78	118.15	94.90	135.08	50.11
-Others		137.51	85.10	80.09	81.59	6.52	-
(f) Other current assets	14	45.94	24.54	4.93	3.66	0.02	0.01
		489.24	455.03	432.31	370.01	303.39	78.48
TOTAL		7,619.32	3,814.59	2,960.05	3,300.36	654.20	158.49

Net worth
(₹ in million)

Particulars	As at September 30, 2013	As at March 31,				
		2013	2012	2011	2010	2009
Share Capital	1,659.00	309.00	309.00	309.00	275.00	25.00
Reserve and Surplus	1,372.60	1,254.79	1,115.13	1,079.19	368.99	1.20
Less : Miscellaneous expenditure	16.67	4.38	4.08	2.56	0.43	0.03
Total	3,014.93	1,559.41	1,420.05	1,385.63	643.56	26.17

Annexure 2

Statement of Reformatted Profit & Losses

(₹ in million)

Particulars	Note No	6 month ended September 30, 2013	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Revenue							
Revenue from operations	15	314.59	408.40	403.31	218.37	52.99	3.44
Other Income	16	75.65	43.57	27.95	75.68	1.58	1.78
Total Revenue		390.24	451.97	431.26	294.05	54.57	5.22
Expenses							
Employee benefit expenses	17	14.19	20.47	48.35	26.94	9.73	1.53
Finance cost	18	148.52	178.90	181.77	91.77	5.91	2.20
Depreciation & amortization expenses		-	-	-	-	-	-
Other expenses	19	38.72	49.11	129.49	73.12	9.42	0.39
Provisions & Write off	20	24.13	7.13	9.25	11.32	1.21	-
Total Expenses		225.56	255.61	368.86	203.15	26.27	4.13
Profit/(Loss) before tax		164.68	196.36	62.40	90.90	28.30	1.08
Tax expenses :							
Current tax expense for current year		59.16	57.01	21.28	27.01	9.19	0.35
Deferred tax		(12.29)	(0.30)	(1.53)	(2.13)	(0.40)	(0.03)
Current tax expense relating to prior years		-	-	6.71	1.82	(0.03)	(0.03)
Total tax expense		46.87	56.71	26.46	26.70	8.76	0.29
Profit (loss) for the period		117.81	139.66	35.94	64.20	19.54	0.79

Annexure 3

Statement of Reformatted Cash Flows

(₹ in million)

Particulars	As at September 30, 2013	As At March 31,2013	As At March 31,2012	As At March 31,2011	As at March 31, 2010	As at March 31, 2009
Cash flows from operating activities						
Net profit before taxation, and extraordinary item	164.68	196.36	62.40	90.90	28.30	1.08
Adjustments for:						
Provision for Doubtful Loans	3.72	(0.08)	(0.17)	0.36	1.21	-
Provision for Standard Loans	20.40	6.81	8.42	7.84	-	-
Gratuity & Leave Encashment	0.22	1.81	(0.94)	1.25		
Operating profit before working capital changes	189.02	204.90	69.71	100.35	29.51	1.08
Increase / (Decrease) in long term provisions	(0.21)	0.54	-	-	-	-
Increase / (Decrease) in short term provisions	(0.03)	(1.46)	(0.29)	(1.10)	-	-
Increase / (Decrease) in Other liabilities	2,065.03	(147.04)	15.60	302.67	(0.44)	0.47
Decrease / (Increase) in long term loans & advances	(3,762.52)	(832.95)	504.91	(2,566.86)	(270.44)	(79.94)
Decrease / (Increase) in short term loans & advances	(107.11)	(88.63)	(21.75)	(32.68)	(91.49)	(50.11)
Decrease / (Increase) in other current assets	(21.41)	(19.61)	(0.13)	(3.64)	(0.01)	(0.00)
Decrease / (Increase) in other non-current assets	4.30	-	3.01	(9.64)	-	-
Cash generated from operations	(1,632.93)	(884.25)	571.06	(2,210.90)	(332.87)	(128.50)
Tax (Paid) / Refund	(38.88)	(51.53)	(25.93)	(41.01)	(0.17)	(0.44)
Net cash from operating activities	(1,671.81)	(935.78)	545.13	(2,251.91)	(333.04)	(128.94)
Cash flows from investing activities						
Purchase/Sale of current investments	-	(130.00)	-	-	-	-
Proceeds from sale/maturity of current investments	130.00	-	-	-	-	-
Net cash from investing activities	130.00	(130.00)	-	-	-	-
Cash flows from financing activities						
Proceeds of issue of share Capital/Premium	1,350.00	-	-	680.00	598.25	-
Proceeds from long term borrowings	(12.50)	(150.00)	(400.00)	1,600.00	-	-
Proceeds from short term borrowings	240.00	1,000.00	-	-	(131.80)	131.80
Net cash used in financing activities	1,577.50	850.00	(400.00)	2,280.00	466.45	131.80
Net increase in cash and cash equivalents	35.69	(215.78)	145.13	28.09	133.41	2.86

Particulars	As at September 30, 2013	As At March 31,2013	As At March 31,2012	As At March 31,2011	As at March 31, 2010	As at March 31, 2009
Opening Cash and cash equivalents	-	-	-	-	-	-
Cash on hand and balances with banks	119.21	334.99	189.86	161.77	28.36	25.50
Closing Cash and cash equivalents	-	-	-	-	-	-
Cash on hand and balances with banks	154.90	119.21	334.99	189.86	161.77	28.36
Net increase/Decrease in cash and cash equivalents	35.69	(215.78)	145.13	28.09	133.41	2.86

Annexure 4
Notes to the Statement of Reformatted Assets and Liabilities
Note – 1
Share Capital

(₹ in million)

	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Authorised :						
11,000,000 Equity Shares of Rs.10/-each with voting rights	110.00	110.00	110.00	110.00	-	-
7,500,000 Equity Shares of Rs.10/-each with voting rights	-	-	-	-	75.00	-
2,500,000 Equity Shares of Rs.10/-each with voting rights	-	-	-	-	-	25.00
20,000,000 10% Redeemable Preference Shares of Rs.10/- each	200.00	200.00	200.00	200.00	200.00	-
135,000,000 6% Compulsory Convertible Preference Shares of Rs 10/- each*	1,350.00	-	-	-	-	-
Total	1,660.00	310.00	310.00	310.00	275.00	25.00
Issued, Subscribed and Paid-up share capital						
10,900,000 Equity Shares of Rs.10/-each fully paid-up	109.00	109.00	109.00	109.00	-	-
7,500,000 Equity Shares of Rs.10/-each with voting rights	-	-	-	-	75.00	-
2,500,000 Equity Shares of Rs.10/-each with voting rights	-	-	-	-	-	25.00
20,000,000 Preference Shares of Rs.10/-each fully paid-up	200.00	200.00	200.00	200.00	200.00	-
135,000,000 6 % Compulsory Convertible Preference Shares of Rs 10/- each*	1,350.00	-	-	-	-	-
Total	1,659.00	309.00	309.00	309.00	275.00	25.00

*Company has increased its Authorized Share Capital with 135,000,000 Preference shares of Rs. 10/- Each. Company authorized by its shareholders through Special resolution at their meeting held on 23.09.2013 has issued 135 Crores, 6% Compulsory Convertible Preference shares "India Infoline Limited" at Face value of Rs. 10 Per Share.

(a) (i) Reconciliation of number of Equity shares outstanding at the beginning and at end of the year

	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Number of shares outstanding at the beginning of the year	109,00,000	109,00,000	109,00,000	75,00,000	25,00,000	25,00,000
Number of shares Issued during the period - Bonus	-	-	-	-	-	-
Number of shares Issued during the period – other than Bonus	-	-	-	34,00,000	50,00,000	-
Number of shares outstanding at the end of the year	109,00,000	109,00,000	109,00,000	109,00,000	75,00,000	25,00,000

Reconciliation of Equity share capital outstanding at the beginning and at end of the year

(₹ in million)

	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Issued, Subscribed and Paid-up share capital at beginning of the year	109.00	109.00	109.00	75.00	25.00	25.00
Issued during the period - Bonus	-	-	-	-	-	-
Issued during the period - other than Bonus	-	-	-	34.00	50.00	-
Issued, Subscribed and Paid-up share capital at the end of the year	109.00	109.00	109.00	109.00	75.00	25.00

(b) (i) Reconciliation of number of Preference shares outstanding at the beginning and at end of the year

	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Number of shares outstanding at the beginning of the year	2,00,00,000	2,00,00,000	2,00,00,000	2,00,00,000	-	-
Number of shares Issued during the period - Bonus	-	-	-	-	-	-
Number of shares Issued during the period - other than Bonus	13,50,00,000	-	-	-	2,00,00,000	-
Number of shares outstanding at the end of the year	15,50,00,000	2,00,00,000	2,00,00,000	2,00,00,000	2,00,00,000	-

Reconciliation of Preference share capital outstanding at the beginning and at end of the year

(₹ in million)

	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Issued, Subscribed and Paid-up share capital at beginning of the year	200.00	200.00	200.00	200.00	-	-
Issued during the period - Bonus	-	-	-	-	-	-
Issued during the period - other than Bonus	1350.00	-	-	-	200.00	-
Issued, Subscribed and Paid-up share capital at the end of the year	1550.00	200.00	200.00	200.00	200.00	-

(c) Rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

(d) Details of shareholders holding more than 5% shares as at the end of the year

	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Name of shareholder						
India Infoline Finance Limited (Formerly known as India Infoline Investment Services Limited)						
Number of shares	10,900,000	10,900,000	10,900,000	7,500,000	2,500,000	2,500,000
% holding in the class	100%	100%	100%	100%	100%	100%
Number of Preference shares	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	-
% holding in the class	100%	100%	100%	100%	100%	-
India Infoline Limited						
Number of Preference shares	1,350,00,000	-	-	-	-	-
% holding in the class	100%	-	-	-	-	-

Note – 2
Reserve & Surplus

(₹ in million)

	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Securities Premium Reserve						
Opening balance	994.25	994.25	994.25	348.25	-	-
Addition during the year	-	-	-	646.00	348.25	-
Deduction during the year, for issue of bonus shares and adjustment of share issue expenses.	-	-	-	-	-	-
Closing balance	994.25	994.25	994.25	994.25	348.25	-
Special Reserve (pursuant to Section 29C of National Housing Bank Act, 1987)						
Opening balance	53.00	25.00	17.07	4.07	0.16	-
Addition during the year from the statement of profit & loss	23.60	28.00	7.93	13.00	3.91	0.16
Closing balance	76.60	53.00	25.00	17.07	4.07	0.16
Surplus / (Deficit) in Statement of Profit and Loss						
Opening balance	207.54	95.88	67.87	16.67	1.04	0.41
Addition: Profit / (Loss) for the year	117.81	139.66	35.94	64.20	19.54	0.79
Less: Appropriations						
Interim Dividend	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-
Special Reserve	23.60	28.00	7.93	13.00	3.91	0.16
General Reserve	-	-	-	-	-	-
Debenture Redemption Reserve	-	-	-	-	-	-
Closing balance	301.75	207.54	95.88	67.87	16.67	1.04
Total	1,372.60	1,254.79	1,115.13	1,079.19	368.99	1.20

Note -3

Long-term borrowings

(₹ in million)

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Secured Loans						
Loan from Banks (Secured against receivables) – Refer Note 3.1 below	287.50	400.00	800.00	1200.00	-	-
Non-Convertible Debentures (Secured Against Stock and Book Debts) – Refer Note 3.2 below	350.00	250.00	-	-	-	-
Total	637.50	650.00	800.00	1200.00	-	-

Note 3.1: Details of Loans from Banks

(₹ in million)

Maturities	Non-current					
	As at September 30, 2013			As at March 31, 2013		
	1-3 years	3-5 years	Total	1-3 years	3-5 years	Total
Rate of interest *						
11.01 % to 12.00 %	-	-	-	-	-	-
12.01 % to 13.00 %	287.50	-	287.50	400.00	-	400.00
Total	287.50	-	287.50	400.00	-	400.00

Maturities	Non-current					
	As at March 31, 2012			As at March 31, 2011		
	1-3 years	3-5 years	Total	1-3 years	3-5 years	Total
Rate of interest *						
11.01 % to 12.00 %	-	-	-	800.00	400.00	1200.00
12.01 % to 13.00 %	800.00	-	800.00	-	-	-
Total	800.00	-	800.00	800.00	400.00	1200.00

*The rate of interest for the above term loans are linked to the base rates of the banks and are subject to change from time to time. The above categorisation of loans has been based on the interest rates, prevalent as on the respective reporting dates.

The above loans are secured by way of first pari passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged. The above loans are also guaranteed by India Infoline Limited, holding company.

Note 3.2: Non-Convertible Debentures - Secured

(₹ in million)

Particulars	Long-term	
	As at September 30, 2013	As at March 31, 2013
10.40% Non-Convertible Debenture of Face Value Rs.10,00,000 Each redeemable on 21-July- 2018	100.00	-
11.70% Non-Convertible Debenture of Face Value Rs.10,00,000 Each redeemable on 27-July- 2015	100.00	100.00
11.35 % Non-Convertible Debenture of Face Value Rs.10,00,000 Each redeemable on 28-Nov-2014	150.00	150.00
Total	350.00	250.00

The above debentures are secured by way of first pari passu charge on current assets, book debts, receivables (both present and future) and other assets of the company.

Note 4: Long term provisions

(₹ in million)

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Provision for employee benefits						
Provision for Leave encashment	0.33	0.53	-	-	-	-
Provision - Others						
Provision for doubtful assets	5.05	1.33	1.41	1.58	1.21	-
Contingent Provision against standard assets	43.48	23.08	16.26	7.84	-	-
Total	48.86	24.94	17.67	9.42	1.21	-

Note 5: Short term Borrowings

(₹ in million)

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Unsecured						
Commercial Paper	1,240.00	1,000.00	-	-	-	-
ICD	-	-	-	-	-	131.79
Total	1,240.00	1,000.00	-	-	-	131.79

Note 6: Other current liabilities

(₹ in million)

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Current maturities of long term borrowings	762.50	400.00	400.00	400.00	-	-
Interest accrued but not due on borrowings	41.79	16.23	12.74	15.29	-	-
Temporary overdrawn bank balance as per books	503.75	79.68	140.55	132.55	-	-
Sub-total	1308.04	495.91	553.29	547.84	-	-
Other Payable						
Payable to Group/Holding Company	-	-	-	-	-	-
Debenture application money received pending allotment	-	-	-	-	-	-
Payables on account of assignments	3.41	2.33	13.60	-	-	-
Advances from customers	58.69	35.32	106.46	97.32	-	-
Payables to vendors for health care Loans	-	-	-	-	-	-
Inter corporate deposit – Unsecured	984.00	-	-	-	-	-
Advances from Group Companies	238.60	-	-	-	-	-
Contractually	29.78	32.62	42.11	54.95	0.04	0.03

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
reimbursable expenses						
Income received in advance	-	-	-	-	-	-
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	3.99	0.86	0.25	1.72	0.01	0.46
Other payables	-	-	-	-	-	-
Sub Total	1318.47	71.13	162.42	153.99	0.05	0.49
Total	2626.51	567.04	715.71	701.83	0.05	0.49

Note 7: Short-term provisions

(₹ in million)

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Provision for employee benefits						
Provision for Leave encashment	0.08	0.15	0.05	0.15	-	-
Provision for Gratuity	0.52	0.26	-	-	-	-
Provision - Others						
Provision for expenses	9.68	4.12	2.49	0.77	-	0.01
Provision for Tax	24.57	4.29	-	-	8.95	-
Total	34.85	8.82	2.54	0.92	8.95	0.01

Note 8: Deferred tax assets

The Company has recognized deferred tax assets as 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 results in a net deferred tax asset:

(₹ in million)

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
On provision for doubtful debts	1.72	0.43	0.45	0.52	0.41	-
On provision for standard assets	14.78	3.87	3.63	2.14	-	-
On depreciation		-	-	-	-	-
On gratuity	0.17	0.08	-	(0.10)	0.02	0.03
On Short term Capital loss						-
Total	16.67	4.38	4.08	2.56	0.43	0.03

Note 9 : Long-term loans & advances

(₹ in million)

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Loans & Advances						
- Secured	7007.81	3245.27	2412.32	2917.22	350.38	79.94
- Unsecured						
Less : Provision for						

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
doubtful loans						
Sub-total	7007.81	3245.27	2412.32	2917.22	350.38	79.94
Others loans & advances						
Capital Advances – Unsecured	-	0.01	0.01	0.01	-	-
Advance income tax	-	-	1.18	3.24	-	0.04
Sub-total	-	0.01	1.19	3.25	-	0.04
Total	7007.81	3245.28	2413.51	2920.47	350.38	79.98

Note 10: Other non-current assets

(₹ in million)

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Fixed deposits	105.60	105.60	105.85	-	-	-
Other Assets						
Prepaid Expense	-	4.30	4.30	7.32		
Total	105.60	109.90	110.15	7.32		

Note 11: Current investments

(₹ in million)

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Quoted, Trade, Current (valued At cost or market value whichever is lower)	-	-	-	-	-	-
Mutual Funds	-	130.00	-	-	-	-
ICICI Prudential Liquid Plan Fund						
Total	-	130.00	-	-	-	-
Market value of Quoted investments	-	130.13	-	-	-	

Note 12: Cash and bank balances

(₹ in million)

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Cash on hand	-	-	-	-	-	-
Balances with banks	49.30	13.61	229.14	189.86	133.62	1.64
Fixed deposits	-	-	-	-	28.15	26.72
Total	49.30	13.61	229.14	189.86	161.77	28.36

Note 13: Short-term loans & advances

(₹ in million)

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Loans & Advances						
- Secured	256.49	201.78	118.15	94.90	135.08	50.11
- Unsecured	-	-	-	-	-	-
Less : Prov for doubtful loans	-	-	-	-	-	-

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Sub-total	256.49	201.78	118.15	94.90	135.08	50.11
Others loans & advances	-	-	-	-	-	-
Dues from customers -						
- Secured	137.51	85.10	80.09	81.59	6.52	-
- Unsecured	-	-	-	-	-	-
Inter corporate deposit – Unsecured	-	-	-	-	-	-
Sub-total	137.51	85.10	80.09	81.59	6.52	-
Total	394.00	286.88	198.24	176.49	141.60	50.11

Note 14: Other current assets*(₹ in million)*

Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Prepaid expenses	45.71	24.54	3.03	3.06	-	-
Service tax credit receivable	-	-	0.44	0.28	0.02	0.01
Gratuity balances	-	-	1.46	0.32	-	-
Others	0.23					
Total	45.94	24.54	4.93	3.66	0.02	0.01

Annexure 5
Notes to the statement of Reformatted Profit and Losses
Note 15 : Revenue from operations

(₹ in million)

Particulars	6 month ended September 30, 2013	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Income from financing activities	310.48	398.64	403.31	218.37	52.99	3.44
Profit from sale of Investments and trading activities	4.11	6.36	-	-	-	-
Dividend income	-	3.40	-	-	-	-
Total	314.59	408.40	403.31	218.37	52.99	3.44

Note 16: Other income

(₹ in million)

Particulars	6 month ended September 30, 2013	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Processing fee	58.66	16.84	8.60	67.13	-	0.01
Interest on fixed deposits	5.80	9.84	0.28	1.29	1.58	1.77
Administration fee & other charges from customer	11.19	16.89	19.07	7.26	-	-
Total	75.65	43.57	27.95	75.68	1.58	1.78

Note 17: Employee benefit expenses

(₹ in million)

Particulars	6 month ended September 30, 2013	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Salaries and bonus	13.68	18.44	49.02	24.72	9.61	1.49
Contribution to provident and other funds	0.17	0.20	0.18	0.27	0.05	0.04
Gratuity	0.26	1.71	(1.14)	1.09	-	-
Staff Welfare Expenses	0.08	0.12	0.29	0.86	0.07	-
Total	14.19	20.47	48.35	26.94	9.73	1.53

Note 18: Finance cost

(₹ in million)

Particulars	6 month ended September 30, 2013	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Interest Expenses	144.15	175.36	176.72	90.15	5.91	2.20
Other borrowing cost	4.37	3.54	5.05	1.62	-	-
Total	148.52	178.90	181.77	91.77	5.91	2.20

Note 19: Other expenses

(₹ in million)

Particulars	6 month ended September 30, 2013	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Advertisement	1.34	-	2.33	0.09	-	0.03
Direct operating expenses	10.21	11.16	20.85	9.69	0.14	-
Marketing Expenses	8.31	22.94	86.40	48.95	5.28	-
Bank Charges	0.21	0.18	0.06	0.10	0.02	-
Communication	0.14	0.13	0.60	0.22	0.28	-
Electricity	0.15	1.87	6.13	3.02	0.44	-
Legal & Professional Fees	6.00	6.98	5.95	7.20	0.82	0.02
Miscellaneous Expenses	0.01	-	0.01	0.01	-	-
Office expenses	7.77	1.67	1.30	0.41	0.18	0.20
Postage & Courier	0.27	0.40	0.54	0.32	0.04	-
Printing & Stationary	1.17	0.28	0.44	0.35	0.03	0.04
Rent	1.15	-	2.56	0.71	1.37	-
Repairs & Maintenance						
- Computer	0.07	-	0.02	0.02	0.11	0.06
- Others	-	0.01	0.29	0.07	-	-
Remuneration to Auditors :						
Audit Fees	0.04	0.08	0.08	0.05	0.05	0.03
Certification Expenses	0.03	0.02	0.03	0.02	-0.01	0.01
Out Of Pocket Expenses	0.01	0.01	-	-	-	-
Software Charges	0.01	-	-	0.01	-	-
Travelling & Conveyance	1.83	3.38	1.89	1.88	0.65	-
Loss on Investment	-	-	0.01	-	-	-
Total	38.72	49.11	129.49	73.12	9.42	0.39

Note 20: Provisions & write off

(₹ in million)

Particulars	6 month ended September 30, 2013	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Bad debts written off	-	0.40	1.00	3.12	-	-
Provision for Doubtful Loans	3.72	(0.08)	(0.17)	0.36	1.21	-
Provision for Standard Loans	20.40	6.81	8.42	7.84	-	-
Total	24.13	7.13	9.25	11.32	1.21	-

Note 21: Basic and Diluted Earnings per share [EPS] computed in accordance with Accounting Standard(AS) 20 "Earnings per share"

Particulars	6 month ended September 30, 2013	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
BASIC						
Profit after tax as per statement of profit and loss	117.81	139.66	35.94	64.20	19.54	0.79

Particulars	6 month ended September 30, 2013	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Number of Shares Subscribed	10.90	10.90	10.90	10.90	7.50	2.50
Weighted Average number of Shares Outstanding	10.90	10.90	10.90	8.69	5.01	2.50
EPS (Rupees)	10.81	12.81	3.30	7.39	3.90	0.32
DILUTED						
Profit after tax as per statement of profit and loss	117.81	139.66	35.94	64.20	19.54	0.79
Number of Shares Subscribed	10.90	10.90	10.90	10.90	7.50	2.50
Add: Potential Equity Shares on Account conversion of Employees Stock Options.	2.95	-	-	-	-	-
Weighted Average number of Shares Outstanding	13.85	10.90	10.90	8.69	5.01	2.50
EPS (Rupees)	8.51	12.81	3.30	7.39	3.90	0.32

Annexure 6
Statement of Contingent Liability

Particulars	As at September 30,	As at March 31,				
	2013	2013	2012	2011	2010	2009
Disputed Income Tax/Interest tax demand contested in appeals not provided for	-	-	-	-	-	-
Guarantees and Counter Guarantees given	-	-	-	-	-	-
	-	-	-	-	-	-

Annexure 7
Statement of Dividends

Particulars	As at September 30,	As at March 31,				
	2013	2013	2012	2011	2010	2009
Dividend Rate	-	-	-	-	-	-
Amount of Dividend (₹ Millions)	-	-	-	-	-	-
Amount of Dividend Distribution Tax	-	-	-	-	-	-

Annexure 8

Capitalization Statement

(₹ in million)

Particulars	As at September 30 , 2013	
	Pre issue	Post issue
Debt		
Long Term Loans	1,400.00	7,700.00
Short Term Loans	1,240.00	0.00
Total Debt	2,640.00	7,700.00
Shareholders' funds		
Share Capital	1,659.00	1,659.00
Reserves	1,372.60	1,372.60
Less: Deferred tax asset	16.67	16.67
Total Shareholders' funds	3,014.93	3,014.93
Long Term Debt to Equity Ratio(Number of times)	0.46	2.55
Debt to Equity Ratio(Number of times)	0.88	2.55

* The debt-equity ratio post the Issue is indicative since it includes assumed cash flows on account of the present issue of ₹ 2,000.00 million which is added to debts, net of repayments, amounting to ₹5,700.00 million as at February 15, 2014.

Annexure 9
Statement of Accounting Ratios

Particulars	As at	As at March 31,				
	September 30, 2013	2013	2012	2011	2010	2009
BASIC						
Profit after tax as per statement of Profit and Loss (A)	117.81	139.66	35.94	64.20	19.54	0.79
Number of Shares Outstanding (B)	10.90	10.90	10.90	10.90	7.50	2.50
Weighted Average Number of Shares	10.90	10.90	10.90	8.69	5.01	2.50
EPS (₹) (A) / (B)	10.81	12.81	3.30	7.39	3.90	0.32
DILUTED						
Profit after tax as per statement of Profit and Loss (A)	117.81	139.66	35.94	64.20	19.54	0.79
Number of Shares Outstanding (B)	10.90	10.90	10.90	10.90	7.50	2.50
Add: Potential Equity Shares on Account conversion of Preference Shares (C)	2.95	-	-	-	-	-
Weighted Number of Shares Outstanding (D) = (B) + (C)	13.85	10.90	10.90	8.69	5.01	2.50
EPS (₹) (A) / (D)	8.51	12.81	3.30	7.39	3.90	0.32

Return on Net Worth

Particulars	As at	As at March 31,				
	September 30, 2013	2013	2012	2011	2010	2009
Profit after tax (A)	117.81	139.66	35.94	64.20	19.54	0.79
Net Worth (B)	3,014.93	1,559.41	1,420.05	1,385.63	643.56	26.17
Return on Net Worth (%) (A) / (B)	3.9%	9.0%	2.5%	4.6%	3.0%	3.0%

Net Asset Value per Equity Share

Particulars	As at	As at March 31,				
	September 30, 2013	2013	2012	2011	2010	2009
Net Asset Value per Equity Share						
Net Worth	3,014.93	1,559.41	1,420.05	1,385.63	643.56	26.17
Less: Preference Share Capital	1,550.00	200.00	200.00	200.00	200.00	-
Networth for Equity Share Holders (A)	1,464.93	1,359.41	1,220.05	1,185.63	443.56	26.17
Equivalent Number of Equity Shares (B)	10.90	10.90	10.90	10.90	7.50	2.50
Net Asset Value per Equity Share (₹) (A) / (B)	134.40	124.72	111.93	108.77	59.14	10.47

Debt Equity Ratio

Particulars	As at	As at March 31,				
	September 30, 2013	2013	2012	2011	2010	2009
Debt (A)	2,640.00	2,050.00	1,200.00	1,600.00	-	-
Net Worth (B)	3,014.93	1,559.41	1,420.05	1,385.63	643.56	26.17
Ratio (A) / (B)	0.88	1.31	0.85	1.15	-	-

Annexure 10

Statement of Tax Shelter

Particulars	For the period ended September 30, 2013	For the year ended March 31,				
		2013	2012	2011	2010	2009
Profit before Taxes	164.68	196.37	62.40	90.90	28.30	1.08
Statutory Tax Rate	33.99%	32.45%	32.45%	33.22%	33.99%	33.99%
Tax at Statutory Rate	55.97	63.71	20.25	30.19	9.62	0.37
Adjustment for Permanent Differences						
Preliminary Expenses u/s 35 D	-	-	-	-0.05	-0.05	-0.05
Stamp duty on Increase of Share Capital	-	-	-	-0.07	-	-
Roc Filing Fees for increase in authorised capital	-	-	-	-0.18	-	-
Interest on TDS	0.01	0.00	-	-	-	-
Gratuity	0.26	1.71	-	-2.49	-	-
Depreciation	-	-	-	-	-	-
Others	-	-	-	-	-	-
Loan Loss Reserve	24.13	6.74	3.17	-6.80	-1.21	-
Appreciation in value of investments	-	-	-	-	-	-
Special Reserve u/s 36	-12.97	-22.54	-	-	-	-
Dividend income exempt	-	-3.41	-	-	-	-
Income taxable under the head capital gains	-4.11	-6.36	-	-	-	-
Total due to permanent differences	7.32	-23.86	3.17	-9.59	-1.26	-0.05
Tax savings thereon	2.49	-7.74	1.03	-3.19	-0.43	-0.02
Capital Gains Tax	0.70	1.03	-	-	-	-
Rebate U/S 88E	-	-	-	-	-	-
Total Taxation	59.16	57.01	21.28	27.01	9.19	0.35
Fringe benefit tax provided in the books	-	-	-	-	-	-
Tax on profits before extra-ordinary items	59.16	57.01	21.28	27.01	9.19	0.35
Adjustments: Excess / Short Provision of Tax	-	-	6.71	1.82	-0.03	-0.02
Actual Provision for tax as per Statement of profit and loss	59.16	57.01	27.99	28.83	9.16	0.33

Annexure 11
Statement of Secured Loans
(₹n millions)

Description	Date of Disbursement / Allotment	Amount Outstanding as on September 30, 2013	Final Maturity Date
Term Loan			
Axis Bank Limited	31-Aug-10	150.00	31-Aug-14
Axis Bank Limited	29-Sep-10	250.00	28-Sep-14
Axis Bank Limited	02-Sep-13	650.00	02-Sep-17
Non Convertible Debenture			
UTI Mutual Fund	30-Nov-12	150.00	28-Nov-14
IIFL AMC	21-Mar-13	100.00	27-Jul-15
United India Insurance Company Limited	21-Jun-13	100.00	21-Jun-18

Annexure 12
Statement of Unsecured Loans
(₹n millions)

Description	Date of Disbursement / Allotment	Amount Outstanding as on September 30, 2013	Final Maturity Date
Commercial Paper			
BNP Paribas Mutual Fund	27-Sep-13	200.00	26-Nov-13
Emerging India Focus Fund	21-Jun-13	540.00	15-Jan-14
Clarix Life Solutions	1-Aug-13	500.00	16-Dec-13
	Total	1,240.00	

Annexure 13

Significant accounting Policies and Notes to Account on the Reformatted Financial Statements

1. Corporate Information :

India Infoline Housing Finance Limited (IIHFL) is a wholly owned subsidiary of India Infoline Finance Limited. India Infoline Housing Finance Limited received a Certificate of Registration from the National Housing Bank (“NHB”) in February 2009 to carry on the business of a housing finance institution. IIHFL offers housing finance in line with NHB directions.

2. Significant accounting Policies

2.01 Basis of preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act, 1956 and the guidelines issued by the National Housing Bank (NHB) as applicable to Housing Finance Companies. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The financial statement comply in all material aspect with the National housing Bank Act, 1987 and the housing finance company (NHB) directions, 2010.

2.02 Presentation and disclosure of financial statements:

Pursuant to applicability of Revised Schedule VI on presentation of financial statements, the Company has classified all its assets / liabilities into current / non-current portion based on the time frame of twelve months from the date of financial statements. Accordingly, assets/ liabilities expected to be realised /settled within twelve months from the date of financial statements are classified as current and other assets/ liabilities are classified as non-current. Except accounting for dividend on investments in subsidiary companies, the adopted Revised Schedule VI does not impact recognition and measurement principle followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

2.03 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 recognized in the period in which the results are known / materialized.

2.04 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, whichever 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 upto Rs.5,000/- has been depreciated in full, in the year of purchase.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings	20
Computers	3
Electrical & Office equipment	5

Furniture and fixtures	5
Vehicles	5
Software	3

- 2.05 **Assignment of loan portfolio:**
 Derecognition of loans assigned, in the books of the Company, is based on the concept of surrender of control over the loans resulting in a “true sale” of loans. Future interest spread receivables in case of a par structure deals are recognised over the tenure of agreements. Expenditure in respect of direct assignment is recognised upfront. Credit enhancement in the form of cash collateral provided by the Company is included under Cash and bank balance / Loans and advances, as applicable.
- 2.06 **Revenue recognition:**
 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 National Housing Bank as applicable to it, and
- Interest Income is recognised on the time proportionate basis as per agreed terms.
 - Interest income on non-performing assets is recognised on cash basis.
 - Dividend income is recognised when the right to receive payment is established.
 - In respect of the other heads of income, the Company accounts the same on accrual basis.
 - Processing fees received from customers is recognised as income on receipt basis.
- 2.07 **Preliminary expenses:**
 Preliminary Expenses is written off in same financial year in which they are incurred.
- 2.08 **Employee 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 statement of Profit & loss. 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 recognized 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 unrecognized 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.
- 2.09 **Provisions, Contingent liabilities and Contingent assets:**
 Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per National Housing Bank (NHB) Prudential norms. Provision on standard assets is made as per notifications issued by NHB. All such provisions are classified as long term provisions.
- 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 recognized nor disclosed in the financial statements.
- 2.10 **Taxes on Income:**
 Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. 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 income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. At each reporting date, the Company re-assesses unrecognized deferred tax assets. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Deferred tax liability is recognised as and when arisen.

2.11 Operating Leases:

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

2.12 Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or market / fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current 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 at the balance sheet date is considered as the fair value.

2.13 Inventories:

Closing stock is valued at cost or market value, whichever is lower. Cost is computed on FIFO basis.

2.14 Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to accounts for Half year ended 30th September 2013

1. There are no tangible or intangible assets acquired during the year.

2. Earnings Per Share:

Basic & Diluted Earnings Per Share [EPS] computed in accordance with Accounting Standard (AS) 20 'Earning Per Share'

PARTICULARS		As at September 30,2013	As at March 31, 2013
Profit after tax as per statement of profit & loss(₹in million)	A	117.81	139.66
Weighted average number of Shares	B	10,900,000	10,900,000
Basic EPS (Not Annualized)	A/B	10.81	12.81
Potential Dilutive Preference Shares	C	135,000,000	
Averagenumber of Potential Dilutive preference shares considered for EPS	D	2,950,820	
Total Number of shares for Dilutive EPS	E=B+D	13,850,820	10,900,000
Diluted EPS (Not Annualized)	A/E	8.51	12.81

3. The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for/by the company were identified and recovered from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

4. Segment Reporting:

In the opinion of the management, there is only one reportable business segment (Financing & Investing) as envisaged by AS17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. 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.

The Company is recognizing and accruing the employee benefit as per accounting standard (AS) – 15 on "Employee Benefits".

Details are given below

Assumptions	(₹in million)	
	As at September 30,2013	As at March 31, 2013
Discount rate	8.00%	8.50%
Salary Escalation	5.00%	5.00%
Change in Benefit Obligation		
Present value of benefit obligation as at beginning of the current period	1.72	0.08
Interest Cost	0.07	0.01
Current Service Cost	0.14	0.02
Benefit paid in normal course	(0.09)	(0.07)
Actuarial (gain)/ Losses on obligations	0.14	1.68
Additional Provision recognised in statement of profit and loss	0.04	
Liability at the end of the year	2.03	1.72

Assumptions	As at September 30,2013	As at March 31, 2013
Amount Recognised in the Balance Sheet		
Fair value of plan Assets at the end of the period	1.51	1.47
Liability at the end of the period	2.03	1.72
Funded Status	(0.52)	(0.26)
Net Asset recognised in Balance sheet	(0.52)	(0.26)
Expenses Recognised in the Income statement		
Current Service Cost	0.14	0.02
Interest Cost	0.07	0.01
Expected return on plan assets	(0.06)	(0.13)
Actuarial Gain or Loss	0.07	1.81
Minimum Expense provision required	0.22	1.71
Additional Provision recognised in statement of profit and loss	0.04	-
Expense Recognised in statement of Profit & loss	0.26	1.71
Balance Sheet reconciliation		
Opening Net liability	0.26	(1.45)
Expenses as above	0.26	1.71
Employers contribution	0.00	0.00
Net Asset recognised in Balance sheet	0.52	0.26

5. There are no dues to micro & small enterprises (MSEs) outstanding for more than 45 days.
6. In terms of NHB circular NHB(ND)/DRS/Poi.No37/2010-11, the Company has made a provision @ 2 % on standard assets in respect of housing loans at teaser rates. Also, as per NHB Notification no NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013, company has made a provision in respect of Commercial Real Estate (Residential Housing) @0.75% of the total Outstanding and in respect of other Commercial Real Estate @ 1% of Total Outstanding. In respect of all other loans classified as standard assets, company has made a general provision @0.4%

7. Disclosures in respect of applicability of AS – 18 Related Party Disclosures

(a) Related parties where control exists:

Nature of relationship	Name of party
Holding company	India Infoline Finance Limited
Main Holding Company	India Infoline Limited
Group Company	India Infoline Commodities Limited
	India Infoline Media & Research Services Limited
	India Infoline Insurance Services Limited
	India Infoline Insurance Brokers Limited
	India Infoline Commodities DMCC
	India Infoline Distribution Company Limited
	IIFL Capital Limited
	IIFL Realty Limited
	IIFL Wealth Management Limited
	IIFL Alternate Asset Advisors Limited
	IIFL Asia Pte Limited
	IIFL Inc
	IIFL Capital Pte Limited
	IIFL Securities Pte Limited
	IIFL Wealth UK Limited
	India Infoline Asset Management Company Limited
India Infoline Trustee Company Limited	

Nature of relationship	Name of party
	IIFL Private Wealth Mauritius Limited
	Finest Wealth Managers Private Limited
	IIFL Investment Adviser and Trustee Services Limited
	IIFL Capital Ceylon Limited
	IIFL Private Wealth Dubai Limited
	IIFL Private Wealth Hong Kong Limited
	IIFL Securities Ceylon (Pvt.) Limited
	IIFL Private Wealth (Suisse) SA.
	IIFL Capital Inc.
Other related parties:	
Key Management Personnel	Mr. Nirmal Jain Mr. R Venkataraman
Other related parties	Ms. Madhu Jain (wife of Mr. Nirmal Jain) Ms. Aditi Venkataraman (wife of Mr. R Venkataraman)

(b) Significant Transaction with Related Parties:
(₹ in million)

Nature of Transaction	Main Holding Company	Holding Company	Fellow subsidiaries	Group Companies	Total
Interest Income	-	-	-	-	-
	-	(2.21)	-	-	(2.21)
Interest Expenses		13.55	-	-	13.55
	(0.01)	(17.26)	-	-	(17.27)
Service Charges	-	-	-	-	-
	-	(0.62)	-	-	(0.62)
Finance (including equity contribution in cash) (Preference Shares)	1350.00	-	-	-	1350.00
	-	-	-	-	-
Purchase/ cancellation assignment of Portfolio/ Foreclosures/ EMIS		582.33			582.33
	-	(1420.71)	-	-	(1420.71)
Sale/ cancellation assignment of Portfolio/ Foreclosures/ EMIS	-		-	-	
Inter Corporate Deposit Taken		1124.00			1124.00
Inter Corporate Deposit Returned		140.00			140.00
Advances returned (net) / reimbursement of expenses	570.60	1631.82	-	-	2202.42
	(2.48)	(3570.87)			(3573.35)
Advances taken (net) / allocation of expenses	570.60	1870.42		-	2441.02
	(2.48)	(3570.87)			(3573.35)

Closing Balance

Nature of Transaction	Main Holding Company	Holding Company	Fellow subsidiaries	Group Companies	Total
Sundry payables	-	238.60	-	-	238.60
Sundry receivables	-	-	-	-	-

8. Disclosure regarding provisions made for substandard, doubtful and loss assets as per the Prudential Norms (revised) contained in the National Housing Bank Guidelines.
(₹ in million)

	September 30,2013		March 31,2013	
	Portfolio Balance	Provisions	Portfolio Balance	Provisions

	September 30,2013		March 31,2013	
	Portfolio Balance	Provisions	Portfolio Balance	Provisions
Standard Assets				
Housing loans	3,522.12	17.70	1937.09	11.44
Other property loans	3,708.91	25.78	1501.11	11.64
	7,231.03	43.48	3438.20	23.08
Sub Standard Assets				
Housing loans	33.27	5.05	8.85	1.33
Other property loans	-	-	-	-
	33.27	5.05	8.85	1.33
Doubtful Assets				
Housing loans	-	-	-	-
Other property loans	-	-	-	-
Loss Assets				
Housing loans	-	-	-	-
Other property loans	-	-	-	-
Total	7,264.30	48.53	3447.05	24.41

Note: Gross NPA (including principal overdue of ₹0.40) is ₹33.67

9. Disclosures as required under NHB guidelines

2018. Capital to Risk Assets Ratio

Items	September 30, 2013	March 31, 2013
CRAR (%)		
CRAR – Tier I Capital (%)	45.55	37.08
CRAR – Tier II Capital (%)	3.94	6.09
Total Capital	49.49	43.17

II. Exposure to Real Estate Sector

(₹ in million)

Category	September 30, 2013	March 31, 2013
a) Direct exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans up to ₹1.5 million may be shown separately		
a) Up to ₹1.5 million	469.70	236.48
b) more than ₹1.5 million	2,555.58	1,762.78
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	4,239.02	1,447.79
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential,	-	-
b. Commercial Real Estate.	-	-

Category	September 30, 2013	March 31, 2013
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹ in million)

Time Bucket	Liabilities		Assets		
	Borrowings from banks	Market Borrowings	Loans	Investments	Other Advances
1 day to 30 / 31 days (one month)	Nil	Nil	44.16	Nil	183.45
Over 1 to 2 months	Nil	200.00	50.43	Nil	Nil
Over 2 to 3 months	Nil	500.00	50.43	Nil	Nil
Over 3 to 6 months	Nil	540.00	156.18	Nil	Nil
Over 6 to 1 year	762.50	Nil	318.66	Nil	Nil
Over 1 to 3 years	287.50	250.00	3069.87	Nil	Nil
Over 3 to 5 years	Nil	100.00	1,119.14	Nil	Nil
Over 5 to 7 years	Nil	Nil	1596.03	Nil	Nil
Over 7 to 10 years	Nil	Nil	859.40	Nil	Nil
Over 10 years	Nil	Nil		Nil	Nil
Total	1050.00	1590.00	7264.30	Nil	183.45

10. Previous period figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation.

Notes to accounts for the financial year 2012-13

1. The Company is recognizing and accruing the employee benefit as per accounting standard (AS) – 15 on "Employee Benefits".

(₹ in million)

Assumptions	2012-13	2011-12
Discount rate	8.50%	8.50%
Salary Escalation	5.00%	5.00%
Change in Benefit Obligation		
Present value of benefit obligation as at beginning of the current period	0.08	1.09
Interest Cost	0.01	0.09
Current Service Cost	0.02	0.42
Liability at the beginning of the year	-	-
Benefit paid in normal course	(0.07)	0.00
Actuarial (gain)/ Losses on obligations	1.68	(1.52)
Liability at the end of the year	1.72	0.08
Amount Recognised in the Balance Sheet		
Fair value of plan Assets at the end of the year	1.47	1.53
Liability at the end of the year	1.72	(0.08)
Funded Status	(0.26)	1.46
Net Asset recognised in Balance sheet	(0.26)	1.46
Expenses Recognised in the Income statement		
Current Service Cost	0.02	0.42
Interest Cost	0.01	0.09

Expected return on plan assets	(0.13)	0.11
Actuarial Gain or Loss	1.81	(1.54)
Expense Recognised in statement of Profit & loss	1.71	(1.14)
Balance Sheet reconciliation		
Opening Net liability	(1.45)	(0.32)
Expenses as above	1.71	(1.14)
Employers contribution	0.00	0.00
Net Asset recognised in Balance sheet	0.26	(1.46)

3. Basic & Diluted Earnings Per Share [EPS] computed in accordance with Accounting Standard (AS) 20 'Earning Per Share'

(₹ in million)

PARTICULARS		2012-13	2011-12
BASIC & DILUTED			
Profit after tax as per statement of profit & Loss	A	139.66	35.94
Weighted average number of Shares	B	10,900,000	10,900,000
Basic & Diluted EPS (Rupees)	A/B	12.81	3.30

4. There are no tangible or intangible assets acquired during the year
5. The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for/by the company were identified and recovered from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

6. Segment Reporting:

In the opinion of the management, there is only one reportable business segment (Financing & Investing) as envisaged by AS17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. 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.

7. There are no dues to micro & small enterprises (MSEs) outstanding for more than 45 days.
8. In terms of NHB circular NHB (ND)/DRS/Poi.No37/2010-11, the Company has made a provision @ 0.40 % on non-housing loans and @ 2 % on standard assets in respect of housing loans at teaser rates. Also in terms of NHB circular NHB (ND)/DRS/Pol. No. 45/2011-12, the Company has made a provision @ 1 % on commercial real estate.
9. Disclosures in respect of applicability of AS – 18 Related Party Disclosures

(a) Related parties where control exists:

Nature of relationship	Name of party
Holding company	India Infoline Finance Limited
Main Holding Company	India Infoline Limited
Group Company	India Infoline Commodities Limited
	India Infoline Media & Research Services Limited
	India Infoline Insurance Services Limited
	India Infoline Insurance Brokers Limited
	India Infoline Commodities DMCC
	India Infoline Distribution Company Limited

Nature of relationship	Name of party
	IIFL Capital Limited
	IIFL Realty Limited
	IIFL Wealth Management Limited
	IIFL Alternate Asset Advisors Limited
	IIFL Asia Pte Limited
	IIFL Inc
	IIFL Capital Pte Limited
	IIFL Securities Pte Limited
	IIFL Wealth UK Limited
	India Infoline Asset Management Company Limited
	India Infoline Trustee Company Limited
	IIFL Private Wealth Mauritius Limited
	Finest Wealth Managers Private Limited
	IIFL Trustee Services Limited
	IIFL Capital Ceylon Limited
	IIFL Private Wealth Dubai Limited
	IIFL Private Wealth Hong Kong Limited
	IIFL Securities Ceylon (Pvt) Limited
	IIFL Private Wealth (Suisse) SA.
	IIFL Capital Inc.
	IIFL (Thane) Private Limited (*)
	IIFL Energy Limited (**)
(b) Other related parties:	
Key Management Personnel	Mr. Nirmal Jain Mr. R Venkataraman
Other related parties	Ms. Madhu Jain (wife of Mr. Nirmal Jain) Ms. Aditi Venkataraman (wife of Mr. R Venkataraman) India Infoline Venture Capital Fund

(*) With effect from 1st April 2012 The Company has been merged with its holding Company IIFL realty Limited.

(**) IIFL Energy Limited was Related Party up to 25th March, 2013.

(2018) **Significant Transaction with Related Parties:**

(₹ in million)

Nature of Transaction	Main Holding Company	Holding Company	Fellow subsidiaries	Group Companies	Total
Interest Income	0.00	2.21	0.00	0.00	2.21
	0.00	(1.53)	0.00	0.00	(1.53)
Interest Expenses	0.01	17.26	0.00	0.00	17.27
	(2.12)	(4.18)	0.00	0.00	(6.30)
Service Charges	0.00	0.62	0.00	0.00	0.62
	0.00	(2.64)	0.00	0.00	(2.64)
Finance (including equity contribution in cash)					
Purchase/cancellation of assignment of Portfolio/Foreclosures/EMIS	0.00	1,420.71	0.00	0.00	1,420.71
	0.00	(2,895.43)	0.00	0.00	(2,895.43)
Sale/cancellation of assignment of Portfolio/Foreclosures/EMIS	0.00	0.00	0.00	0.00	0.00
	0.00	(1,222.15)	0.00	0.00	(1,222.15)
Advances returned (net) / reimbursement of expenses	2.48	3,570.87	0.00	0.00	3,573.35
	(306.68)	(6,567.09)	0.00	(0.01)	(6,873.78)
Advances taken (net) / allocation of expenses	2.48	3,570.87	0.00		3,573.35
	(306.68)	(6,567.09)	0.00	(0.01)	(6,873.78)

Nature of Transaction	Main Holding	Holding	Group	Total
-----------------------	--------------	---------	-------	-------

	Company	Company	Companies	
Sundry payables	-	-	-	-
	-	-	-	-
Sundry receivables	-	-	-	-
	-	-	-	-

10. Disclosure regarding provisions made for substandard, doubtful and loss assets as per the Prudential Norms (revised) contained in the National Housing Bank Guidelines.

(₹ in million)

	March 31, 2013		March 31, 2012	
	Portfolio Balance	Provisions	Portfolio Balance	Provisions
Standard Assets				
Housing loans	1,937.09	11.44	1,086.40	5.40
Other property loans	1,501.11	11.64	1,434.67	10.87
	3,438.20	23.08	2,521.07	16.26
Sub Standard Assets				
Housing loans	8.85	1.33	9.39	1.41
Other property loans	-	-	-	-
	8.85	1.33	9.39	1.41
Doubtful Assets				
Housing loans	-	-	-	-
Other property loans	-	-	-	-
Loss Assets				
Housing loans	-	-	-	-
Other property loans	-	-	-	-
Total	3,447.05	24.41	2,530.46	17.67

11. Disclosures as required under NHB guidelines

I. Capital to Risk Assets Ratio

Items	March 31, 2013	March 31, 2012
CRAR (%)		
CRAR – Tier I Capital (%)	37.08	39.95
CRAR – Tier II Capital (%)	6.09	6.91
Total Capital	43.17	46.86

II. Exposure to Real Estate Sector

(₹ in million)

Category	March 31, 2013	March 31, 2012
a) Direct exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans up to ₹1.5 million may be shown separately		
a) Upto ₹1.5 million	236.48	31.37
b) more than ₹1.5 million	1,762.78	1,624.0
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	1,447.79	875.08
Investments in Mortgage Backed Securities (MBS) and		

other securitized exposures -		
a. Residential,	-	-
b. Commercial Real Estate.	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National	-	-
Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹ in million)

	Liabilities		Assets		
	Borrowings from banks	Market Borrowings	Loans	Investments	Other Advances
1 day to 30/31 days (one month)	Nil	Nil	15.23	130.00	113.95
Over 1 to 2 months	Nil	Nil	15.99	Nil	Nil
Over 2 to 3 months	Nil	1,000.00	15.99	Nil	Nil
Over 3 to 6 months	400.00	Nil	49.54	Nil	Nil
Over 6 to 1 year	Nil	Nil	105.03	Nil	Nil
Over 1 to 3 years	400.00	250.00	412.61	Nil	Nil
Over 3 to 5 years	Nil	Nil	375.97	Nil	Nil
Over 5 to 7 years	Nil	Nil	419.83	Nil	Nil
Over 7 to 10 years	Nil	Nil	707.53	Nil	Nil
Over 10 years	Nil	Nil	1,329.33	Nil	Nil
Total	800.00	1,250.00	3,447.05	130.00	113.95

12. Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation.

Notes to accounts for Financial year 2011-12

- There are no tangible or intangible assets acquired during the year nor there are any Investment made during the year by the company.
- Assignment of Loan portfolio**

During the year 2011-12, the company has assigned loan portfolio to the extent of ₹812.01 million to Bank. These assignments of loans are made on true sale basis.

During the year, the Company has assigned mortgage loan portfolio amounting to Rs.716.10 million (P.Y. Rs. 4778.83 million) to its holding company India Infoline Finance Limited

- The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the company were identified and recovered from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.
- Basic & Diluted Earnings Per Share [EPS] computed in accordance with Accounting Standard (AS) 20 'Earning Per Share'

(₹ in million)

PARTICULARS		March 31,2012	March 31,2011
BASIC & DILUTED			
Profit after tax as per statement of profit & Loss	A	35.94	64.20
Weighted average number of Shares	B	109 00 000	86 92 329

Basic & Diluted EPS (Rupees)	A/B	3.30	7.39
---	------------	-------------	-------------

5. In terms of NHB circular NHB (ND)/DRS/Poi.No37/2010-11, the Company has made a provision @ 0.40 % on non-housing loans and @ 2 % on standard assets in respect of housing loans at teaser rates. Also in terms of NHB circular NHB (ND)/DRS/Pol. No. 45/2011-12, the Company has made a provision @ 1 % on commercial real estate.

6. Disclosures in respect of applicability of AS – 18 Related Party Disclosures

(a) **Related parties where control exists:**

Nature of relationship	Name of party
Holding company	India Infoline Finance Limited
Main Holding Company	India Infoline Limited
Fellow Subsidiaries	India Infoline Distribution Company Limited Moneyline Credit Limited*
Group Company	India Infoline Commodities Limited India Infoline Media & Research Services Limited India Infoline Insurance Services Limited# India Infoline Insurance Brokers Limited# India Infoline Commodities DMCC IIFL Capital Limited IIFL Realty Limited IIFL Wealth Management Limited IIFL Energy Limited IIFL Alternate Asset Advisors Limited IIFL Asia Pte Limited IIFL Inc IIFL Capital Pte Limited IIFL Securities Pte Limited IIFL Wealth UK Limited India Infoline Asset Management Company Limited India Infoline Trustee Company Limited IIFL (Thane) Private Limited IIFL Private Wealth Mauritius Limited Finest Wealth Managers Private Limited IIFL Trustee Services Limited IIFL Capital Ceylon Limited IIFL Private Wealth Dubai Limited IIFL Private Wealth Hong Kong Limited IIFL Securities Ceylon (Pvt) Limited
(b) Other related parties:	
Key Management Personnel	Mr. Nirmal Jain Mr. R Venkataraman
Other related parties	Madhu Jain (wife of Mr. Nirmal Jain) Aditi Venkataraman (wife of Mr. R Venkataraman) India Infoline Venture Capital Fund

*Merged with the India Infoline Finance Limited pursuant to the order issued by Hon'ble High Court. The figures of previous year in respect of fellow subsidiaries include the amount of transactions with Moneyline Credit Limited and hence not comparable with current year figures.

(b) **Significant Transaction with Related Parties:**

(₹ in million)

Nature of Transaction	Main Holding Company	Holding Company	Fellow subsidiaries	Group Companies	Total
Interest Income	-	1.53	-	-	1.53
	-	-	-	-	-

Nature of Transaction	Main Holding Company	Holding Company	Fellow subsidiaries	Group Companies	Total
Interest Expenses	2.12	4.18	-	-	6.30
	-	-	-	-	-
Service Charges	-	2.64	-	-	2.64
	-	-	-	-	-
Finance (including equity contribution in cash)	-	-	-	-	-
	-	(680)	-	-	(680)
Purchase/cancellation assignment of Portfolio/ Foreclosures/EMIS	-	2,895.43	-	-	2,895.43
	-	-	-	-	-
Sale/cancellation assignment of Portfolio/Foreclosures/ EMISs	-	1,222.15	-	-	1,222.15
	-	(4,413.88)	(194.83)	-	(4,608.71)
Advances returned (net) / reimbursement of expenses	306.68	6,567.09	-	0.01	6,873.78
	(113.33)	(4,878.65)	(21.50)	(0.12)	(5,013.60)
Advances taken (net) / allocation of expenses	306.68	6,567.09	-	0.01	6,873.78
	(113.33)	(4,878.65)	(21.50)	(0.12)	(5,013.60)

Nature of Transaction	Main Holding Company	Holding Company	Group Companies	Total
Sundry payables	-	-	-	-
Sundry receivables	-	-	-	-

7. Segment Reporting:

In the opinion of the management, there is only one reportable business segment (Financing & Investing) as envisaged by AS17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. 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.

The Company is recognizing and accruing the employee benefit as per accounting standard (AS) – 15 on "Employee Benefits".

Details are given below

Assumptions	(₹ in million)	
	2011-2012	2010-2011
Discount rate	8.50%	8.00%
Salary Escalation	5.00%	5.00%
Change in Benefit Obligation		
Present value of benefit obligation as at beginning of the current period	1.09	-
Interest Cost	0.09	-
Current Service Cost	0.42	1.09
Liability at the beginning of the year	-	-
Benefit paid in normal course	(0.00)	-
Actuarial (gain)/ Losses on obligations	(1.52)	-
Liability at the end of the year	0.08	1.09
Amount Recognised in the Balance Sheet		
Fair value of plan Assets at the end of the year	1.53	1.41
Liability at the end of the year	(0.08)	(1.09)
Funded Status	1.46	0.32
Net Asset recognised in Balance sheet	1.46	0.32

Expenses Recognised in the Income statement		
Current Service Cost	0.42	1.09
Interest Cost	0.09	-
Expected return on plan assets	(0.11)	-
Actuarial Gain or Loss	(1.54)	-
Expense Recognised in statement of Profit & loss	(1.14)	1.09
Balance Sheet reconciliation		
Opening Net liability	(0.32)	-
Expenses as above	(1.14)	1.09
Employers contribution	(0.00)	(1.41)
Net Asset recognised in Balance sheet	(1.46)	(0.32)

8. There are no dues to micro & small enterprises (MSEs) outstanding for more than 45 days.
9. Disclosure regarding provisions made for substandard, doubtful and loss assets as per the Prudential Norms (revised) contained in the National Housing Bank Guidelines. (Figures in brackets are for the previous year).

(₹ in million)

Asset Classification	Outstanding Balance	Provision
Standard Assets	2,521.07	11.18
	(3,002.61)	(7.84)
Sub-Standard Assets	9.39	1.41
	(6.15)	(0.61)
Doubtful Assets	Nil	Nil
	(3.36)	(0.96)
Loss Assets	Nil	Nil
	Nil	Nil

10. Disclosures as required under NHB guidelines

a) Capital to Risk Assets Ratio

Items	March 31, 2012	March 31, 2011
CRAR (%)		
CRAR – Tier I Capital (%)	39.95	34.94
CRAR – Tier II Capital (%)	6.91	6.13
Total Capital	46.86	41.07

II. Exposure to Real Estate Sector

(₹ in million)

Category	March 31, 2012	March 31, 2011
a) Direct exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans up to ₹1.5 million may be shown separately		
a) Upto Rs. ₹1.5 million	31.37	326.20
b) more than ₹1.5 million	1624.02	2111.35
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; Investments in Mortgage Backed Securities (MBS) and	875.08	574.57

other securitized exposures -		
a. Residential,	-	-
b. Commercial Real Estate.	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹ in million)

	Liabilities		Assets	
	Borrowings from banks	Market Borrowings	Loans	Other Advances
1 day to 30/31 days (one month)	-	-	8.09	82.25
Over 1 to 2 months	-	-	9.39	0.25
Over 2 to 3 months	-	-	9.51	0.25
Over 3 to 6 months	400.00	-	29.25	0.77
Over 6 to 1 year	-	-	61.91	1.51
Over 1 to 3 years	800.00	-	298.61	4.22
Over 3 to 5 years	-	-	314.20	1.26
Over 5 to 7 years	-	-	265.75	-
Over 7 to 10 years	-	-	472.73	-
Over 10 years	-	-	1,061.02	-
Total	1,200.00	-	2,530.46	90.51

11. Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation

Notes to accounts for Financial year 2010-11

- There are no fixed or intangible assets acquired during the year nor there are any Investment made during the year by the company.
- During the year, the Company has assigned mortgage portfolio amounting to Rs.4778.83 million to its holding company India Infoline Investment Services Limited
- The Company Operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the company were identified and recovered from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.
- Basic & Diluted Earnings Per Share [EPS] computed in accordance with Accounting Standard(AS) 20 'Earning Per Share'

PARTICULARS		2010-11	2009-10
BASIC & DILUTED			
Profit after tax as per profit & Loss account	A	64.20	19.54
Weighted average number of Shares	B	8,692,329	5,006,849
Basic & Diluted EPS (₹)	A/B	7.39	3.90

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

6. There are no dues to micro & small enterprises (MSEs) outstanding for more than 45 days.
7. In terms of NHB circular NHB (ND)/DRS/Poi.No37/2010-11, the Company has made a provision @ 0.40 % on non-housing loans and @ 2 % on standard assets in respect of housing loans at teaser rates.
8. Disclosures in respect of applicability of AS – 18 Related Party Disclosures

(a) Related parties where control exists:

Nature of relationship	Name of party
Holding company	India Infoline Investment Services Limited
Main Holding Company	India Infoline Limited
Fellow Subsidiaries	India Infoline Distribution Company Limited Moneyline Credit Limited
Group Company	India Infoline Commodities Limited India Infoline Media & Research Services Limited India Infoline Insurance Services Limited India Infoline Insurance Brokers Limited India Infoline Commodities DMCC IIFL Capital Limited India Infoline Marketing Services Limited IIFL Realty Limited IIFL Wealth Management Limited IIFL Energy Limited IIFL Asia Pte Limited IIFL Inc IIFL Capital Pte Limited IIFL Securities Pte Limited IIFL Wealth UK Limited India Infoline Asset Management Company Limited India Infoline Trustee Company Limited IIFL (Thane) Private Limited IIFL Private Wealth Mauritius Limited Finest Wealth Managers Private Limited IIFL Trustee Services Limited IIFL Capital Ceylon Limited IIFL Private Wealth Dubai Limited IIFL Private Wealth Hong Kong Limited IIFL Securities Ceylon (Pvt) Limited
(b) Other related parties:	
Key Management Personnel	Mr. Nirmal Jain Mr. R Venkataraman
Other related parties	India Infoline Venture Capital Fund

C Significant Transaction with Related Parties:

(₹ in million)

Nature of Transaction	Main Holding Company	Holding Company	Fellow Subsidiaries	Group Companies	Total
Interest Income	-	- (0.13)	-	-	- (0.13)
Interest Expenses	-	-	- (5.91)	-	- (5.91)
Finance (including equity contribution in cash)	-	680.00 (600.00)	-	-	680.00 (600.00)

Nature of Transaction	Main Holding Company	Holding Company	Fellow Subsidiaries	Group Companies	Total
ICD taken	-	-	-	-	-
	-	-	(4.57)	-	(4.57)
ICD repaid	-	-	-	-	-
	-	-	(136.37)	-	(136.37)
Mortgage Portfolio given/Foreclosure/EMI	-	4,413.88	194.83	-	4,608.71
	-	-	-	-	-
Mortgage Portfolio taken	-	-	-	-	-
	-	(463.85)	(45.89)	-	(509.74)
Advances returned/reimbursement of expenses	113.33	4,878.65	21.50	0.12	5013.60
	(1.75)	(131.65)	(219.40)	-	(352.80)
Advances taken/allocation of expenses	113.33	4,878.65	21.50	0.12	5,013.60
	(1.75)	(131.65)	(219.40)	-	(352.80)

9. The Company has paid Rs.1,000/- to NHB towards delay in filing of annual return for the financial year 2010-11.

10. Segment Reporting.

In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. 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.

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

Details are given below

Assumptions	(₹ in million) 2010-2011
Discount rate	8.00%
Salary Escalation	5.00%
Change in Benefit Obligation	
Liability at the beginning of the year	-
Interest Cost	-
Current Service Cost	(1.09)
Benefit paid	-
Actuarial (gain)/ Loss on obligations	-
Liability at the end of the year	(1.09)
Amount Recognised in the Balance Sheet	
Liability at the end of the year	(1.09)
Fair value of plan Assets at the end of the year	1.41
Net Asset recognised in Balance sheet	0.32
Expenses Recognised in the Income statement	
Current Service Cost	(1.09)
Interest Cost	-
Expected return on plan assets	-
Actuarial Gain or Loss	-

Expense Recognised in Profit & loss account	(1.09)
Balance Sheet reconciliation	
Opening Net liability	-
Liability at the end of the year	(1.09)
Employers contribution	1.41
Net Asset recognised in Balance sheet	0.32

12. Disclosure regarding provisions made for substandard, doubtful and loss assets as per the Prudential Norms (revised) contained in the National Housing Bank Guidelines. (Figures in brackets are for the previous year).

(₹ in million)

Asset Classification	Outstanding Balance	Provision
Standard Assets	3002.61	7.84
	(475.10)	N.A.
Sub-Standard Assets	6.15	0.61
	(8.60)	(0.86)
Doubtful Assets	3.36	0.96
	(1.77)	(0.35)
Loss Assets	Nil	Nil
	Nil	Nil

The Company had not made the provision @0.4% against standard assets amounting to Rs.0.52 million in respect of non-housing loans in terms of paragraph 24 & 26 of Housing Finance Directions, 2001, in the audited accounts of the Company for the financial year 2008-09.

The said amount of Rs. 0.52 million has been now made as an additional provisions under “Current Liabilities & Provisions” in the audited accounts of the Company for the financial year 2010-11.

13. Disclosures as required under NHB guidelines

2018. Capital to Risk Assets Ratio

Items	Current Year (31/03/2011)	Previous Year (31/03/2010)
CRAR (%)		
CRAR – Tier I Capital (%)	34.94	106.61
CRAR – Tier II Capital (%)	6.13	33.75
Total Capital	41.07	140.36

II. Exposure to Real Estate Sector

(₹ in million)

Category	Current Year (31/03/2011)	Previous Year (31/03/2010)
a) Direct exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans up to ₹1.5 million may be shown separately		
a) Upto ₹1.5 million	326.20	208.54
b) more than ₹1.5 million	2,111.35	202.33
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; Investments in Mortgage Backed Securities (MBS) and	574.57	74.59

other securitized exposures -		
a. Residential,	-	-
b. Commercial Real Estate.	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹ in million)

	Liabilities		Assets	
	Borrowings from banks	Market Borrowings	Loans	Other Advances
1 day to 30/31 days (one month)	-	-	7.29	80.56
Over one to 2 months	-	-	8.29	-
Over 2 to 3 months	-	-	8.38	-
Over 3 to 6 months	400.00	-	17.66	-
Over 6 to 1 year	-	-	53.26	-
Over 1 to 3 years	800.00	-	250.42	13.62
Over 3 to 5 years	400.00	-	319.50	-
Over 5 to 7 years	-	-	349.41	-
Over 7 to 10 years	-	-	685.13	-
Over 10 years	-	-	1,311.18	3.97
Total	1,600.00	-	3,010.53	98.15

14. Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation

Notes to accounts for Financial year 2009-10

- There are no fixed and intangible assets acquired during the year nor there are any Investment made during the year made by the company.
- Company has taken securitised mortgage portfolio from its fellow subsidiary Moneyline Credit Limited amounting to ₹45.89 million and from holding company India Infoline Investment Services Limited amounting to ₹463.85 million.
- The company operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company/fellow subsidiaries/group companies, which are termed as 'Shared Services'. Such shared services paid by the holding company/fellow subsidiaries/group companies, are reimbursed on an actual basis and estimates are used only where actuals were difficult to determine.
- Disclosures in respect of applicability of AS – 18 Related Party Disclosures.

<u>Nature of relationship</u>	<u>Name of party</u>
(a) Related parties where control exists:	
Holding company	India Infoline Investment Services Limited
Main Holding Company	India Infoline Limited
Fellow Subsidiaries	India Infoline Distribution Company Limited Moneyline Credit Limited
Group Company	India Infoline Commodities Limited India Infoline Media & Research Services Limited India Infoline Insurance Services Limited India Infoline Insurance Brokers Limited India Infoline Commodities DMCC IIFL Capital Limited India Infoline Marketing Services Limited. IIFL Realty Limited IIFL Wealth Management Limited IIFL Energy Limited IIFL Asia Pte Limited IIFL Inc IIFL Capital Pte. Limited IIFL Securities Pte. Limited IIFL Wealth UK Limited India Infoline Asset Management Company Limited India Infoline Trustee Company Limited Unval Industries Pvt Limited
(b) Other related parties:	
(a)Key Management Personnel	Mr. Nirmal Jain Mr. R Venkataraman India Infoline Venture Fund

C Significant Transaction with Related Parties:

(₹ in million)

Nature of Transaction	Main Holding Company	Holding Company	Fellow Subsidiaries	Group Companies	Total
Interest Income	-	0.13	-	-	0.13
	-	-	-	-	-

Nature of Transaction	Main Holding Company	Holding Company	Fellow Subsidiaries	Group Companies	Total
Interest Expenses			5.91		5.91
		-	(2.20)	-	(2.20)
Finance (including equity contribution in cash)	-	600.00	-	-	600.00
	-	-	-	-	-
ICD taken	-	-	4.57	-	4.57
	-	-	(131.80)	-	(131.80)
ICD repaid	-	-	136.37	-	136.37
	-	-	-	-	-
Mortgage Portfolio taken	-	463.85	45.89	-	509.74
	-	-	(130.05)	-	(130.05)
Advances returned/ reimbursement of expenses	1.75	131.65	219.40	-	352.80
	(0.20)	(0.03)	(7.23)	-	(7.45)
Advances taken/ allocation of expenses	1.75	131.65	219.40	-	352.80
	(0.20)	(0.03)	(7.23)	-	(7.45)
Nature of Transaction	Main Holding Company	Holding Company	Fellow Subsidiaries	Group Companies	Total
Sundry payables	-	-	-	-	-
	-	-	(131.80)	-	(131.80)
Sundry receivables	-	-	-	-	-
	-	-	-	-	-

5. Disclosure regarding provisions made for substandard, doubtful and loss assets as per the Prudential Norms (revised) contained in the National Housing Bank Guidelines. (Figures in brackets are for the previous year).

Housing Loans:

(₹ in million)

Asset Classification	Outstanding Balance	Provision
Standard Assets	475.10	N.A.
	(130.50)	(Nil)
Sub-Standard Assets	Nil	Nil
	8.60	0.86
Doubtful Assets	Nil	Nil
	1.77	0.35
	Nil	Nil
Loss Assets	Nil	Nil
	Nil	Nil

Provision for Standard Assets has not been considered.

6. Basic & Diluted Earnings Per Share [EPS] computed in accordance with Accounting Standard(AS) 20 ‘ Earning Per Share ‘

(₹ in million)

PARTICULARS		2009-10	2008-09
BASIC & DILUTED			
Profit after tax as per profit & Loss account	A	19.54	0.79

PARTICULARS		2009-10	2008-09
BASIC & DILUTED			
Number of Shares Subscribed	B	5 006 849	2 500 000
Basic & Diluted EPS (Rupees)	A/B	3.90	0.32

7. Information under paragraphs 3 and 4 of part II to schedule VI of the companies Act, 1956 is stated to the extent applicable.
8. There are no dues to micro & small enterprises (MSEs) outstanding for more than 45 days.
9. **Segment Reporting.**
In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. 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.
10. Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation

Notes to accounts for Financial year 2008-09

1. Company has received the registration from National Housing bank in the fourth quarter of current year.
2. There are no fixed and intangible assets acquired during the year nor there are any Investment made during the year made by the company.
3. Company has taken securitised mortgage portfolio from its fellow subsidiary Moneyline Credit Limited amounting to Rs 130.05 million after receiving the license from National Housing Bank.
4. The company operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company/fellow subsidiaries/group companies, which are termed as 'Shared Services'. Such shared services paid by the holding company/fellow subsidiaries/group companies, are reimbursed on an actual basis and estimates are used only where actuals were difficult to determine.
5. Disclosures in respect of applicability of AS – 18 Related Party Disclosures.

<u>Nature of relationship</u>	<u>Name of party</u>
a. Related parties where control exists:	
Holding company	India Infoline Investment Services Limited
Main Holding Company	India Infoline Limited
Fellow Subsidiaries	India Infoline Distribution Company Limited Moneyline Credit Limited
Group Company	India Infoline Commodities Limited India Infoline Media & Research Services Limited India Infoline Insurance Services Limited India Infoline Insurance Brokers Limited India Infoline Commodities DMCC IIFL Capital Limited India Infoline Marketing Services Limited. IIFL Realty Limited IIFL Wealth Management Limited India Infoline Venture Fund IIFL Asia Pte Limited

	IIFL Inc
	IIFL Capital Pte. Limited
	IIFL Securities Pte. Limited
b. Other related parties	
Key Management Personnel	Mr. Nirmal Jain Mr. R Venkataraman

C Significant Transaction with Related Parties:

(₹ in million)

Nature of Transaction	Main Holding Company	Holding Company	Fellow Subsidiaries	Group Companies	Total
Interest Expenses		-	2.20	-	2.20
		-	-	-	-
ICD taken		-	131.80	-	131.80
		-	-	-	-
Mortgage Portfolio taken			130.05		130.05
		-	-	-	-
Advances returned/ reimbursement of expenses	0.20	0.03	7.23		7.45
	-	-		-	-
Advances taken/ allocation of expenses	0.20	0.03	7.23		7.45
	-	-			-
Nature of Transaction	Main Holding Company	Holding Company	Fellow Subsidiaries	Group Companies	Total
Sundry payables	0	0	131.80	0	131.80
					-
Sundry receivables	0	0	0	0	0
					-

6. Disclosure regarding provisions made for substandard, doubtful and loss assets as per the Prudential Norms (revised) contained in the National Housing Bank Guidelines. (Figures in brackets are for the previous year).

Housing Loans:

(₹ in million)

Asset Classification	Outstanding Balance	Provision
Standard Assets	130.05	N.A.
	(Nil)	(Nil)
Sub-Standard Assets	Nil	Nil
	(Nil)	(Nil)
Doubtful Assets	Nil	Nil
	(Nil)	(Nil)
Loss Assets	Nil	Nil
	(Nil)	(Nil)

Provision for Standard Assets has not been considered.

7. Basic & Diluted Earnings Per Share [EPS] computed in accordance with Accounting Standard(AS) 20 ‘Earning Per Share ‘

(₹ in million)

PARTICULARS		2008-09	2007-2008
BASIC & DILUTED			
Profit after tax as per profit & Loss account	A	0.79	0.68

Number of Shares Subscribed	B	2 500 000	2 348 361
Basic & Diluted EPS (Rupees)	A/B	0.32	0.29

8. Information under paragraphs 3 and 4 of part II to schedule VI of the companies Act, 1956 is stated to the extent applicable.
9. There are no dues to micro & small enterprises (MSEs) outstanding for more than 45 days.

10. Segment Reporting.

In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. 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.

11. Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation

MATERIAL DEVELOPMENTS

Except as stated below, there have been no material developments since September 30, 2013 and there have arisen no circumstances that materially or adversely affect the operations, or financial condition or profitability of the Company or the value of its assets or its ability to pay its liabilities with the next 12 months.

1. Our Company has repaid our Secured bank borrowing of Axis Bank on November 27, 2013 and we have filed documents with ROC for satisfaction of the charge.

(in ₹ million)

Name of the Lender , facility and details of documentation	Amount Sanctioned	Principal Amount Outstanding as on September 30, 2013
Axis Bank Limited - Term Loan Sanction Letter dated August 26, 2010 Term Loan Agreement dated August 31, 2010 Hypothecation Agreement dated August 31, 2010	600.00	150.00
Axis Bank Limited - Term Loan Sanction Letter dated September 23, 2010 Term Loan Agreement dated September 28, 2010 Hypothecation Agreement dated September 28, 2010	1,000.00	250.00
Axis Bank Limited - Term Loan Sanction Letter dated July 17, 2013 Term Loan Agreement dated August 14, 2013 Hypothecation Agreement dated August 14, 2013	1,450.00	650.00
Total	3,050.00	1,050.00

2. Our Company has also made a public issue of secured redeemable non-convertible debentures aggregating to ₹ 5,000 million in the month of December 2013.
3. Our Company has also issued secured redeemable non-convertible debentures on private placement basis aggregating to ₹ 350 million on February 14, 2014,

Capital Adequacy Ratios

The following table sets out our capital adequacy ratios computed on the basis of applicable NHB requirements as of the dates indicated:

	As at September 30, 2013	As at March 31, 2013
Capital Adequacy Ratio	49.49	43.17
Tier I Capital	45.55	37.08
Tier II Capital	3.94	6.09

FINANCIAL INDEBTEDNESS

As on February 15, 2014, our Company has outstanding secured borrowing of ₹ 5,700.00 million. A summary of all the outstanding secured and unsecured borrowing together with a brief description of certain significant terms of such financing arrangements are as under:

Non-Convertible Debentures (Secured)

1. In order to increase our resources to meet its requirements of funds to carry on our business operations our Company issued three series of secured, redeemable, non convertible debentures of face value of ₹ 1,000,000 each on a private placement basis to various investors.

(in ₹million)

Issued and Paid-up Value	Coupon Rate %	Date of Allotment	Date of Redemption	Credit Rating
150.00	11.35	November 30, 2012	November 28, 2014	CRISIL AA-STABLE
100.00	0.00*	March 21, 2013	July 27, 2015	CRISIL AA-STABLE
100.00	10.04	June 21, 2013	June 21, 2018	CRISIL AA-STABLE
350.00	0.00**	February 14, 2014	April 24, 2017	CRISIL AA-STABLE
700.00				

* to be redeemed at ₹1,297,053 (face value ₹1,000,000) ** to be redeemed at ₹1,433,751 (face value ₹1,000,000)

2. In order to increase our resources to meet its requirements of funds to carry on our business operations our Company issued secured, redeemable, non convertible debentures of face value of ₹ 1,000 each to public aggregating to ₹ 5,000 million. IDBI Trustee Services Limited has been appointed as the debenture trustee vide agreement dated November 18, 2013.

Issued and Paid-up Value	Coupon Rate %	Date of Allotment	Date of Redemption	Credit Rating
5,000.00	11.52	December 27, 2013	December 27, 2018	CRISIL AA-STABLE/CARE AA- STABLE

As on February 15, 2014, our Company has outstanding Non-Convertible Debentures amounting upto ₹ 5,700 million.

Security

First *pari passu* charge in favour of the debenture trustee on the standard Assets portfolio of receivables with an asset cover of 1 time.

Restrictive Covenants

Trust deeds with respect to the non-convertible debentures issued as above include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the debenture trustee and the respective investors before carrying out such activities. For instance, *inter-alia*, our Company is required to obtain the prior written consent in the following instances:

- Declare or pay any dividend to its shareholders during any financial year unless it has paid the installment of principal and interest then due and payable on the debentures, or has made provision satisfactory to the Trustees for making such payment.
- Shall not wind up, liquidate or dissolve its affairs;
- Amending the MoA and AoA of our Company that has a material adverse effect;

Our Company has from time to time, obtained the consent to undertake certain corporate actions and enter into various transactions. Our Company has acquired requisite consents in order to undertake the present Issue. For further information on restrictive covenants, please refer to the chapter titled “**Risk Factors**”

Our Company has not defaulted upon or delayed in payment of any interest and/or principal for term loan and the non-convertible debentures in the last five years. Our Company has not issued any corporate guarantee.

SECTION VI –ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue of NCDs aggregating up to ₹1,000 million with an option to retain over-subscription up to ₹1,000 million, aggregating to a total of up to ₹2,000 million.

The key common terms and conditions of the NCDs are as follows:

Particulars	Terms and Conditions
Issuer	India Infoline Housing finance Limited
Lead Managers	Axis Capital Limited, India Infoline Limited and Trust Investment Advisors Private Limited
Co-Lead Managers	Co-Lead Managers shall mean Karvy Investor Services Limited, RR Investors Capital Services Private Limited and SMC Capitals Limited
Debenture Trustee	IDBI Trusteeship Services Limited
Registrar to the Issue	Link Intime India Private Limited
Minimum Application Size	₹10,000 (10 NCDs)
Mode of Allotment	Both in physical and dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Terms of Payment	Full amount on Application
Trading Lot	1 (one) NCD
Who can Apply	<p>Category I</p> <ul style="list-style-type: none"> ▪ Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks; ▪ Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs; ▪ Provident Funds of minimum corpus of ₹ 250 million, Pension Funds of minimum corpus of ₹ 250 million, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; ▪ Venture Capital funds and / or Alternative Investment Funds registered with SEBI; ▪ Insurance Companies registered with the IRDA; ▪ National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); ▪ Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; ▪ Mutual Funds, registered with SEBI; <p>Category II</p> <ul style="list-style-type: none"> ▪ Companies falling within the meaning of Section 2(20) of the Companies Act, 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; ▪ Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorized to invest in the NCDs; ▪ Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs; ▪ Association of Persons; ▪ Scientific and/or industrial research organisations, which are authorised 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); ▪ Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 1.0 million; <p>Category III*</p> <ul style="list-style-type: none"> ▪ Resident Indian individuals; and ▪ Hindu undivided families through the Karta;

Particulars	Terms and Conditions
	* applications aggregating to a value not more than ₹1.0 million.

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, the applicants should ensure that the de-mat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, please refer to “*Issue Procedure*” on page 162.

Principal Terms and Conditions of the Issue

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs

Issuer	India Infoline Housing Finance Limited
Lead Managers	Axis Capital Limited, Trust Investment Advisors Private Limited and India Infoline Limited
Co-Lead Managers	Karvy Investor Services Limited RR Investors Capital Services (P) Limited and SMC Capitals Limited
Debenture Trustee	IDBI Trusteeship Services Limited
Registrar to the Issue	Link Intime India Private Limited
Type and nature of Instrument	Un-Secured Subordinate Redeemable Non-Convertible Debentures
Face Value of NCDs(₹ / NCD)	₹1,000
Issue Price (₹ / NCD)	₹1,000
Minimum Application	₹10,000 (10 NCDs)
In Multiples of	One NCD after the minimum application
Seniority	Subordinated to the claims of other creditors
Mode of Issue	Public Issue
Issue	Public Issue by our Company of Un-Secured Subordinate Redeemable NCDs aggregating up to ₹1,000 million with an option to retain over-subscription up to ₹1,000 million aggregating to a total of up to ₹2,000 million.
Stock Exchange proposed for listing of the NCDs	BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”)
Listing and timeline for Listing	The NCDs shall be listed within 12 Working Days of Issue Closure
Mode of Allotment	Both in physical and dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Trading Lot	One NCD
Depositories	NSDL and CDSL
Security	The NCDs offered in this Issue shall be unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority, NHB.
Who can apply	Category I <ul style="list-style-type: none"> ▪ Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks, ▪ Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs; ▪ Provident Funds of minimum corpus of ₹ 250 million, Pension Funds of minimum corpus of ₹ 250 million, Superannuation Funds and Gratuity Fund, which are

	<p>authorised to invest in the NCDs;</p> <ul style="list-style-type: none"> ▪ Venture Capital funds and / or Alternative Investment Funds registered with SEBI; ▪ Insurance Companies registered with the IRDA; ▪ National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); ▪ Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India ▪ Mutual Funds, registered with SEBI; <p>Category II</p> <ul style="list-style-type: none"> ▪ Companies falling within the meaning of Section 2(20) of the Companies Act, 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; ▪ Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorized to invest in the NCDs; ▪ Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs; ▪ Association of Persons ▪ Scientific and/or industrial research organisations, which are authorised 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); ▪ Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 1.0 million; <p>Category III*</p> <ul style="list-style-type: none"> ▪ Resident Indian individuals; and ▪ Hindu undivided families through the Karta; <p><i>* applications aggregating to a value not more than ₹1.0 million.</i></p>																		
Rating	<table border="1"> <thead> <tr> <th>Rating Agency</th> <th>Instrument</th> <th>Rating symbol</th> <th>Date of credit rating Letter</th> <th>Amount rated</th> <th>Rating definition</th> </tr> </thead> <tbody> <tr> <td>CRISIL</td> <td>Non-Convertible Debenture</td> <td>‘CRISIL AA- /Stable’</td> <td>February 13, 2014</td> <td>2,000.00</td> <td>The rating of NCDs by CRISIL indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.</td> </tr> <tr> <td>ICRA</td> <td>Non-Convertible Debenture</td> <td>‘[ICRA] AA- with Stable Outlook’</td> <td>February 13, 2014 read with clarification letter dated February 17, 2014</td> <td>3,000.00</td> <td>The rating of NCDs by ICRA indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.</td> </tr> </tbody> </table>	Rating Agency	Instrument	Rating symbol	Date of credit rating Letter	Amount rated	Rating definition	CRISIL	Non-Convertible Debenture	‘CRISIL AA- /Stable’	February 13, 2014	2,000.00	The rating of NCDs by CRISIL indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.	ICRA	Non-Convertible Debenture	‘[ICRA] AA- with Stable Outlook’	February 13, 2014 read with clarification letter dated February 17, 2014	3,000.00	The rating of NCDs by ICRA indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
Rating Agency	Instrument	Rating symbol	Date of credit rating Letter	Amount rated	Rating definition														
CRISIL	Non-Convertible Debenture	‘CRISIL AA- /Stable’	February 13, 2014	2,000.00	The rating of NCDs by CRISIL indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.														
ICRA	Non-Convertible Debenture	‘[ICRA] AA- with Stable Outlook’	February 13, 2014 read with clarification letter dated February 17, 2014	3,000.00	The rating of NCDs by ICRA indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.														
Issue Size	Public Issue by our Company of Un-Secured Subordinate Redeemable NCDs aggregating up to ₹1,000 million with an option to retain over-subscription up to ₹1,000 million aggregating to a total of up to ₹ 2,000 million. Base Issue is for ₹1,000 million.																		

Minimum Subscription	Minimum of 75% of the Base Issue, i.e. ₹ 750 million
Pay-in date	3 (three) Business Days from the date of upload of application in the book building system of the Exchanges or the date of realisation of the cheques/demand drafts, whichever is later.
Application money	The entire Application Amount is payable on submitting the application.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be. In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Issue Schedule*	The Issue shall be open from Wednesday, March 12, 2014 to Monday, March 24, 2014 with an option to close earlier and/or extend up to a period as may be determined by a duly authorised committee of the Board.
Objects of the Issue	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 50.
Details of the utilisation of the proceeds of the Issue	Please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 50.
Coupon rate and redemption premium	Please refer to the chapter titled “ <i>Issue Structure – Terms and Conditions in connection with the NCDs</i> ” on page 144.
Working Days convention/Day count convention / Effect of holidays on payment	All days excluding, Sundays and a public holiday in Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period where working days shall mean all days, excluding Saturdays, Sundays and public holidays in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881. Interest shall be computed on a 365 days a year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date Of Allotment / anniversary date of Allotment till one day prior to the next anniversary / redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs. If the date of payment of coupon does not fall on a Working Day, then the succeeding Working Day will be considered as the effective date for such payment of interest, as the case may be (the “ <i>Effective Date</i> ”). Coupon will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date, interest for period between actual interest payment date and the Effective Date will be paid in normal course in next interest payment date cycle. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date falls on a holiday, the payment will be made on the previous Working Day, without any interest for the period outstanding.
Issue Opening Date	Wednesday, March 12, 2014
Issue Closing Date	Monday, March 24, 2014
Default interest date	In the event of any default in fulfillment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed
Interest on Application Money	Please refer to the chapter titled “ <i>Issue Structure- Interest on Application Money</i> ” on page 156.
Deemed Date of Allotment	The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
Transaction documents	Lead Managers MoU dated February 14, 2014 between our Company, the Lead Managers, Co-Lead Managers, the Registrar Agreement dated February 13, 2014 between our Company and the Registrar to the Issue, Debenture Trustee Agreement dated February 13, 2014 executed between our Company and the Debenture Trustee and the agreed form of the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.
Conditions precedent and	The conditions precedent and subsequent to disbursement will be finalised upon

subsequent to the Issue	execution of the Debenture Trust Deed.
Events of default	Please refer to the chapter titled “ <i>Issue Structure - Events of Default</i> ” on page 156.
Cross Default	Please refer to the chapter titled “ <i>Issue Structure - Events of Default</i> ” on page 156.
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled “ <i>Issue Structure - Debenture Trustees for the NCD holders</i> ” on page 155
Settlement Mode	Please refer to the chapter titled “ <i>Issue Structure- Payment on Redemption</i> ” on page 153.
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Mumbai.

**The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure or extension by such period, as may be decided by the Board or the duly authorised committee of the Board constituted by resolution of the Board. In the event of such early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges.*

Terms of the NCDs

Details	OPTION I	OPTION II
Tenure	6 years	6 years
Frequency of Interest Payment	Monthly	Cumulative
Minimum Application	₹ 10,000 (10 NCDs)	
In Multiples of	1 NCD after the minimum Application	
Face Value of NCDs(₹ / NCD)	₹1,000	
Issue Price (₹ / NCD)	₹1,000	
Mode of Interest Payment/Redemption	Through Various options available	
Coupon (%) for NCD Holders in Category I, II and III	12.00%	NA
Coupon Type	Fixed	
Effective Yield (per annum) %	12.68%	12.25%
Redemption Date	6 years from the Deemed Date of Allotment	
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	1,000	2,000
Deemed Date of Allotment	The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.	
Nature of Indebtedness	Un-Secured Subordinate Redeemable Debt	

1. Interest and Payment of Interest

Interest would be paid monthly at the following rates of interest in connection with the relevant categories of NCD holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Rate of Interest per annum payable monthly (%) – Option I

Category of NCD Holder	Rate of Interest
Category I, II and Category II	12.00%

2. Cumulative bond redemption – Option II

Option II NCDs shall be redeemed as below:

Category of NCD Holder	Redemption Amount (per NCD)
------------------------	-----------------------------

Category of NCD Holder	Redemption Amount (per NCD)
Category I, II and III	2,000

Day count convention

Interest on the NCDs shall be computed on an actual/ actual basis for the broken period, if any. Consequently, interest shall be computed on a 365 days-a-year basis on the principal outstanding on the NCDs. However, where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the principal outstanding on the NCDs.

Interest on the NCDs shall be computed on an actual/ actual basis for the broken period, if any. For Option I the interest shall be calculated from the first day till the last date of every month on an actual/ actual basis during the tenor of such NCDs. Consequently, interest shall be computed on a 365 days a year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date of Allotment / anniversary date of Allotment till one day prior to the next anniversary / redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.

Illustration of cash-flows: To demonstrate the day count convention, please see the following table below, which describes the cash-flow in terms of interest payment and payment of Redemption Amount per NCD for all Categories of NCD Holders.

Option I

Company	India Infoline Housing Finance Limited
Face Value	₹ 1,000
Principal Amount	₹10,000
Deemed Date of Allotment (tentative)	Friday, April 4, 2014
Tenure	6 years from Deemed Date of Allotment
Coupon rate for NCD Holders in Category I, II and III	12.00% p.a.
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly starting from April 4, 2014
Day Count Convention	Actual / Actual

Cash flow	Day and Date of interest/ redemption payment	No. of days in Coupon/ maturity period	Amount (in ₹)
1 st coupon	Wednesday, April 30, 2014	26	85.00
2 nd coupon	Saturday, May 31, 2014	31	102.00
3 rd coupon	Monday, June 30, 2014	30	99.00
4 th coupon	Thursday, July 31, 2014	31	102.00
5 th coupon	Monday, September 01, 2014	32	105.00
6 th coupon	Tuesday, September 30, 2014	29	95.00
7 th coupon	Friday, October 31, 2014	31	102.00
8 th coupon	Monday, December 01, 2014	31	102.00
9 th coupon	Wednesday, December 31, 2014	30	99.00
10 th coupon	Saturday, January 31, 2015	31	102.00
11 th coupon	Saturday, February 28, 2015	28	92.00
12 th coupon	Tuesday, March 31, 2015	31	102.00
13 th coupon	Thursday, April 30, 2015	30	99.00
14 th coupon	Sunday, May 31, 2015	31	102.00
15 th coupon	Tuesday, June 30, 2015	30	99.00
16 th coupon	Friday, July 31, 2015	31	102.00
17 th coupon	Monday, August 31, 2015	31	102.00
18 th coupon	Wednesday, September 30, 2015	30	99.00
19 th coupon	Saturday, October 31, 2015	31	102.00
20 th coupon	Monday, November 30, 2015	30	99.00
21 st coupon	Thursday, December 31, 2015	31	102.00
22 nd coupon	Monday, February 01, 2016	32	105.00
23 rd coupon	Monday, February 29, 2016	28	92.00
24 th coupon	Thursday, March 31, 2016	31	102.00
25 th coupon	Saturday, April 30, 2016	30	98.00
26 th coupon	Tuesday, May 31, 2016	31	102.00

Cash flow	Day and Date of interest/ redemption payment	No. of days in Coupon/ maturity period	Amount (in ₹)
27 th coupon	Thursday, June 30, 2016	30	98.00
28 th coupon	Monday, August 01, 2016	32	105.00
29 th coupon	Wednesday, August 31, 2016	30	98.00
30 th coupon	Friday, September 30, 2016	30	98.00
31 st coupon	Monday, October 31, 2016	31	102.00
32 nd coupon	Wednesday, November 30, 2016	30	98.00
33 rd coupon	Saturday, December 31, 2016	31	102.00
34 th coupon	Tuesday, January 31, 2017	31	102.00
35 th coupon	Tuesday, February 28, 2017	28	92.00
36 th coupon	Friday, March 31, 2017	31	102.00
37 th coupon	Monday, May 01, 2017	31	102.00
38 th coupon	Wednesday, May 31, 2017	30	99.00
39 th coupon	Friday, June 30, 2017	30	99.00
40 th coupon	Monday, July 31, 2017	31	102.00
41 st coupon	Thursday, August 31, 2017	31	102.00
42 nd coupon	Saturday, September 30, 2017	30	99.00
43 rd coupon	Tuesday, October 31, 2017	31	102.00
44 th coupon	Thursday, November 30, 2017	30	99.00
45 th coupon	Monday, January 01, 2018	32	105.00
46 th coupon	Wednesday, January 31, 2018	30	99.00
47 th coupon	Wednesday, February 28, 2018	28	92.00
48 th coupon	Saturday, March 31, 2018	31	102.00
49 th coupon	Monday, April 30, 2018	30	99.00
50 th coupon	Thursday, May 31, 2018	31	102.00
51 st coupon	Saturday, June 30, 2018	30	99.00
52 nd coupon	Tuesday, July 31, 2018	31	102.00
53 rd coupon	Friday, August 31, 2018	31	102.00
54 th coupon	Monday, October 01, 2018	31	102.00
55 th coupon	Wednesday, October 31, 2018	30	99.00
56 th coupon	Friday, November 30, 2018	30	99.00
57 th coupon	Monday, December 31, 2018	31	102.00
58 th coupon	Thursday, January 31, 2019	31	102.00
59 th coupon	Thursday, February 28, 2019	28	92.00
60 th coupon	Monday, April 01, 2019	32	105.00
61 st coupon	Tuesday, April 30, 2019	29	95.00
62 nd coupon	Friday, May 31, 2019	31	102.00
63 rd coupon	Monday, July 01, 2019	31	102.00
64 th coupon	Wednesday, July 31, 2019	30	99.00
65 th coupon	Saturday, August 31, 2019	31	102.00
66 th coupon	Monday, September 30, 2019	30	99.00
67 th coupon	Thursday, October 31, 2019	31	102.00
68 th coupon	Saturday, November 30, 2019	30	99.00
69 th coupon	Tuesday, December 31, 2019	31	102.00
70 th coupon	Friday, January 31, 2020	31	102.00
71 st coupon	Saturday, February 29, 2020	29	95.00
72 nd coupon	Saturday, April 04, 2020	35	115.00
Principal/ Maturity value			10,000.00

Option II

Company	India Infoline Housing Finance Limited
Face Value	₹ 1,000
Principal Amount	₹ 10,000
Issue Opening Date/ Date of Allotment (tentative)	Friday, April 4, 2014
Tenure	6 years from deemed date of allotment
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	₹20,000
Frequency of the Interest Payment with specified dates starting from	Cumulative

date of allotment	
Day Count Convention	Actual / Actual

Cash flow	Date of interest/ redemption payment*	No. of days in Coupon/ maturity period*	Amount (in ₹)
Principal/ Maturity value	Saturday, April 04, 2020	2,192	20,000

1. For the purposes of the above-mentioned illustrations, that none of the Interest Payment Dates and Redemption Dates/Maturity Dates detailed in such illustrations fall on public holidays; accordingly, only such dates that fall on Sundays have been considered non-Working Days.
2. If the Redemption Date/ Maturity Date will fall on a non Working Day, the redemption proceeds along with interest accrued shall be paid on the immediately preceding Working Day. The interest for one day will be deducted from the interest payable on the seventy second Interest Payment Date.
3. The Deemed Date of Allotment is assumed to be April 4, 2014.
4. For cash flows illustration purpose, the minimum application size amount i.e. ₹ 10,000 has been considered.

Notes:

1. Fiscal 2016 and Fiscal 2020, being leap years, interest payable has been calculated for 366 days.
2. Since the 5th, 8th, 22nd, 28th, 37th, 45th, 54th, 60th, 63rd Coupon/Interest Payment Dates are falling on a non Working Day, interest is payable on the next Working Day along with interest of one additional day.
3. Interest payments are rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices'.

Please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date.

Tax on interest accrued

As per clause (ix) of Section 193 of the IT Act, no tax is required to be deducted at source on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

However in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor (in case of resident individual NCD holders and Hindu Undivided Family), if such interest does not exceed ₹ 5,000 in any financial year and the interest is paid by an account payee cheque. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD holders are claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD holders should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No. 13.

The aforesaid documents, as may be applicable, should be submitted to our Company quoting the name of the sole/ first NCD holder, NCD folio number and the distinctive number(s) of the NCD held, prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/ 15G/certificate in original from Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

Payment of Interest/ Maturity Amount to NCD Holders

Payment of Interest/ Maturity Amount will be made to those NCD holders whose names appear in the register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NECS, NEFT, RTGS, Direct Credit and any other method permitted by RBI and

SEBI from time to time to help NCD holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the paragraph on “*Manner of Payment of Refund (except ASBA Application)/Payment of Interest/Redemption*” on page 151.

Tax exemption certificate/document, if any, must be lodged at the office of the Registrar at least 7(seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company’s books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

Maturity and Redemption

The NCDs issued pursuant to this Prospectus have a fixed maturity date. NCDs will be redeemed at the expiry of 6 years from the Deemed Date of Allotment. There is no put or call option available to any Investor.

Deemed Date of Allotment

The date on which the Board or a duly authorized committee thereof approves the Allotment of NCDs shall be Deemed Date of Allotment. All benefits relating to the NCDs including interest on the NCDs shall be available to the investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment.

Application Size

Each application should be for a minimum of 10 NCDs and multiples of 1 NCD thereafter. The minimum application size for each application for NCDs would be ₹10,000 and in multiples of ₹ 1,000 thereafter.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The face value of ₹ 1,000 per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall refund/ unblock the excess amount paid on application to the applicant in accordance with the terms of this Prospectus. For further details please refer to the paragraph on “*Interest on Application Money*” beginning on page 156.

Record Date

The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchanges, as the case may be.

In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.

Manner of Payment of Refund (except ASBA Application)/Payment of Interest/Redemption

The manner of payment of interest / refund/ redemption in connection with the NCDs is set out below:

- ***For NCDs applied / held in Demat form:***

The bank details will be obtained from the Depositories for payment of Interest / refund (except ASBA Applications)/ redemption as the case may be. Applicants who have applied for or are holding the NCDs in Demat form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so may not result in delays in credit of refunds to the applicant at the applicant’s sole risk, and the Lead Managers, Co-Lead Managers, our Company nor the

Registrar to the Issue shall have any responsibility and undertake any liability for the same.

▪ **For NCDs applied/held in physical form:**

The bank details as provided in the Application Form will be obtained from the Registrar to the Issue for payment of interest / redemption as the case may be.

The mode of refund/ interest/ redemption payments shall be undertaken in the following order of preference:

1. Direct Credit

Investors having their bank account with the Refund Banks, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.

2. NECS

Payment of interest/ refund/ redemption shall be undertaken through NECS for NCD Holders/Applicants having an account at the centers mentioned in NECS MICR list.

This mode of payment of refunds would be subject to availability of complete bank account details including the Magnetic Ink Character Recognition (MICR) code, Indian Financial System Code (IFSC) code, bank account number, bank name and branch name as appearing on a cheque leaf, from the Depositories. One of the methods for payment of interest / refund / redemption is through NECS for NCD Holders/ Applicants having a bank account at any of the abovementioned centers.

3. RTGS

NCD Holders/ Applicants having a bank account with a participating bank and whose interest payment/ refund/ redemption amount exceeds ₹ 0.2 million, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible NCD Holders/ Applicants who indicate their preference to receive interest payment / refund / redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrars to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the NCD Holders/ Applicants' bank receiving the credit would be borne by the NCD Holders/ Applicant. In the event the same is not provided, interest payment / refund / redemption shall be made through NECS subject to availability of complete bank account details for the same as stated above.

4. NEFT

Payment of interest / refund / redemption shall be undertaken through NEFT wherever the NCD Holders/ Applicants' bank has been assigned the Indian Financial System Code ("IFSC"), which can be linked to a Magnetic Ink Character Recognition ("MICR"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the NCD Holders/ Applicants have registered their nine digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/refund/redemption will be made to the NCD Holders/ Applicants through this method.

5. Interest payment / refund / redemption orders dispatched through Registered Post/Speed Post

For all other NCD Holders/ Applicants, including those who have not updated their bank particulars with the MICR code and if the interest payment through NECS to such Applicants is unsuccessful to such Applicants interest will be paid annually and the interest payment / refund / redemption orders shall be dispatched through Speed Post/ Registered Post.

Please note that NCD Holders/ Applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes

and where such payment facilities are allowed / available.

Please note that our Company shall not be responsible to the holder of NCD, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

Printing of Bank Particulars on Interest Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the NCD Holders/ Applicants' bank account are mandatorily required to be given for printing on the refund orders/ warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form either (i) in case of Allotment in physical or (ii) on account of rematerialisation or (iii) transfer of physical debenture certificates, the investors are advised to submit their bank account details with our Company/ Registrar at least 7 (seven) days prior to the next record date failing which the warrants will be filled with the bank account details and dispatched to the postal address of the holder of the NCD (i) provided for in the Application Form in case of physical Allotment (ii) available with the depositories in case of rematerialisation of debentures or as available in the records of our Company as on the record date.

Bank account particulars will be printed on the refund orders/ warrants which can then be deposited only in the account specified.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Procedure for Redemption by NCD holders

1. NCDs held in physical form:

Debenture Holders, at any time after the listing of the NCDs on the Stock Exchanges, can apply for converting NCDs into physical form.

No action would ordinarily be required on the part of the NCD holder at the time of redemption and the redemption proceeds would be paid to those NCD holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the NCD holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also please refer to the paragraph on "*Payment on Redemption*" given below.

2. NCDs held in Demat form:

No action is required on the part of NCD holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

1. NCDs held in physical form:

Debenture Holders, at any time after the listing of the NCDs on the Stock Exchanges, can apply for converting NCDs into physical form.

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s)). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 11 Working Days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the Redemption Date to those NCD holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least 7 (seven) days prior to the record date. In case the transfer documents are not lodged with us at least 7 (seven) days prior to the record date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrars.

Our liability to the NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

2. NCDs held in Demat form:

Debenture Holders holding NCDs in physical form, at any time after the listing of the NCDs on the Stock Exchanges, can apply for converting NCDs into dematerialised form.

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the record date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD holders.

Our liability to NCD holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to Reissue NCD(s)

Subject to the provisions of the Companies Act, 1956 and applicable provisions of Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place, in accordance with the applicable rules and regulations. The aforementioned right includes the right to reissue original NCDs.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 1956 and applicable provisions of the Companies Act, 2013. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the Companies

Act, 1956 and applicable provisions of the Companies Act, 2013 shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCD(s) as well.

i. For NCDs held in physical form:

Debenture Holders, at any time after the listing of the NCDs on the Stock Exchanges, can apply for converting NCDs into physical form. In respect of the NCDs held in physical form, a suitable instrument of transfer as may be prescribed by us may be used for the same.

ii. For NCDs held in Demat form:

The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DP of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the record date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories/ Company, as the case may be. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with us or Registrar.

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in Demat form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

In case the transferee does not have a DP account, the seller can re-materialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter the NCDs can be transferred in the manner as stated above.

In case the buyer of the NCDs in physical form wants to hold the NCDs in dematerialised form, he can choose to dematerialise the securities through his DP.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Sharing of Information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD holders available with us and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD holder(s) required to be given by us or the Debenture Trustee will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Issue of Duplicate NCD Certificate(s)

If any NCD certificate(s) is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Security

The NCDs offered in this Issue shall be unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority, NHB.

Debenture Trustees for the NCD holders

We have appointed IDBI Trusteeship Services Limited to act as the Debenture Trustees for the NCD holders. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD holder(s) shall discharge us *pro tanto* to the NCD holder(s).

The Debenture Trustee will protect the interest of the NCD holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed:

- i. default is committed in payment of the principal amount of the NCDs on the due date(s); and
- ii. default is committed in payment of any interest on the NCDs on the due date(s).

Lien

As per the RBI circular dated June 27, 2013, the Company is not permitted to extend loans against the security of its debentures issued by way of private placement or public issues. The Company shall have the right of set off and lien, present as well as future on the moneys due and payable to the NCD holders or deposits held in the account of the NCD holders, whether in single name or joint name, to the extent of all outstanding dues by the NCD holders to the Company, subject to applicable law.

Lien on pledge of NCDs

The Company may, at its discretion note a lien on pledge of NCDs if such pledge of NCD is accepted by any third party bank/institution or any other person for any loan provided to the NCD holder against pledge of such NCDs as part of the funding, subject to applicable law.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/ other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/ regulatory/ contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD holders or the Debenture Trustee in this connection.

Interest on Application Money

Interest on application monies received which are used towards allotment of NCDs

Our 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 Applicant 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 upload of each Application on the electronic Application platform of the Stock Exchanges) whichever is later up to one day prior to the Deemed Date of Allotment, at the rate of 12.00% per annum. However no interest is to be paid on Application Amount to the ASBA Applicants.

Please note no interest is to be paid on application monies to the ASBA Applicants.

Our Company may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment at the sole risk of the applicant, to the sole/first applicant.

Interest on application monies received which are liable to be refunded

Our Company shall pay interest on application money which is liable to be refunded to the, 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 after 3 (three) days from the date of receipt of the application (being the date of upload of each Application on the electronic Application platform of the Stock Exchanges) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of 4.00% 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. However no interest is to be paid on application monies to the ASBA Applicants.

In the event our Company does not receive a minimum subscription of 75 % of the Base Issue, i.e. ₹750 million on the date of closure of the Issue, the entire subscription shall be refunded to the applicants within Twelve (12) Working Days from the date of closure of the Issue. If there is delay in the refund of subscription by more than Eight (8) days after our Company becomes liable to pay the subscription amount, our Company will pay interest for the delayed period, at rates prescribed.

Provided that, notwithstanding anything contained hereinabove, our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, and/or (b) applications which are withdrawn by the applicant. Please refer to “***Rejection of Application***” at page 180.

TERMS OF THE ISSUE

Authority for the Issue

Pursuant to resolution passed by the shareholders of our Company at their EGM held on September 23, 2013 and in accordance with provisions of Section 293 (1)(d) of the Act, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) by a sum not exceeding ₹20,000 million (Rupees Twenty thousand million).

At the meeting of the Board of Directors of our Company, held on February 13, 2014 the Directors approved the issue of NCDs to the public upto an amount not exceeding ₹2,000 million.

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the Debt Regulations, the Companies Act, 1956 and applicable provisions of the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/NSE and BSE, NHB, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs would constitute direct obligations of our Company and shall rank subordinate to the claims of other creditors of the Company. The claims of the NCD holders shall be subordinate to the claims of any secured creditors, subject to applicable statutory and/or regulatory requirements.

Debenture Redemption Reserve

Section 117C of the Companies Act, 1956 states that any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. The Ministry of Corporate Affairs has, through its circular dated April 18, 2002, ("*Circular*"), specified that the quantum of DRR to be created before the redemption liability actually arises in normal circumstances should be '*adequate*' to pay the value of the debentures plus accrued interest/ Redemption amount, (if not already paid), till the debentures are redeemed and cancelled. The limits provided under the said Circular has undergone revision *vide* Ministry of Company Affairs General Circular No. 4/2013 No. 11/02/2012-CL-V(A) dated February 11, 2013 which specifies HFCs like our Company shall create DRR to the extent of 25 per cent of the value of the debentures issued through public issue. Accordingly our Company is required to create a DRR of 25% of the value of debentures issued through the public issue. As further clarified by the Circular, the amount to be credited as DRR will be carved out of the profits of our Company only if there is profit for the particular year and there is no obligation on the part of our Company to create DRR if there is no profit for the particular year. Our Company shall credit adequate amounts to DRR, from its profits every year until such NCDs are redeemed.

The Ministry of Company Affairs General Circular No. 4/2013 No. 11/02/2012-CL-V(A) dated February 11, 2013 further provides that every company required to create/maintain DRR shall before the 30th day of April of each year, deposit or invest, as the case may be; a sum which shall not be less than fifteen per cent of the amount of its debentures maturing during the year ending on the 31st day of March next following in anyone or more of the following methods, namely

1. in deposits with any scheduled bank, free from charge, or lien;
2. in unencumbered securities of the Central Government or of any State Government;
3. in unencumbered securities mentioned in clauses (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;

4. in unencumbered bonds issued by any other company which is notified under clause (I) of section 20 of the Indian Trusts Act, 1882;

The amount deposited or invested, as the case may be, shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15 per cent of the amount of debentures maturing during the 31st day of March of that year.

Face Value

The face value of each NCD to be issued under this Issue shall be ₹ 1,000.

NCD holder not a Shareholder

The NCD holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company.

Rights of NCD holders

Some of the significant rights available to the NCD holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 1956 and applicable provisions of the Companies Act, 2013, confer upon the NCD holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered NCD holders for their consideration. In terms of Section 219(2) of the Companies Act, 1956, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.
2. Subject to applicable statutory/regulatory requirements, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.
3. The registered NCD holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.
4. The NCDs are subject to the provisions of the Debt Regulations, the Companies Act, 1956 and applicable provisions of the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. A register of NCD holders ("**Register of Debenture holder**") will be maintained in accordance with Section 152 of the Companies Act, 1956 and all interest/ redemption amounts and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD holders as on the record date. Further as the NCDs issued are also being issued in Demat form, the Depositories shall also maintain the updated register of holders of the NCDs in Demat Form.
6. Subject to compliance with RBI requirements, NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days prior notice for such roll over and in accordance with the Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

7. The aforementioned rights of the NCD holders are merely indicative. The final rights of the NCD holders will be as per the terms of this Prospectus and the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹750million, prior to closure of the Issue, the entire subscription shall be refunded to the Applicants within twelve (12) working days from the date of closure of the Issue. If there is delay in the refund of subscription by more than eight (8) days after our Company becomes liable to refund the subscription amount, our Company will pay interest for the delayed period, at rates prescribed under the applicable laws.

Market Lot and Trading Lot

As per the Debt Regulations, the trading of the NCDs shall be in dematerialised form only. Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

NCDs which are allotted in physical form shall not be eligible for being traded on the floor of Stock Exchange unless such NCDs are converted into dematerialized form, but shall be freely transferable otherwise, subject to applicable statutory and/or regulatory requirement.

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment refer to chapter titled "*Issue Procedure*" beginning on page 162.

Nomination facility to NCD holder

In accordance with Section 109A of the Companies Act, 1956, the sole NCD holder or first NCD holder, along with other joint NCD holders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the NCD. A person, being a nominee, becoming entitled to the NCD by reason of the death of the NCD holder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the NCD. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the NCD(s), in the event of his death, during the minority. A nomination shall stand rescinded upon sale of a NCD by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the NCD is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/ Corporate Office or at such other addresses as may be notified by us.

NCD holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Section 109B of the Companies Act, 1956, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all interests or redemption amounts or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For nominations made in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository

Participant.

Succession

Where NCDs are held in joint names and one of the joint NCD Holder dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the NCDs. In the event of demise of the sole or first holder of the NCDs, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the NCDs only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. Our Directors, in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach the Company to register his name as successor of the deceased NCD holder. He shall approach the respective Depository Participant of the NCD Holder for this purpose and submit necessary documents as required by the Depository Participant.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

Application in the Issue

NCDs being issued through this Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable.

Period of Subscription

The subscription list shall remain open for a period as indicated below, with an option for early closure or extension by such period, as may be decided by the duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure of the Issue or extension of the Issue, our Company shall ensure that notice of such early closure/extension is given one day prior to such early date of closure through advertisement/s in a leading national daily newspaper.

Issue Opens on	Wednesday, March 12, 2014
Issue Closing Date*	Monday, March 24, 2014

**Application and any further changes to the Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "IST") during the Issue Period as mentioned above by the Members of the Syndicate, Trading Members and designated branches of SCSBs, except that on the Issue Closing Date when the Applications and any further changes in details in Applications, if any, shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the Stock Exchange Platform would be rejected.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor any Member of the Syndicate, Trading Members or designated branches of SCSBs is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs and on their consolidation/ splitting except as may be required under RBI requirements and as provided in our Articles of Association. Please refer to the chapter titled "**Summary of Main Provisions of the Articles of Association**" beginning on page 213.

ISSUE PROCEDURE

Our Company, the Lead Managers and Co-Lead Managers would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and ensure that their Application does not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

This chapter applies to all categories of Applicants. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Applicants applying through the ASBA process and the Direct Online Application Mechanism should carefully read the provisions applicable to such applications before making their application in this Issue. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB at the time of making the Application. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs.

ASBA Applicants should note that they may submit their ASBA Applications to the Members of the Syndicate or Trading Members of the Stock Exchange only at the Syndicate ASBA Application Locations, or directly to the Designated Branches of the SCSBs. Applicants other than direct ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members (at the application centres of the Members of the Syndicate will be mentioned in the Application Form) or make online Applications using the online payment gateway of the Stock Exchanges.

Please note that the Applicants cannot apply in this Issue by filling in the application form directly through the online interface of BSE and NSE.

Please note that this section has been prepared based on the Circular No. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI. The following Issue procedure is subject to the functioning and operations of the necessary systems and infrastructure put in place by the Stock Exchanges for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Direct Online Applications through the online platform and online payment facility to be offered by Stock Exchanges and is also subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange(s) and/or SEBI. Please note that the Applicants can apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchanges, if provided for by the Stock Exchanges. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchanges and we will appropriately notify and/or intimate Investors in connection with the availability of Direct Online Applications Facility either through disclosures in this Prospectus and/or by way of a public announcement or advertisement.

Please note that as per the Circular No. CIR/IMD/DF/18/2013 dated) October 29, 2013 issued by SEBI, Allotment in this Issue shall be made on the basis of date of upload of each Application into the electronic book of the Stock Exchange. However, on the date of oversubscription, the allotments shall be made on a proportionate basis.

Our Company has included provisions relating to issue of NCDs in physical form pursuant to the SEBI letter dated February 18, 2014 clarifying that our Company may issue NCDs in physical form only to those investors who wish to subscribe in physical form, as entitled under Section 8(1) of the Depositories Act, 1996.

PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGE(S) WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE.

THE MEMBERS OF THE SYNDICATE AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPOSIBILITY OF SUCH TRADING MEMBERS IN RELATION TO

COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES.

FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GREIVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that as per Para 4 of SEBI Circular No. CIR/CFD/DIL/12/2012 dated September 13, 2012, for making Applications by SCSBs on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB/s. Such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for ASBA Applications.

1. Who can Apply

The following categories of persons are eligible to apply in the Issue:

Category I

- Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, Statutory Corporations including State Industrial Development Corporations, Scheduled Commercial Banks;
- Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs;
- Provident Funds of minimum corpus of ₹ 250 million, Pension Funds of minimum corpus of ₹ 250 million, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs;
- Venture Capital funds and / or Alternative Investment Funds registered with SEBI;
- Insurance Companies registered with the IRDA;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India
- Mutual Funds, registered with SEBI;

Category II

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorized to invest in the NCDs;
- Trust including Public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Association of Persons
- Scientific and/or industrial research organisations, which are authorised 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);
- Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 1.00 million;

Category III*

- Resident Indian individuals; and
- Hindu undivided families through the Karta;
**applications aggregating to a value not more than ₹1.00 million.*

Note: Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/ or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applications cannot be made by:

- Minors without a guardian (A guardian may apply on behalf of a minor. However, the name of the guardian will need to be mentioned on the Application Form)*;
- Nonresident investors including NRIs, QFIs and FIIs;
- Foreign Venture Capital Investor;

- Overseas Corporate Bodies;
- Foreign nationals;
- Persons resident outside India including without limitation Foreign Institutional Investors, Non-Resident Indians, Qualified Foreign Investors, Foreign Venture Capital Funds and Overseas Corporate Bodies; and
- Persons ineligible to contract under applicable statutory/ regulatory requirements.

* Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872

The Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchanges by the Members of the Syndicate or the Trading Members, as the case may be.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

The Lead Managers, Co-Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

2. How to Apply?

i. Applicants may use any of the following facilities for making Applications:

- (a) ASBA Applications through the Members of Syndicate and Trading Members of the Stock Exchange(s);
- (b) ASBA Applications through SCSBs, both in physical and electronic mode (wherever provided by the respective SCSB);
- (c) Non ASBA Applications through the Members of Syndicate and Trading Members of the Stock Exchange(s); and
- (d) Non ASBA Applications through the Members of Syndicate and Trading Members of the Stock Exchange(s) for applicants who intend to hold the NCDs in physical form.

Please note that there is a single Application Form for ASBA as well as non-ASBA Applicants who are Persons Resident in India.

ii. Availability of Prospectus and Application Forms

Copies of the Abridged Prospectus containing the salient features of this Prospectus together with Application Forms and the copies of this Prospectus may be obtained from our Registered Office, the offices of the Lead Managers, Co-Lead Managers, Lead Brokers, designated branches of the SCSB and Trading members. Additionally this Prospectus, Abridged Prospectus and the Application Form will be available for download on the websites of NSE and BSE at www.nseindia.com and www.bseindia.com, respectively and the websites of the Lead Managers at www.axiscap.in, www.iiflcap.com, and www.trustgroup.co.in and the Co-Lead Managers at www.rfinance.com/www.rrfcl.com, www.karvy.com and www.smccapitals.com. The forms shall also be available at the designated branches of the SCSB and the Members of the Syndicate at the Syndicate ASBA Application Locations.

A unique application number will be generated for every Application Form downloaded from the websites of the Stock Exchange and Members of the Syndicate. In addition, online demat account portals may also provide the facility of submitting the Application Forms online to their account holders.

The prescribed colour of the Application Form for the Applicants is as follows:

Category	Colour of the Application Form
ASBA Applicants as well as non-ASBA Applicant	White

Electronic Application Forms will also be available on the website of Stock Exchanges. Trading members are required to download the Electronic Application Forms from stock exchanges platforms and submit these forms along with cheques/drafts/payment instrument to the collecting banks. A hyperlink to the website of the Stock Exchange for this facility will be provided on the website of the Lead Managers, Co-Lead Managers and the SCSBs.

Applicants are requested to note that in terms of the SEBI Circular No. CIR. /IMD/DF-1/20/2012 dated July 27, 2012 (“**Debt Application Circular**”), SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the Debt Application Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Eligible investors desirous of applying in the Issue through the Direct Online Application Mechanism shall be able to apply through the Direct Online Application Mechanism, as and when provided for by the Stock Exchanges.

The information below is given for the benefit of the investors. Our Company, the Lead Managers and/or the Co-Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

Grouping of Applications

For the purposes of the basis of allotment:

- a) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, (“**Institutional Portion**”);
- b) Applications received from Category II applicants: Applications received from Category II, shall be grouped together, (“**Non-Institutional Portion**”);
- c) Applications received from Category III applicants: Applications received from Category III, shall be grouped together, (“**Retail Individual Portion**”)

For removal of doubt, “**Institutional Portion**”, “**Non-Institutional Portion**” and “**Retail Individual Portion**” are individually referred to as “**Portion**” and collectively referred to as “**Portions**”

3. Filing of the Prospectus with ROC

A copy of this Prospectus has been filed with the Registrar of Companies, Mumbai, Maharashtra, in terms of Section 56 and Section 60 of the Companies Act, 1956.

4. Pre-Issue Advertisement

Our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under Debt Regulations. Material updates, if any, between the date of filing of this Prospectus with ROC and the date of release of this statutory advertisement will be included in the statutory advertisement.

5. Procedure for Application

a) Non-ASBA Applications

- i. Applications through the Members of the Syndicate/ Trading Members of the Stock Exchanges through Collecting Banks without using ASBA Facility*

All Application Forms, either in physical or downloaded Application Forms, duly completed and accompanied by account payee cheques / bank drafts shall be submitted with the Members of the Syndicate or Trading Members of the Stock Exchanges before the closure of the Issue. The Members of the Syndicate/ Trading Members of the Stock Exchanges, upon receipt of the Non-ASBA Applications, shall upload all the details of the applications on the online platform of the Stock Exchanges. The Applications are to be submitted to the Members of the Syndicate or Trading Members on a timely manner so that the details can be uploaded by the closure of banking hours on to the Stock

Exchange platform i.e. from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) during the Issue Period, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and returning it to the Applicant. This acknowledgement slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant should preserve this and should provide the same for any grievances relating to their Application. The Members of the Syndicate/ Trading Members of the Stock Exchanges shall thereafter submit the physical Application Form along with the cheque/ bank draft to the Escrow Collection Banks, which will realize the payment instrument and send the Application details to the Registrar.

ii. Applications for allotment of physical NCDs by Applicants who do not have a Demat Account

All Applicants who do not have a Demat Account and intend to apply for NCDs in physical form, should submit the Application Forms duly completed in all respects, by providing all the information including PAN and Demographic Details and accompanied by account payee cheques / drafts and the Know Your Customer (“KYC”) documents with the Members of the Syndicate, Trading Members of the Stock Exchanges. The cheque/bank draft can be drawn on any bank, including a co-operative bank and is member or sub-member of the Bankers’ clearing-house and located at the place where the Application Form is submitted, i.e. where the designated collection centres of the Escrow Collection Banks are located. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected and the Escrow Collection Banks shall not be responsible for such rejections. Payments though stockinvest would also not be allowed as the same has been discontinued by the RBI vide notification No.DBOD.NO.FSC.BC. 42/24.47.001/2003-04 dated November 5, 2003. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted. In case payment is effected in contravention of conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon. A separate cheque / bank draft must accompany each Application Form. No cash payments shall be accepted.

All cheques / bank drafts accompanying the application should be crossed “A/c Payee only” and (a) all cheques / bank drafts accompanying the applications made by eligible applicants must be made payable to “India Infoline Housing Finance Limited – NCD Escrow”.

KYC Documents to be submitted by Applicants who do not have a Demat account and are applying for NCDs in the Physical Form

- a. Self-attested copy of the proof of identification (for individuals);

Any of the following documents shall be considered as a verifiable proof of identification:

- Passport;
- Voter’s ID;
- Driving Licence;
- Government ID Card;
- Defence ID Card;
- Photo PAN Card
- Photo Ration Card.

- b. Self-attested copy of the PAN card (incase of a minor, the guardian shall also submit the self attested copy of his/ her PAN card);

- c. Self-attested copy of the proof of residence;

Any of the following documents shall be considered as a verifiable proof of residence:

- ration card issued by the GoI;
- valid driving license issued by any transport authority of the Republic of India;
- electricity bill (not older than three months);
- landline/ mobile telephone bill (not older than three months);
- valid passport issued by the GoI;
- society outgoing bill;

- AADHAAR Letter issued by Unique Identification Authority of India (“UIDAI”);
 - voter’s Identity Card issued by the GoI;

 - Registered Office address in case of applicants under Category I or Category II; or
 - life insurance policy.
- d. Copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited.

Applicants applying for allotment of NCDs in physical form, by signing the Application Form, confirm to the Company, the Lead Managers, Co-Lead Managers and the Registrar that they do not hold any Demat account in India.

The Members of the Syndicate/ Trading Members of the Stock Exchanges shall on receipt of the completed Application Form along with the KYC Documents and the cheque/ draft, provide an acknowledgment of the application to the Applicant. After verification of the KYC documents submitted by the Applicant along with the application, the Members of the Syndicate/ Trading Members of the Stock Exchanges shall upload all such details of the Applicant that is required for the purpose of allotment based on the Application Form on the online platform of the Stock Exchanges.

The Members of the Syndicate/ Trading Members of the Stock Exchanges shall thereafter submit the physical Application Form (duly stamped by such Members of the Syndicate/ Trading Members of the Stock Exchanges) along with the cheque/ bank draft and the KYC Documents to the Escrow Collecting Bank(s).

The Members of the Syndicate and the Trading Members of the Stock Exchange shall ensure they shall accept Application Forms only in such cities/ towns where the banking branches (escrow banks) are available. Details of such banking branches are available on the websites of the Lead Managers at www.axiscapital.co.in, www.iiflcap.com, www.trustgroup.co.in and the Co-Lead Managers at www.rfinance.com/rrfcl.com, www.karvy.com and www.smccapitals.com. A link to the said web pages shall also be available on the website of NSE and BSE at www.nseindia.com and www.bseindia.com, respectively.

Payment mechanism for non-ASBA Applicants

The cheque/bank draft can be drawn on any bank, including a co-operative bank which is situated at and is member or sub-member of the Bankers’ clearing-house located at the place where the Application Form is submitted, i.e. at designated collection centres of the Escrow Collection Bank. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected and the collecting bank shall not be responsible for such rejections. Payment through stockinvest would also not be allowed as the same has been discontinued by the RBI *vide* notification No. DBOD.NO.FSC.BC. 42/24.47.001/2003-04 dated November 5, 2003. Cash/ Stockinvest/ Money Orders/Postal Orders will not be accepted. In case payment is effected in contravention of conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon. A separate cheque / bank draft must accompany each Application Form. No cash payments shall be accepted.

All cheques / bank drafts accompanying the application should be crossed “A/c Payee only” and (a) all cheques / bank drafts accompanying the applications made by eligible applicants must be made payable to “**India Infoline Housing Finance Limited- NCD Escrow**”.

Kindly note, RBI has issued standard operating procedure in terms of paragraph 2(a) of RBI Circular no DPSS.CO.CHD.No./133 / 04.07.05 / 2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations. As per this circular, processing of non-CTS cheques shall be done only on three days of the week. SEBI Circular No. CIR/CFD/DIL/3/2010 dated April 22, 2010 fixes the time between issue closure and listing at 12 working days. In order to ensure compliance with the above timelines, investors are advised to use CTS cheques or use ASBA facility to make payment. Investors using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays

beyond six working days from the date of the closure of the Issue, in terms of the aforementioned SEBI circular.

Please note that neither our Company, nor the Members of the Syndicate, nor the Registrar shall be responsible for redressal of any grievances that Applicants may have in regard to the non-ASBA Applications made to the Trading Members, including, without limitation, relating to non-upload of the Applications data. All grievances against Trading Members in relation to the Issue should be made by Applicants to the relevant Stock Exchange.

Escrow Mechanism

Each Applicant (except for ASBA Applicants) shall draw a cheque or demand draft for the Application Amount as per the following terms:

- a) All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form.
- b) The Applicants shall, with the submission of the Application Form, draw a payment instrument for the Application Amount in favour of the Escrow Accounts and submit the same along with their Application. If the payment is not made favouring the Escrow Accounts along with the Application Form, the Application will be rejected. Application Forms accompanied by cash, stock invest, money order or postal order will not be accepted.
- c) The payment instruments from the Applicants shall be payable into the Escrow Account drawn in favour of “*India Infoline Housing Finance Limited- NCD Escrow*”.
- d) Payments should be made by cheque, or a demand draft drawn on any bank (including a cooperative bank), which is situated at cities where branches of Escrow banks, details of which is available on the websites of the Lead Managers and Co-Lead Managers, is situated. Outstation cheques/drafts shall be rejected.

Details of the branches of the Escrow Banks where the Application Form along with the cheque/ demand draft submitted by a Non ASBA applicant shall be deposited by the Members of the Syndicate and Trading Members are available on the websites of the Lead Managers at www.axiscap.in, www.trustgroup.co.in and www.iiflcap.com and the Co-Lead Managers at www.rfinance.com/rrfcl.com, www.karvy.com and www.smccapitals.com. A link to the said web pages shall also be available on the website of NSE and BSE at www.nseindia.com and www.bseindia.com, respectively. A link shall also be provided to the above mentioned websites in the Application Form as well.

Upon signing of the Trust Deed and receipt of necessary communication from the Lead Managers and Co-Lead Managers to the Issue, as per the provisions of the Escrow Agreement, the Escrow Collection Bank(s) shall transfer the monies from the escrow accounts to separate bank accounts i.e. the public issue accounts.

The Fees for Lead Managers and Co-Lead Managers shall be paid out of the Public Issue Account once listing/ trading approvals are received from Stock Exchanges, upon receipt of instructions from the Lead Managers and Co-Lead Managers as provided for in the Escrow Agreement.

The balance amount in the Escrow Accounts, after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund and interest on Application Amount to the relevant Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Prospectus.

The Escrow Collection Banks will act in terms of this Prospectus and the Escrow Agreement. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein.

b) ASBA Applications

Procedure for Application through the Members of the Syndicate/ Trading Members of the Stock Exchanges using the Applications Supported by Blocked Amount (“ASBA”) facility and Applications through SCSBs using ASBA facility

This section is for the information of the Applicants proposing to subscribe to the Issue through the ASBA Process (“ASBA Investors”). Please note that application through ASBA is optional for all categories of Applicants. The Lead Managers, Co-Lead Managers and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Prospectus. ASBA Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, Lead Managers, Co-Lead Managers, Lead Brokers, our directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs including, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Applicants can submit their Applications through the ASBA process by submitting the Application Forms in physical mode to the SCSB with whom the ASBA Account is maintained or through the Members of the Syndicate or Trading Members (ASBA Applications through the Members of the Syndicate and Trading Members shall hereinafter be referred to as the “Syndicate ASBA”), prior to or on the Issue Closing Date. **ASBA Applications through the Members of the Syndicate and Trading Members is permitted only at the Syndicate ASBA Application Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat).** Kindly note that Application Forms submitted by ASBA Applicants to Members of the Syndicate and the Trading Members at the Syndicate ASBA Application Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Member of the Syndicate or the Trading Members to deposit the Application Form (A list of such branches is available at www.sebi.gov.in/cms/sebi_data/attacheddocs/1380617744344). The Members of Syndicate and Trading Members shall accept ASBA Applications only at the Syndicate ASBA Application Locations and should ensure that they verify the details about the ASBA Account and relevant SCSB prior to accepting the Application Form.

Members of Syndicate and Trading Members shall, upon receipt of physical Application Forms from ASBA Applicants, upload the details of these Application Forms to the online platform of the Stock Exchanges and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained in accordance with the Debt Application Circular.

An ASBA Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be Members of the Syndicate and the Trading Members at the Syndicate ASBA Application Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by SCSBs and Trading Members, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Trading Members in relation to the Issue should be made by Applicants directly to the Stock Exchanges.

Please note that you cannot apply for the NCDs through the ASBA process if you wish to be allotted the NCDs in physical form.

ASBA Application in electronic mode will only be available with such SCSBs who provide such facility. In case of application in such electronic form, the ASBA Applicant shall submit the Application Form with instruction to block the Application amount either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA Account held with SCSB, as would be made available by the concerned SCSB.

Applications are liable to be rejected, wherein the SCSBs are not able to block the funds for Application Forms which have been uploaded by the Member of the Syndicate or Trading Members of the Stock Exchange due to any reason.

Mode of payment

The Applicant applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, details of which are provided in the Application Form or through which the Application is being made in case of electronic ASBA Application, the SCSB shall block an amount equivalent to the amount payable on Application mentioned in the Application Form until it receives instructions from the Registrar. After finalisation of Basis of Allotment and upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred into the Public Issue Account maintained by us as per the provisions of section 40(3) of the Companies Act, 2013. The balance amount remaining blocked in the ASBA Accounts, if any, after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue, the Lead Managers and Co-Lead Managers to the respective SCSB.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account with the SCSB, details of which have been provided by the Applicant in the Application Form, does not have sufficient funds equivalent to the amount payable on application mentioned in the Application Form. Subsequent to the acceptance of the application by the SCSB, the Registrar would have a right to reject the application on any of the technical grounds.

In the event of withdrawal or rejection of Application Form or for unsuccessful Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account within twelve (12) Working Days of receipt of such instruction. There will be no interest paid on any such refunds.

Depository account and bank details for Applicants applying under the ASBA Process

IT IS MANDATORY FOR ALL THE APPLICANTS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR NCDs IN DEMATERIALISED FORM. ALL APPLICANTS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, PAN DETAILS, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM.

Applicants applying under the ASBA Process should note that on the basis of name of these Applicants, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository demographic details of these Applicants such as PAN, address for printing on Allotment advice and occupation ("Demographic Details"). Hence, Applicants applying under the ASBA Process should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with such Applicants including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic Details given by the Applicants in the Application Form would not be used for any other purposes by the Registrar. Hence, Applicants are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Applicants applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the

ASBA Applicant as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent NCDs are not allotted to such ASBA Applicants. ASBA Applicants may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered.

Note that any such delay shall be at the sole risk of the ASBA Applicants and none of our Company, the SCSBs, the Members of the Syndicate or Trading Member shall be liable to compensate the Applicant applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) Client ID, (b) the DP ID and (c) the PAN Number, then such applications are liable to be rejected.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds, registered with SEBI

No mutual fund scheme shall invest more than 15% of its NAV in debt instruments issued by a single Company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company.

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. Applications made by the AMC or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Application by Scheduled Banks, Co-operative Banks and Regional Rural Banks

Scheduled Banks, Co-operative Banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. The application must be accompanied by certified true copies of (i) Board Resolution authorising investments; (ii) Letter of Authorisation. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The applications must be accompanied by certified copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications by Alternative Investments Funds

Applications made by an Alternative Investments Fund eligible to invest in accordance with the Securities

and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, must be accompanied by certified true copies of: (i) the SEBI registration certificate of such Alternative Investment Fund; (ii) a resolution authorising the investment and containing operating instructions; and (iii) specimen signatures of authorised persons. Alternative Investment Funds applying for Allotment of the NCDs shall at all-time comply with the conditions for categories as per their SEBI registration certificate and the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions, Statutory Corporations, which are authorized to invest in the NCDs

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications by companies, bodies corporate and societies registered under the applicable laws in India

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Partnership firms formed under applicable Indian laws 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)

The application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorizing investment and containing operating instructions (Resolution); (iv) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Category I Applicants, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy

of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Application Form, failing this, our Company reserves the right to accept or reject any Application for Allotment of NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

In case of Investments made pursuant to a power of attorney by Category II and Category III Applicants, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

In case of an ASBA Application pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, our Company, in consultation with the Lead Managers, reserves the right to reject such Applications.

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs in physical form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (iii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Funds

Application made by a National Invest Fund for Allotment of the NCDs in physical form must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in physical form in whole or in part, in either case, without assigning any reason therefor.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Form subject to such terms and conditions that our Company and the Lead Managers and Co-Lead Managers may deem fit.

6. Applicants' PAN, Depository Account and Bank Account Details

i. Permanent Account Number

The applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act (Except for Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market). In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN will be rejected, irrespective of the amount of transaction. It is to be specifically noted that the applicants should not submit the GIR number instead of the PAN as the Application will be rejected on this ground.

ii. Applicant's Depository Account Details

ALL APPLICANTS APPLYING FOR NCDs IN DEMATRIALISED FORM SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, PAN DETAILS, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM.

Applicant should note that on the basis of name of the applicant, PAN details, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the investor such as address, PAN, bank account details for printing on refund orders or used for refunding through electronic mode, as applicable and occupation ("**Demographic Details**"). Hence, applicants should carefully fill in their Depository Account details in the Application Form. Applicants are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

These Demographic Details would be used for all correspondence with the applicants including mailing of the refund orders/ Allotment Advice and printing of bank particulars on the refund/interest order and the Demographic Details given by applicant in the Application Form would not be used for these purposes by the Registrar.

Refund Orders/Allotment Advice would be mailed at the address of the applicant as per the Demographic Details received from the Depositories. Applicant may note that delivery of Refund Orders/Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the applicant's sole risk and neither our Company nor the Lead Managers or the Co-Lead Managers or the Registrar, Syndicate Member, Trading Members or SCSBs shall be liable to compensate the applicant for any losses caused to the applicant due to any such delay or liable to pay any interest for such delay.

However in case of applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of Refund Orders /Allotment Advice, the demographic details obtained from the Depository of the applicant shall be used.

In case no corresponding record is available with the Depositories that matches all three parameters, namely, the Depository Participant's identity (DP ID), Client ID and PAN, then such applications are liable to be rejected.

iii. Applicant's Bank Account Details

For the Applicants applying for NCDs in dematerialised form, the Registrar to the Issue will obtain the Applicant's bank account details from the Depository. The applicant should note that on the basis of the name of the applicant, PAN details, Depository Participant's (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the applicant's DP account, the applicant's bank account details. The investors are advised to ensure that bank account details are updated in their respective DP Accounts as these bank account details would be printed on the refund order(s) or used for refunding through electronic mode, as applicable. Please note that failure to do so could result in delays in credit of refunds to applicants at the applicant's sole risk and neither the Lead Managers, Co-Lead Managers, our Company, the Refund Banker(s) nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

7. Instructions for completing the Application Form

A. Submission of Application Form (Non-ASBA)

General Instructions

- Applications to be made in prescribed form only;
- The forms to be completed in block letters in English;
- Ensure that the details about Depository Participant and Beneficiary Account in the Applications for seeking allotment of NCDs in dematerialized mode are correct, as allotment of NCDs to these Applicants will be in the dematerialized form only.
- Information provided by the Applicants in the Application Form will be uploaded on to the Stock Exchanges Platform system by the Members of the Syndicate, Trading Members of the Stock Exchanges as the case may be, and the electronic data will be used to make allocation/ Allotment.

- The Applicants should ensure that the details are correct and legible;
- Applications should be made by Karta in case of HUF. Please ensure PAN details of the HUF is mentioned and not of Karta;
 - Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
 - Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form. In case of Joint Applicants, PAN of all Joint Applicants is compulsory;
 - Applicants (other than those applying for Allotment of NCDs in physical form) should correctly mention their DP ID and Client ID in the Application Form. For the purpose of evaluating the validity of Applications, the Demographic Details of Applicants shall be derived from the DP ID and Client ID mentioned in the Application Form;
 - Application should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying of Allotment of NCDs in demat form).
 - Applicants applying for Allotment of NCDs in physical form should submit the KYC documents as mentioned above. The Registrar shall withhold dispatch of the Physical NCD certificates till the proper KYC documents are received;
 - All applicants are required to tick the relevant column of “Category of Investor” in the Application Form;
 - All applicants are required to tick the relevant box of the “Mode of Application” in the Application Form choosing either ASBA or Non-ASBA mechanism;
 - All Application Forms (except in case of Application Forms through ASBA mechanism) duly completed together with cheque/bank draft for the amount payable on application must be delivered before the closing of the Issue to any of the Members of the Syndicate and Trading Members of the Stock Exchanges, who shall upload the same on the Stock Exchange Platform before the closure of the Issue;
 - All Applicants applying through Non-ASBA mechanism shall mention the Application Number, Sole/ first Applicant’s name and the phone number on the reverse side of the cheque and demand draft;
 - No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge the same;
 - Where minor applicant is applying through guardian, it shall be mandatory to mention the PAN of the minor in the Application.

Further Instructions for ASBA Applicants

- ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch, otherwise the concerned SCSB shall reject the Application;
- If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Application Form. Not more than five applications can be made from one single ASBA Account;
- For ASBA Applicants, the Applications in physical mode should be submitted to the SCSBs or a member of the Syndicate or to the Trading Members of the Stock Exchanges on the prescribed Application Form. SCSBs may provide the electronic mode for making application either through an internet enabled banking facility or such other secured, electronically enabled mechanism for application and blocking funds in the ASBA Account;
- Application Forms should bear the stamp of the Member of the Syndicate, Trading Member of the Stock Exchanges and/or SCSB. Application Forms which do not bear the stamp is liable to be rejected.

ALL APPLICATIONS BY CATEGORY I APPLICANTS SHALL BE RECEIVED ONLY BY THE LEAD MANAGERS/ CO-LEAD MANAGERS/ LEAD BROKERS AND THEIR RESPECTIVE AFFILIATES.

All Applicants should apply for one or more option of NCDs in a single Application Form only. To supplement the foregoing, the mode and manner of Application and submission of Application Forms is illustrated in the following chart.

Mode of Application	To whom the Application Form has to be submitted
ASBA Applications	i. to the Members of the Syndicate only at the Syndicate ASBA Application Locations; or ii. to the Designated Branches of the SCSBs where the ASBA Account is maintained, in physical and electronic mode (if provided by the respective SCSBs); or iii. to Trading Members only at the Syndicate ASBA Application Locations.
Non- ASBA Applications	i. to the Members of the Syndicate; or ii. to Trading Members.

B. Terms of Payment

The face value for the NCDs is payable on application only. In case of allotment of lesser number of NCDs than the number applied, our Company shall refund/ unblock the excess amount paid on application to the applicant.

8. Electronic registration of Applications

- i. The Members of the Syndicate, SCSBs and Trading Members will register the Applications using the on-line facilities of Stock Exchanges. The Lead Managers, Co-Lead Managers, our Company, and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs and Trading Members, (ii) the Applications uploaded by the SCSBs and the Trading Members, (iii) the Applications accepted but not uploaded by the SCSBs or the Trading Members, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (iv) with respect to ASBA Applications accepted and uploaded by Members of the Syndicate for which the Application Amounts are not blocked by the SCSBs.
- ii. The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Members of the Syndicate, Trading Members and the SCSBs during the Issue Period. On the Issue Closing Date, the Members of the Syndicate, Trading Members and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Members of the Syndicate, Trading Members and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.
- iii. Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchanges, would be made available at the Application centres as provided in the Application Form during the Issue Period.
- iv. At the time of registering each Application, SCSBs, the Members of the Syndicate and Trading Members, as the case may be, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts, details of payment instruments (for non – ASBA Applications) and any other details that may be prescribed by the online uploading platform of the Stock Exchanges.
- v. On request, a system generated TRS will be given to the Applicant on request as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the TRS from the SCSBs, Members of the Syndicate or the Trading Members, as the case may be. The registration of the Applications by the SCSBs, Members of the Syndicate or Trading Members does not guarantee that the NCDs shall be allocated/ Allotted by our Company. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- vi. The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Managers and/or the Co-Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any

- responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchanges.
- vii. In case of apparent data entry error by either the Members of the Syndicate or the Trading Members, in entering the Application Form number in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.
- viii. Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for Allotment. The Members of the Syndicate, Trading Members and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order to ensure that your application is properly uploaded on the Stock Exchange, avoid making the application near the time of the closure.

9. General Instructions

Do's

- Check if eligible to apply;
- Read all the instructions carefully and complete the Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account in the allotment of NCDs in Dematerialised form through the Members of the Syndicate and Trading Members are correct, as allotment of NCDs to these applicants will be in the dematerialized form only;
- Ensure you have provided all KYC documents (self attested) along with the Application Form and the date of birth is mentioned on the Application Form in case of Applications made for Allotment in physical mode;
- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;
- Ensure that the Applications are submitted to the Members of the Syndicate and Trading Members on a timely manner on the Issue Closing Date so that the details can be uploaded before the closure of the Bidding Period;
- Ensure that the Applicant's name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;
- Ensure that the first named applicant whose name appears in the Application Form has signed the Application form;
- Ensure that you mention your PAN allotted under the IT Act;
- Ensure that the Demographic Details are updated, true and correct in all respects (except in case where the application is for NCDs in physical form);
- Ensure the use of an Application Form bearing the stamp of the relevant SCSB, Trading Members of the Stock Exchanges or the Members of the Syndicate (except in case of electronic ASBA Applications) to whom the application is submitted;
- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities, as applicable to each category of investor, to apply for, subscribe to and/or seek allotment of NCDs pursuant to the Issue;
- In case you are submitting an Application Form to a trading member ensure that he is located in a town / city that has an escrow banking facility. (list of such locations are available on the websites of Stock Exchanges, the Company, Lead managers, and Co-Lead Managers, a link for the same being available in the Application Form);
- Ensure that you receive an acknowledgement from the Designated Branch, the Trading Member of the Stock Exchanges or from the Members of the Syndicate, as the case may be, for the submission and upload of your Application Form;
- Applicants (other than the ASBA Applicants) are requested to write sole / first Applicant's name, phone number and the Application number on the reverse of the Cheque/ Demand Draft through which the payment is made.
- Applicants applying other than by ASBA are requested to apply using CTS cheques as non-CTS

cheques are liable to be rejected due to any clearing delays beyond six working days from the date of the closure of the Issue.

Do's for ASBA Applicants in addition to the above mentioned general instructions

- Ensure that you specify ASBA as the 'Mode of Application' and use the Application Form bearing the stamp of the relevant SCSB, Trading Members of the Stock Exchanges or the Members of the Syndicate (except in case of electronic Application Forms) to whom the application is submitted;
- Ensure that your Application Form is submitted either at a Designated Branch of an SCSB where the ASBA Account is maintained, with a Trading Member of the Stock Exchanges at the Syndicate ASBA Application Locations or with the Members of the Syndicate and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- ASBA Applicants applying through a Member of the Syndicate/ Trading Member should ensure that the Application Form is submitted to such Member of the Syndicate/ Trading Member. ASBA Applicants should also ensure that Application Forms submitted to the Members of the Syndicate/ Trading Member will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Members of the Syndicate/ Trading Member to deposit the Application Form from ASBA Applicants (A list of such designated branches is available at www.sebi.gov.in/cms/sebi_data/attacheddocs/1380263338017). ASBA Applicants Applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch, of a SCSB where the ASBA Account is maintained (A list of such branches is available at www.sebi.gov.in/cms/sebi_data/attacheddocs/1380617744344).
- Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;
- Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- Ensure that you have funds equal to or more than the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch, with a Trading Member of the Stock Exchanges or to the Members of the Syndicate;
- Ensure that the Applications are submitted to the SCSBs, Members of the Syndicate and Trading Members on a timely manner on the Issue Closing Date so that the details can be uploaded before the closure of the Bidding Period;
- Ensure that the first named applicant whose name appears in the Application Form has signed the Application form.
- In case you are submitting the Application Form to a Member of the Syndicate, please ensure that the SCSBs with whom the ASBA Account specified in the Application Form is maintained, has a branch specified for collecting such Application Forms in the location where the Application Form is being submitted.
- In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, in case of an SCSB making an ASBA Application, such ASBA Application should be made through an ASBA Account utilised solely for the purpose of applying in public issues and maintained in the name of such SCSB Applicant with a different SCSB, wherein clear demarcated funds are available.
- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form and that your signature in the Application Form matches with your available bank records;
- Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form;
- Ensure that you receive an acknowledgement from the Designated Branch or the concerned Lead Manager, the Co-Lead Managers, Lead Broker or Trading Member of the Stock Exchange, as the case may be, for the submission of the Application Form.

Don'ts:

- Do not apply for lower than the minimum application size;
- Do not pay the Application Amount in cash or by money order or by postal order or by stockinvest;
- Do not fill up the Application Form such that the NCDs applied for exceeds the issue size and/or investment limit applicable to such investor under laws or regulations applicable to such investor or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application Form will be rejected on this

- ground;
- Do not submit the Application Forms without the full Application Amount;
 - Do not send Application Forms by post;
 - Do not submit Application Forms in non-ASBA mode to any of the Collection Centres of the Bankers to the Issue/ Registrar/Company;

Don'ts for ASBA Applicants in addition to the above mentioned general instructions

- Payment of Application Amounts in any mode other than through blocking of the Application Amounts in the ASBA Accounts shall not be accepted under the ASBA;
- Do not send your physical Application Form by post. Instead submit the same to a Trading Member of the Stock Exchanges or to a Member of the Syndicate, as the case may be;
- Do not submit more than five Application Forms per ASBA Account;
- Do not submit the Application Form with a Member of the Syndicate or Trading Member of the Stock Exchanges, at a location other than where the Syndicate ASBA Application Locations; and
- Do not submit ASBA Applications to a Member of the Syndicate or the Trading Members of the Stock Exchanges unless the SCSB where the ASBA Account is maintained as specified in the Application Form, has named at-least one Designated Branch, as displayed on the SEBI website (www.sebi.gov.in/cms/sebi_data/attacheddocs/1380263338017) in the relevant area for the Members of the Syndicate or the Trading Members of the Stock Exchanges to deposit the Application Forms.

10. Other Instructions**A. Joint Applications**

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form and at the address mentioned therein. PAN for all Joint applicants is compulsory.

B. Additional/ Multiple Applications

An applicant is allowed to make one or more applications for the NCDs for the same or other series of NCDs, subject to a minimum application size of ₹ 10,000 and in multiples of ₹ 1,000 thereafter, for each application. Any application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. However, any application made by any person in his individual capacity and an application made by such person in his capacity as a karta of a Hindu Undivided family and/or as joint applicant, shall not be deemed to be a multiple application but for the purpose of deciding whether the applicant will be considered under the Individual Portion, two or more applications, as above, will be clubbed together.

For the purposes of allotment of NCDs under the Issue, applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together and treated as one application. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same.

C. Depository Arrangements

The allotment of NCDs of our Company can be made in both dematerialised form (i.e. not in the form of physical certificates but be fungible and be represented by the Statement issued through electronic mode) as well as physical form.

We have made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. Please note that tripartite agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialized form. In this context:

- i. Tripartite Agreement dated December 17, 2012 and September 09, 2010 between us, the Registrar to the Issue and CDSL and NSDL, respectively for offering depository option to the investors,
- ii. An applicant who wishes to apply for NCDs in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application,
- iii. The applicant seeking allotment of NCDs in the Electronic Form must necessarily fill in the Demographic Details in the Application Form,
- iv. NCDs allotted to an applicant in the Electronic Account Form will be credited directly to the applicant's respective beneficiary account(s),
- v. For subscription in electronic form, names in the Application Form should be identical to those appearing in the account details in the depository.
- vi. Non-transferable Allotment Advice/refund orders will be directly sent to the applicant by the Registrars to this Issue,
- vii. If incomplete/incorrect details are given in the Application Form, it will be rejected.
- viii. For allotment of NCDs in electronic form, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, our Company would not be liable for losses, if any,
- ix. It may be noted that NCDs in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. NSE and BSE have connectivity with NSDL and CDSL,
- x. Interest/ redemption amount or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us as on record date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the record date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of ten (10) Working Days.
- xi. The trading of the NCDs shall be in dematerialized form only.

D. Communications

- All future Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the applicant and its application.
- Applicants can contact the Compliance Officer of our Company/Lead Managers/ Co-Lead Managers or the Registrar to the Issue in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non- receipt of Allotment Advice / credit of NCDs in depository's beneficiary account / refund orders, etc., applicants may contact the Compliance Officer of our Company/Lead Manager/ Co-Lead Managers or Registrar to the Issue.
- Applicants who have submitted Application Forms with the Trading Members may contact the Trading Member/ the Stock Exchanges for Issue related problems.

11. Rejection of Application

The Board of Directors and/or any committee of our Company reserves its full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- Applications not duly signed by the sole/joint applicants (in the same sequence as they appear in the records of the depository), signature of sole and/ or joint applicant(s) missing;
- Applications submitted without payment of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;
- In case of partnership firms (except limited liability partnership firms), NCDs may be registered in the names of the individual partners and any application in the name of the partnership firm shall be

- rejected;
- Date of Birth for First/ Sole Applicant for persons applying for allotment of NCDs in physical form not mentioned in the Application Form;
 - Application by persons not competent to contract under the Indian Contract Act, 1872 including minors (without the name of guardian) and insane persons;
 - PAN of the Applicant not mentioned in the Application Form except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants;
 - Minor applicant (applying through guardian) without mentioning the PAN of the minor applicant;
 - GIR number furnished instead of PAN;
 - Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
 - Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
 - Applications by any persons outside India including Applications by OCBs;
 - Nonresident investors including NRIs, FPIs and QFIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
 - Any application for an amount below the minimum application size;
 - Application for number of NCDs, which are not in multiples of one;
 - In case of Applicants applying the NCD in physical form, if the address of the Applicant is not provided in the Application Form;
 - Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
 - Application Form does not have applicant's depository account details (i.e. DP ID & Client ID) and has not opted for Allotment of NCDs in physical form;
 - Applications accompanied by Stockinvest/money order/postal order;
 - Application Forms not delivered by the applicant within the time prescribed as per the Application Form and this Prospectus and as per the instructions in this Prospectus and the Application Form;
 - In case the subscription amount is paid in cash;
 - In case no corresponding record is available with the Depositories that matches three parameters namely, client ID, PAN and the DP ID in case of Application for Allotment in dematerialised form;
 - Applications submitted directly to the Escrow Collection Banks, if such bank is not the SCSB;
 - Application Form accompanied with more than one payment instrument;
 - For applications in demat mode, DP ID/Client ID/PAN as per Electronic file does not match with depository records
 - Application not uploaded in to the Electronic files of Stock Exchanges
 - Applications directly uploaded to the Electronic files of Stock Exchanges and not through the Members of the Syndicate or Trading Members of the Exchanges.
 - Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
 - ASBA Application Forms not being signed by the ASBA Account holder;
 - ASBA Applications not having details of the ASBA Account to be blocked;
 - With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
 - Applications where clear funds are not available in the Applicant's bank account as per final certificates from Escrow Collection Banks;
 - Authorization to the SCSB for blocking funds in the ASBA Account not provided;
 - Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, as applicable;
 - Applications by Applicants whose demat accounts are inoperative or have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
 - In case of SCSBs applying for Allotment of NCDs, if the ASBA Account is not maintained in the name of such SCSB with a different SEBI registered SCSB
 - ASBA Applications submitted to the Members of Syndicate or Trading Members of the Stock Exchange or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;

Kindly note that The ASBA Applications being submitted with the Member of the Syndicate or with the Trading Members of the Stock Exchanges should be submitted at the Syndicate ASBA Application Locations. Further, ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one Designated Branch for the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at www.sebi.gov.in/cms/sebi_data/attacheddocs/1380617744344).

For further instructions regarding application for the NCDs, investors are requested to read the Application Form.

12. Allotment Advice / Refund Orders

The unutilised portion of the application money will be refunded to the Applicant on the Designated Date and no later than twelve (12) working days from the Issue Closing Date in the manner as provided below:

- a) In case of Applications made by Non-ASBA applicants on the Stock Exchange through the Members of the Syndicate/ Trading Members of the Stock Exchanges by making payment through cheques, the unutilised portion of the application money (includes refund amounts payable to unsuccessful Applicants and also the excess amount paid on Application) will be credited to the Bank Account of the Applicant as per the banking account details (i) available with the depositories for Applicants having Demat accounts and (ii) as provided in the Application Form for others by way of any of the following modes:
 - i. Direct Credit – Investors having bank accounts with the Refund Bankers shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.
 - ii. NECS – Payment of refund would be done through NECS for Investors having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
 - iii. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
 - iv. RTGS – If the refund amount exceeds ₹ 200,000, the Investors have the option to receive refund through RTGS. Charges, if any, levied by the refund bank(s) for the same would be borne by us. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
 - v. For all other Investors (non-ASBA) the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Investor and payable at par.
 - vi. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force and are permitted by the SEBI from time to time.
- b) In case of ASBA Applications, the unutilised portion of the application money shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue, the Lead Managers and the Co-Lead Managers to the respective SCSBs.

Further,

- Allotment of NCDs shall be made within a time period of twelve (12) Working Days from the date of closure of the Issue;
- Credit to demat account will be given no later than twelve (12) Working Days from the date of the

closure of the Issue;

- Our Company shall pay interest at 15% (fifteen) per annum if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within twelve (12) Working Days of the Issue Closing Date or date of refusal of the Stock Exchange(s), whichever is earlier. If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the such rate of interest as prescribed, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the demat credit.

Our Company will provide adequate funds to the Registrars to the Issue, for this purpose.

13. Retention of oversubscription

Our Company is making a public Issue of NCDs aggregating up to ₹ 1,000 million with an option to retain oversubscription of NCDs up to ₹ 1,000 million.

14. Basis of Allotment

The registrar will aggregate the applications based on the applications received through an electronic book from the stock exchanges and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

- a) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, (“**Institutional Portion**”);
- b) Applications received from Category II applicants: Applications received from Category II, shall be grouped together, (“**Non-Institutional Portion**”);
- c) Applications received from Category III applicants: Applications received from Category III, shall be grouped together, (“**Retail Individual Portion**”)

For removal of doubt, “**Institutional Portion**”, “**Non-Institutional Portion**” and “**Individual Portion**” are individually referred to as “**Portion**” and collectively referred to as “**Portions**”

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue upto ₹ 2,500 million. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs upto the Base Issue Size shall be collectively termed as the “**Overall Issue Size**”.

Basis of Allotment for NCDs

(a) Allotments in the first instance:

- i. Applicants belonging to the Category I, in the first instance, will be allocated NCDs upto 30% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Lead Managers and their respective Affiliates / SCSB (Designated Branch or online acknowledgement));
- ii. Applicants belonging to the Category II, in the first instance, will be allocated NCDs upto 10% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/ Trading Members/ SCSB (Designated Branch or online acknowledgement));
- iii. Applicants belonging to the Category III, in the first instance, will be allocated NCDs upto 60% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each

application duly acknowledged by the Members of the Syndicate/ Trading Members/ SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on a first-come first-serve basis, based on the date of upload of each application in to the Electronic Book with Stock Exchanges, in each Portion subject to the Allocation Ratio.

(b) Under Subscription:

Under subscription, if any, in any Portion, priority in allotments will be given in the following order:

- i. Category III;
- ii. Category II;
- iii. Category I;
- iv. on a first come first serve basis.

For each Portion, all applications uploaded in to the Electronic Book with Stock Exchanges would be treated at par with each other. Allotment within a day would be on proportionate basis, where NCDs applied for exceeds NCDs to be allotted for each Portion respectively.

Minimum allotments of 5 NCDs and in multiples of 1 NCD thereafter would be made in case of each valid application.

(c) Allotments in case of oversubscription:

In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis, i.e. full allotment of NCDs to the applicants on a first come first basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and thereafter on proportionate basis to the applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion).

(d) Proportionate Allotments: For each Portion, on the date of oversubscription:

- i) Allotments to the applicants shall be made in proportion to their respective application size, rounded off to the nearest integer,
- ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue size, not all applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference,
- iii) In the event, there are more than one applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(e) Applicant applying for more than one Options of NCDs:

If an applicant has applied for more than one Options of NCDs, and in case such applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such applications received on the date of oversubscription, the option-wise allocation of NCDs to such applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Managers and Designated Stock Exchange.

In cases of odd proportion for allotment made, our Company in consultation with the Lead Managers will allot the residual NCD (s) first with monthly interest payment and thereafter followed by payment on maturity option.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Managers, Co-Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

15. Investor Withdrawals and Pre-closure

Investor Withdrawal: Applicants are allowed to withdraw their applications at any time prior to the closure of the Issue. In case an Applicant wishes to withdraw an Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

Pre-closure: Our Company, in consultation with the Lead Managers and Co-Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription for NCDs aggregating to 75% of the Base Issue. Our Company shall allot NCDs with respect to the applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that notice of such early closure is given on or before such early date of closure through advertisement/s in leading national daily newspapers in which the statutory advertisement has been published.

16. Utilisation of Application Money

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

17. Utilisation of Issue Proceeds

- i. All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in section 40 (3) of the Companies Act, 2013.
- ii. Details of all monies utilised out of Issue shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilized along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue;
- iii. Details of all unutilised monies out of issue of NCDs, if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- iv. We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Prospectus and receipt of listing and trading approval from the Stock Exchange; and
- v. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property; however the Issue Proceeds may be used for issuing Loans against securities.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who—

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name.*

shall be liable for action under Section 447 of the Companies Act, 2013.”

Listing

The NCDs offered through this Prospectus are proposed to be listed on the NSE and BSE. Our Company has obtained an ‘in-principle’ approvals for the Issue from the NSE *vide* their letter dated February 25, 2014 and from BSE *vide* their letter dated February 25, 2014. For the purposes of the Issue, NSE shall be the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by NSE and/ or BSE, our

Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at NSE and/ or BSE are taken within twelve (12) working days from the date of closure of the Issue.

Undertaking by the Issuer

We undertake that:

- a) the complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Trading Members) shall be attended to by us expeditiously and satisfactorily;
- b) we shall take necessary steps for the purpose of getting the NCDs listed within the specified time;
- c) the funds required for dispatch of refund orders/ allotment advice/ certificates by registered post shall be made available to the Registrar by our Company;
- d) necessary cooperation to the credit rating agencies shall be extended in providing true and adequate information until the debt obligations in respect of the NCDs are outstanding;
- e) we shall forward the details of utilisation of the funds raised through the NCDs duly certified by our statutory auditors, to the Debenture Trustee at the end of each half year;
- f) we shall disclose the complete name and address of the Debenture Trustee in our annual report;
- g) we shall provide a compliance certificate to the Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of NCDs as contained in this Prospectus; and
- h) we shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

SECTION VII - LEGAL AND OTHER INFORMATION**OUTSTANDING LITIGATIONS**

Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against our Company and its Board of Directors that may or may not have an adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, institutional / bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company as of the date of this Prospectus.

Save as disclosed herein below, there are no pending proceedings pertaining to:

- *matters likely to affect operation and finances of our Company including disputed tax liabilities of any nature;*
- *criminal prosecution launched against our Company and the Directors for alleged offences under the enactments specified in Paragraph 1 of Part I of Schedule XIII to the Act; and*
- *material regulatory proceedings pending against the Promoter of our Company.*

Further from time to time, we have been and continue to be involved in legal proceedings filed by and against us, arising in the ordinary course of our business. These legal proceedings are mostly civil in nature. We believe that the number of proceedings in which we are / were involved is not unusual for a company of our size doing business in India.

Litigations against our Company

Nil

Past penalties against our Company

- I. National Housing Bank had issued a show cause notice dated May 6, 2013 to our Company to show cause as to why penal action in terms of provisions of the National Housing Bank Act, 1987, the Housing Finance Companies Directions, 2010 and policy circular no. 4 dated September 06, 2013 thereon should not be taken against our Company for the contravention of paragraph 37 of the Housing Finance Companies (NHB) Directions, 2010. Our Company has filed its response *vide* letter dated August 16, 2013. Subsequently, a penalty of ₹ 5,000 was imposed on our Company *vide* letter dated July 16, 2013. We have *vide* our letter dated November 8, 2013 paid the above penalty.

Litigations by our Company

1. Our Company has filed a criminal petition (“**Criminal Petition**”) under section 14 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI Act**”), against Mr. V Anil Kumar, Mrs. V Deepa and M/s Anil Electronics (together referred to as the “**Respondents**”), before the District Magistrate, R.R. District, L.B. Nagar (“**Court**”).

Our Company had sanctioned home/mortgage loan *vide* letter dated March 25, 2011 to the Respondents for an amount of ₹ 5.9 million (“**Loan**”). The Respondents had created equitable mortgage against the Loan by depositing title deeds with respect to property, i.e. H. No. 5-5-24(Old) 5-5-80 (new), on West Part of Plot No. 216, Ground Floor and First Floor, Sy. No. 52 to 56, Saheb Nagar Khurd Village, Havath Nagar Mandal, LB Nagar Municipality, Ranga Reddy District (“**Scheduled Property**”).

Pursuant to the RBI guidelines, due to default under the facility issued to the Respondents, the relevant account was classified as a ‘Non-Performing Asset’ on January 3, 2013 and our Company *vide* letter dated January 10, 2013, invoked the provisions of section 13(2), SARFAESI Act, demanding repayment of the of the Loan and interest thereon amounting to ₹ 6.35 million (“**Claim Amount**”) along with future interest within 60 (sixty) days, failing which our Company would be constrained to invoke the provisions of Section 13(4), SARFAESI Act and take possession of the Scheduled Property.

Subsequently, our Company issued a notice dated May 7, 2013 (“**Possession Notice**”) to the Respondents under section 13(4), SARFAESI Act for default the Claim Amount and demanded handover of peaceful possession of the Scheduled Property by May 19, 2013. Our Company reserved the right to take physical possession thereof upon continued default thereof.

Subsequently, Mr V Anil Kumar (“**Petitioner**”) filed a petition dated July 22, 2013 (“**Petition**”) under section 17, SARFAESI Act read with section 22(h) of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 before the Debt Recovery Tribunal (“**DRT**”). The Petitioner prayed for stay on the execution of the Possession Notice. The DRT passed a stay order dated August 1, 2013 (“**the Order**”), subject to the condition that the Petitioner deposits 20% on the Claim Amount directly with our Company within 8 (eight) weeks from the date of the Order. In case the Petitioner fails to comply with the condition in the Order, our Company is at liberty to proceed with the recovery of the Claim Amount.

Accordingly, the Criminal Petition has been filed by our Company in which it has sought for directions from the Court for taking possession of the Scheduled Property.

The matter is currently pending before the Court.

2. Our Company issued a notice dated March 11, 2013 (“**Notice**”) addressed to Mr Sajjan Kumar and Ms Indra Devi (together referred to as the “**Borrowers**”) under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI Act**”) for default of housing loan and interest thereon, amounting to ₹ 9.59 million (“**the Amount Due**”) along with future interest. The Notice was issued pursuant to an award dated July 6, 2012 (“**Award**”) made by sole arbitrator, Mr B. A. Shelar (“**Arbitrator**”), awarding ₹ 8.98 million (“**the Award Amount**”) along with interest to our Company.

Our Company had issued a housing loan for an amount ₹ 9.00 million against equitable mortgage of the property situated at Flat No. 503, 5th floor, “A” Wing Building No. 2, ACME Complex CHSL, Opp. Inorbit Mall, Goregaon (West), Mimbai-400062 (“**Scheduled Property**”).

The Borrowers were found to be involved in frauds of bogus discounting of letter of credits with some nationalized bank which was reported in a national newspaper. The fraudulent acts formed gross breach of the loan agreement between the parties, pursuant to which our Company proceeded to terminate the loan agreement *vide* letter dated March 29, 2012 (“**Termination Date**”) and demanded the Award Amount within 7 (seven) days. The Borrowers however failed to pay the outstanding sum and our Company invoked the arbitration clause and filed the statement of claim dated April 4, 2013 before the Arbitrator in Arbitration Proceeding No. 1 of 2012. The Award directed the Borrowers to pay the Award Amount, together with the interest thereon at 11.5%, from the Termination Date, till payment. The Award declared that the Scheduled Property was validly and equitably mortgaged by the Borrowers and further restrained them from selling or creating third party interest in respect of the mortgaged property by way of permanent injunction. Our Company was allowed to attach and sell the said property in the event of default to pay the Amount Due within a period of 3 (three) months from the date of Award.

Subsequently, our Company, *vide* the Notice, invoked the provisions of section 13, SARFAESI Act, demanding repayment of the Amount Due within 60 (sixty) days, failing which our Company would be entitled to take possession of the Scheduled Property.

The matter is currently pending.

3. Our Company has filed a criminal petition (“**Petition**”) under section 14 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI Act**”), against Mr Anjaneyulu M, Mrs Reeta M and M/s Adarsh Communications Pvt Limited (together referred to as the “**Respondents**”), before the Chief Metropolitan Magistrate, R.R. District, L.B. Nagar (“**Court**”).

Our Company, *vide* letter dated January 26, 2011 had sanctioned home/mortgage loan to the Petitioners for an amount of ₹ 14.50 million (“**Loan**”). The Respondents had created equitable mortgage against the loan by depositing title deeds with respect to property at Sy. No. 192,193,194,195 and 196, Flat No’s G5, G6, G7, G8 AND G9 (5Flats) in 1st floor, Siri Balaji Towers, Nizampet Village & Grampanchayat, Quthbullapur Mandal, Hyderabad- 500090, Ranga Reddy District (“**Scheduled Property**”). Pursuant to the RBI guidelines, due to default under the facility issued to the Respondents, the relevant account was classified as a ‘Non-Performing Asset’ on February 14, 2013.

Our Company, *vide* letter dated March 5, 2013, invoked the provisions of section 13(2), SARFAESI Act, demanding repayment of the Loan along with interest thereon of an amount ₹ 14.29 million (“**Claim Amount**”) along with future interest within 60 (sixty) days, failing which our Company would be entitled to take possession of the Scheduled Property. Subsequently, our Company issued letter dated May 20, 2013 (“**Letter**”) to the Respondents demanding handover of peaceful possession of the Scheduled Property by June 1, 2013, failing which our Company reserved the right to take physical possession thereof. Continued failure to comply with the Letter, compelled our Company to issue a public notice dated July 10, 2013 under section 13(4), SARFAESI Act for recovery of the Claim Amount

Presently, our Company has filed the Petition due to failure of the Respondents to comply with its demands. Our Company has sought for directions from the Court for taking possession of the Scheduled Property. The matter is currently pending before the Court.

4. Our Company has filed a Suit in E.P. No. 215/2012 in O.S. No. 950/2012 dated July 22, 2013 (“**Suit**”) before the Court of Principal Senior Civil Judge, Vijayawada, against T. Subrahmanyaeswara Rao (“**the Third Party**”) and Y. Srinath under order 21, rule 58 and sections 47 and 151 of the Civil Procedure Code, 1908.

Our Company *vide* letter dated December 14, 2010 had sanctioned home/mortgage loan (“**Loan**”) to Mr Yamini Srinadh, Mrs Yasmani Swetha and M/s Maruthi Enterprises (together referred to as the “**Borrowers**”) of amount ₹ 0.74 million. The Borrowers had created equitable mortgage against the Loan by depositing title deeds with respect to property at Sy. No. 517/4B and 517/3B, FLAT No. 211, Balaji Towers, Gollapudi, Near MGWSE Complex, Vijayawada- 521225, Krishna District (“**Scheduled Property**”).

Pursuant to the RBI guidelines, due to default under the facility issued to the Borrowers, the relevant account was classified as a ‘Non-Performing Asset’ on September 30, 2013 and our Company *vide* letter dated January 19, 2013 invoked the provisions of section 13, SARFAESI Act, demanding repayment the Loan and interest thereon of an amount ₹ 1.66 million (“**Amount Due**”) along with future interest within 60 (sixty) days. Our Company cautioned the Borrowers that failure to repay the Amount Due would entitle our Company to take possession of the Scheduled Property. On account of nonpayment of Amount Due, our company issued a letter dated March 26, 2013 (“**Letter**”) to the Borrowers demanding handover of peaceful possession of the Scheduled Property by April 6, 2013, failing which our Company reserved the right to take physical possession thereof. Due to non-acceptance of delivery of the Letter, our Company addressed the Borrowers by way of a public notice under section 13(2) of the SARFAESI Act, demanding handover of peaceful possession. Further failure to comply with the public notice under section 13(2), SARFAESI Act, compelled our Company to issue a public notice dated July 10, 2013 (“**Public Notice**”) addressed to the Borrowers under section 13(4), SARFAESI Act.

Our Company proceeded to file a petition bearing CrI.M.P.No. 1731/2013 in C.F.No. 4831 before the Chief Metropolitan Magistrate Court, Vijayawada (“**CMM**”) under section 14, SARFAESI Act, wherein it prayed for directions for taking physical possession of the Scheduled Property from the Borrowers. By way of order passed by the CMM, an advocate-commissioner was appointed for taking physical possession of the Scheduled Property. The advocate-commissioner was unsuccessful in his endeavour as the Scheduled Property was found to be already attached by the Third Party. Aggrieved, our Company filed the present Suit claiming that the prior attachment of the Scheduled Property by The Third Party to be declared invalid and not maintainable.

5. Our Company issued a public notice (“**Public Notice**”) under section 13(4) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI Act**”), addressed to Mr Gilvert Ispat, Mr Umesh Moudgil, Mr Abhim Moudgil, Ms Anjum Moudgil and Ms Swarn Kanta Moudgil (together referred to as the “**Borrowers**”), for recovery of an amount of ₹ 61.90 million (“**Amount Due**”) along with future interest, on default of home/mortgage loan and interest thereon.

Our Company *vide* letter dated December 30, 2010 had sanctioned home/mortgage loan to the Borrowers of amount ₹ 53.80 million. The Borrowers had created equitable mortgage against the loan by depositing title deeds with respect to property situated at House No. 99, Sector-6, Panchkula (“**Scheduled Property**”).

On account of default in payment of the principal amounts and the interest thereon, our Company issued a demand notice dated October 5, 2012 (“**Notice**”) to the Borrowers for payment of amount of ₹ 57.60 million within a period of 15 (fifteen) days from the date of issue of the Notice. The Notice was issued pursuant to the arbitration agreement between the parties, under section 21 read with section 43 of the Arbitration and Conciliation Act, 1996 for invoking the arbitration clause.

Pursuant to the RBI guidelines, due to default under the facility issued to the Borrowers, the relevant account was classified as a ‘Non-Performing Asset’ and our Company, *vide* letter dated June 20, 2013 (“**Letter**”) invoked the provisions of section 13(2), SARFAESI Act, demanding repayment of the Amount Due within 60 (sixty) days, failing which our Company would be entitled to take possession of the Scheduled Property. Continued failure to comply with the demands, compelled our Company to issue the Public Notice. The matter is currently pending.

6. Our Company has filed a criminal complaint on January 31, 2014 (“**Complaint**”) under section 138 of the Negotiable Instrument Act, 1881 (“**NI Act**”) against Mr. Baldeo Bansal (Managing Director) of M/s Chandigarh Trading Corporation (“**Accused**”) in the Court of Chief Judicial Magistrate, Chandigarh (“**Court**”) for dishonor of cheque for an amount of ₹ 37 million. The matter is currently pending.
7. Our Company has filed a Criminal complaint on January 31, 2014 (“**Complaint**”) under section 138 of the Negotiable Instrument Act, 1881 (“**NI Act**”) against Mr. Baldeo Bansal (Managing Director) of M/s Chandigarh Trading Corporation (“**Accused**”) in the Court of Chief Judicial Magistrate Chandigarh for dishonor of cheque for a sum of ₹ 19.5 million. The matter is currently pending.

Litigations against our Directors

1. Nirmal Jain and R Venkataraman (together referred to as the “**Applicants**”) filed a criminal revision application number 799 dated July 20, 2009 (“**Revision Application**”) before the High Court of Madhya Pradesh, at Indore under section 397 (1) of the Criminal Procedure Code, 1973. Anand Bangur (“**Complainant**”) had lodged a complaint with the Police Station, Madhav Nagar (“**Authority**”) stating that his trading account was hacked and stock transactions were carried out without his consent. The Authority after investigation registered a crime number 263/2005 and arrayed the Applicants as co-accused. Subsequently the Applicants had filed a miscellaneous criminal case number 936/2007 under section 482 of the Criminal Procedure Code, 1973 before the High Court of Madhya Pradesh (“**Court 1**”) for quashing the charge sheet and the criminal proceedings pending before the Chief Judicial Magistrate, Ujjain in crime number 263/2005 and in criminal case number 1979/2005 under sections 72 and 85 of the Information and Technology Act, 2000 and under sections 420, 421 and 120 B of the Indian Penal Code, 1860. The Court 1 *vide* order dated April 23, 2009 dismissed the miscellaneous criminal case 936/2007 on the ground that the charge was not yet framed. Further, Mr. S. Sriram (employee of India Infoline Limited) was acquitted by the High Court. However, thereafter, Chief Judicial Magistrate, Ujjain issued fresh summons against S. Sriram. The matter is currently pending.
2. M. Shakeel Khan (“**Complainant**”) filed a criminal complaint number 1813 of 2008 dated July 24, 2008 (“**Complaint**”) before the Court of Additional Chief Metropolitan Magistrate, Patiala House, New Delhi (“**Court**”) against India Infoline Securities Private Limited (currently IIFL) (“**Accused 1**”), Mr. Nirmal Jain (“**Accused 2**”), Mr. R. Venkataraman (“**Accused 3**”) and Mr. Sanjay Sharma (“**Accused 4**”) (collectively referred to as “**Accused**”). The Complainant had opened a dematerialized account with Accused 1 and transferred all his holdings from his dematerialized account maintained with Elite Management Services. Subsequently, the Complainant claims that he decided to close the dematerialized account with Accused 1, but Accused 1 refused to transfer shares into the Complainant’s account. The Complainant further claims that Accused 1 had illegally and without authorization sold the shares in conspiracy with Accused 2 to 4 and thus the Accused caused financial loss to the Complainant. Hence, the Complainant filed the present complaint under section 200 of the Criminal Procedure Code, 1973 praying that the court be pleased to summon and try the Accused for an offence under section 409, 420 and 120-B of the Indian Penal Code, 1860. Subsequently summons was issued to the Accused. Aggrieved, Accused had filed individual miscellaneous criminal cases bearing numbers CRL. M.C.No. 2053, CRL. M.C.No. 2054, CRL. M.C.No. 2055 and CRL. M.C.No. 2056 of 2010 before the High Court of Delhi (“**High Court**”) under section 482 of the Criminal Procedure Code, 1973 for quashing the criminal proceedings pending before the Metropolitan Magistrate Court, Patiala House, in criminal case number 1813 of 2008. The High Court *vide* order dated January 14, 2010 admitted the petitions and stayed the proceedings of Court. Subsequently, the High Court *vide* order dated September 26, 2013 (“**Order**”) dismissed the said Criminal Miscellaneous Complaints

without commenting upon the merits of the case. Aggrieved by the Order the Accused have filed a Special Leave Petition (“**SLP**”) before the Supreme Court of India praying for grant of special leave to appeal against the Order. The Supreme Court subsequently *vide* order dated September 26, 2013 (“**Order 1**”) condoned the delay and admitted the SLP and the proceedings in the Complaint pending before the Court is stayed. The matter is currently pending.

3. GHCL Employees Stock Option Trust (“**Complainant**”) filed a complaint case number 1689 of 2008 in the month of June, 2008 (“**Complaint**”) before the Court of Additional Chief Judicial Magistrate, Patiala House Court, New Delhi (“**Court**”) against India Infoline limited (“**Accused 1**”), Nirmal Jain (“**Accused 2**”), Kranti Sinha (“**Accused 3**”), Venkataraman Rajamani (“**Accused 4**”), ArunkumarPurwar (“**Accused 5**”), NileshShivjiVikamsey (“**Accused 6**”) and Nimish Ramesh Mehta (“**Accused 7**”) (together referred to as “**Accused**”). The trustees of the Complainant had opened a dematerialized account with IIFL, after which the Complainant kept on purchasing shares. Subsequently, IIFL *vide* letter dated April 30, 2008 informed the Complainant of an outstanding debit of ₹ 104.8 million and the existence of lien on the 2,046,195 shares purchased by the Complainant. The Complainant claims that the said amount was duly paid by the Complainant and later on, it transpired that the correct amount as reflecting in the statement of account of the Complainant was ₹ 102.28 million. Further, the Complainant also alleged that, IIFL instead of refunding the excess amount of ₹ 2.52 million asked the Complainant to clear the debits of five companies and on failure IIFL sold off 876,668 shares belonging to the Complainant illegally and without any authorization. Aggrieved the Complainant filed the Complaint to try and punish the Accused under section 406/ 409/ 420/ 477-A/34/120B of the Indian Penal Code, 1860.

Aggrieved by this summons order all the Accused filed quashing petition challenging the said Summoning order before the Delhi High Court. Delhi High Court by its order dated December 14, 2009 quashed and set aside the complaint /summons against all the directors and Company Secretary on all the charges/grounds. As against the Promoter’s Promoter the charges of Cheating has been dropped and only the charges of Criminal Breach of Trust has been allowed to be continued.

GHCL Employees Stock Option Trust (“**Petitioner**”) filed a special leave petition (criminal) bearing number 3086 of 2010 dated March 17, 2010 (“**Petition**”) against the order dated December 14, 2009 before the Supreme Court of India along with an application for ex-parte stay dated March 17, 2010 to stay the operation of order dated December 14, 2009 (“**Order**”). The Petitioner filed the Petition against the Order passed by the High Court of Delhi partly quashing the summoning order dated September 27, 2008 (“**Order 1**”), issued by the Metropolitan Magistrate, New Delhi summoning IIFL to face trial for the offences under section 406, 409, 415, 477A,34/120B of the IPC. The Order held that no offence of cheating is made out against IIFL. Supreme Court has dismissed the SLP filed by GHCL by and order dated March 22, 2013. The case is currently pending before the lower court.

4. GHCL Employees Stock Option Trust (“**Complainant**”) filed a complaint case number 5835 of 2008 (“**Complaint**”) on November 24, 2008 before the Court of Additional Chief Judicial Magistrate, Patiala House Court, New Delhi (“**Court**”) against IIFL (“**Accused 1**”), Mr. Nirmal Jain (“**Accused 2**”), Mr. Kranti Sinha (“**Accused 3**”), Mr. R. Venkataraman (“**Accused 4**”), Mr. Arun Kumar Purwar (“**Accused 5**”), Mr. NileshVikamsey (“**Accused 6**”) and Mr. Nimish Ramesh Mehta (“**Accused 7**”) (collectively referred to as “**Accused**”). The trustees of the Complainant had opened a dematerialized account with IIFL, after which the Complainant purchased shares. Subsequently, IIFL *vide* letter dated April 30, 2008 informed the Complainant of an outstanding debit of ₹ 104.8 million and the existence of lien on the 2,046,195 shares purchased by the Complainant. The Complainant claims that the said amount was duly paid by the Complainant and subsequently, it transpired that the correct amount as reflecting in the statement of account of the Complainant was ₹ 102.28 million. Further, the Complainant also alleged that, IIFL instead of refunding the excess amount of ₹ 2.52 million asked the Complainant to clear the debits of five companies and on failure IIFL sold 67,000 shares belonging to the Complainant illegally and without any authorization. Aggrieved the Complainant filed the Complaint to try and punish the Accused under sections 403, 406, 409, 418, 477-A, 34 and 120B of the IPC. The matter is currently pending.
5. GHCL Employees Stock Option Trust (“**Complainant**”) filed a complaint case number 312 of 2009 dated November 24, 2008 (“**Complaint**”) before the Court of Additional Chief Judicial Magistrate, Patiala House Court, New Delhi (“**Court**”) against IIFL (“**Accused 1**”), Mr. Nirmal Jain (“**Accused 2**”), Mr. Kranti Sinha (“**Accused 3**”), Mr. R. Venkataraman (“**Accused 4**”), Mr. Arun Kumar Purwar (“**Accused 5**”), Mr. NileshVikamsey (“**Accused 6**”) and Mr. Nimish Ramesh Mehta (“**Accused 7**”) (together referred to as “**Accused**”). The trustees of the Complainant had opened a dematerialized account with IIFL, after which

the Complainant purchased shares. Subsequently, IIFL *vide* letter dated April 30, 2008 informed the Complainant of an outstanding debit of ₹ 104.8 million and the existence of lien on the 2,046,195 shares purchased by the Complainant. The Complainant claims that the said amount was duly paid by the Complainant and later on, it transpired that the correct amount as reflecting in the statement of account of the Complainant was ₹ 102.28 million. Further, the Complainant also alleged that, IIFL instead of refunding the excess amount of ₹ 2.52 million asked the Complainant to clear the debits of five companies and on failure IIFL sold 100,000 shares belonging to the Complainant illegally and without any authorization. Aggrieved the Complainant filed the Complaint against the Accused under sections 403, 406, 409, 418, 477-A, 34 and 120B of the IPC. The matter is currently pending.

6. GHCL Employees Stock Option Trust (“Complainant”) filed a complaint case number 5836 of 2008 dated November 24, 2008 (“Complaint”) before the Court of Additional Chief Judicial Magistrate, Patiala House Court, New Delhi (“Court”) against IIFL (“Accused 1”), Mr. Nirmal Jain (“Accused 2”), Mr. Kranti Sinha (“Accused 3”), Mr. R. Venkataraman (“Accused 4”), Mr. Arun Kumar Purwar (“Accused 5”), Mr. Nilesh Vikamsey (“Accused 6”) and Mr. Nimish Ramesh Mehta (“Accused 7”) (collectively referred to as the “Accused”). The trustees of the Complainant had opened a dematerialized account with IIFL, after which the Complainant purchased shares. Subsequently, IIFL *vide* letter dated April 30, 2008 informed the Complainant of an outstanding debit of ₹ 104.8 million and the existence of lien on the 2,046,195 shares purchased by the Complainant. The Complainant claims that the said amount was duly paid by the Complainant and subsequently, it transpired that the correct amount as reflecting in the statement of account of the Complainant was ₹ 102.28 million. Further, the Complainant also alleged that, IIFL instead of refunding the excess amount of ₹ 2.52 million asked the Complainant to clear the debits of five companies and on failure IIFL sold off the 266,727 shares belonging to the Complainant illegally and without any authorization. Aggrieved the Complainant filed the Complaint against the Accused under sections 403, 406, 409, 418, 477-A, 34 and 120B of the IPC. The matter is currently pending.
7. Sadashiv Pandurang Mantri (“Complainant”) filed a complaint before the Kothrud police station against IIFL, director-Mr. Nirmal Jain, employees of IIFL -Vijay Bhatia, Sujit Benjamin, Gurdeep Singh (collectively referred to as the “Accused”), alleging that the Accused had done unauthorized buying and selling of shares from the account of the Accused. The complaint was filed alleging an offence under sections 406, 420, 467, 468 and 34 of the IPC. The Authority after the investigation filed the final report with the Judicial Magistrate Class I (“Court”) stating that the allegations of the Complainant are false and that the said complaint was filed with the intention of getting refund from IIFL. Despite negative report of the Police, the Hon’ble Court had passed an order dated January 28, 2013 (“**Order**”) for issuing process against the Accused and accordingly summons were issued against the Accused. Aggrieved, IIFL had filed revision application no. 480/2013 dated July 03, 2013 (“**Revision Application**”) before the Court of Sessions Judge at Pune (“**Sessions Court**”) against the Order. Subsequently, the Sessions Court *vide* order dated December 02, 2013 (“**Order 1**”) partly allowed the Revision Application by setting aside the Order and remanding the matter back to trial court with a direction to consider the evidence on record and to pass a reasoned order. The case is currently pending.
8. Mr. Sthanmurthy Vishwanathan through Ms. Meera Vishwanathan (“**Complainant**”) has filed criminal complaint dated January 18, 2011 bearing number 65/Misc/08 (“**Complaint**”) in the Court of Metropolitan Magistrate, 26th Court, Borivali, Mumbai (“**Court**”) against our Promoter, IIFL and the directors of our Promoter (collectively referred to as the “**Accused**”) and others alleging that the Accused had connived and misappropriated securities entrusted to the Accused, causing losses of about ₹ 29.59 million to the Complainant and thereby committing offences under section 409, read with sections 34 and 113 of the IPC.

The Court took cognizance of the Complaint *vide* its order dated February 25, 2008 and ordered an investigation by the Kasturba Marg police station, in which the Accused were exonerated as the dispute was found to be civil in nature. The Complainant challenged the investigation report dated July 17, 2008, alleging that it was vague and made an application for re-investigation of the Complaint. The Court allowed this application *vide* its order dated January 8, 2010 and ordered re-investigation.

The police station has submitted the re-investigation report dated September 26, 2010 (“**Reinvestigation Report**”) stating that there is no prima-facie case against the Accused under the Act. The re-investigation report further recommends that the Complainant and his representative be prosecuted under section 120B read with section 211 of the IPC for conspiring against the Accused, so as to pressurize the Accused into waiving off the Complainant’s debit balance of ₹ 1.22 million. The Court has without considering the Reinvestigation Report, issued process under various sections of IPC *vide* its order dated March 8, 2011

(“Order”).

The accused filed an Appeal (No. 43 of 2011) before the Sessions Court at Dindoshi for setting aside the issuance of summons. The Sessions court has stayed the proceedings of the lower Court and the matter is currently pending.

9. Mr. Satyaprakash Agarwal and Family (“**Complainants**”) lodged a complaint dated March 11, 2008 (“**Complaint**”) with the Joint Commissioner of Police against IIFL. The Complainants claims that IIFL had caused a loss to them through their agreement which confers all rights to IIFL to deal with the Complainants shares as IIFL wishes. Further the Complainant alleges IIFL of selling their shares at throwaway prices in the name of recovery of margin money resulting in a loss of ₹6.3 million. Aggrieved, the Complainants filed the Complaint requesting the authority to take appropriate action against the managing director and senior officers of IIFL. The Promoter’s Promoter had filed Reply dated March 26, 2010 and denied all the allegations of the complainants and requested to close the matter. The matter is currently pending.
10. Mrs. Aarti Gunjekar (“**Complainant**”) lodged a complaint number CR. No. 47/2009 dated January 31, 2009 (“**Complaint**”) with Bandra police station against IIFL, Mr. Vinit Kumar, Mr. Nirmal Jain, Mr. R. Venkataraman, Mr. Nitin Khandelwal, Mr. Sandesh Nandode and Mr. Chintan Modi (collectively, the “**Accused**”) under sections 409, 420, 506 and 120 (B) of the IPC. Subsequently Mr. Nitin Khandelwal and Mr. R. Venkataraman were arrested by the police on April 6, 2009 and July 15, 2009 respectively. On July 16, 2009 the Complainant entered into a settlement with the Accused whereby the Complainant agreed to withdraw her Complaint against the Accused on the payment of ₹ 1.8million. An application for bail number 217/BA/09 dated April 9, 2009 was filed in the Court of the Additional Chief Metropolitan Magistrate, 12th Court, Bandra, Mumbai under section 437 of the Code of Criminal Procedure, 1973 (“**Code**”) for the release of Mr. Nitin Khandelwal. Similarly an application for bail number 427/BA/09 was filed in the Court of the Additional Chief 9th Court, Bandra, Mumbai under section 437 of the Code on July 17, 2009 for the release of Mr. Venkataraman. Bail was granted and Mr. Nitin Khandelwal and Mr. Venkataraman were released from police detention after a period of 3 days. IIFL in a letter dated February 25, 2010 to the Additional Commissioner of Police, West Region, Carter Road, Bandra, Mumbai submitted that the Complainant had leveled false charges of cheating, criminal breach of trust against the Accused thereby leading to their detention. Mr. Nirmal Jain, Mr. R. Venkataraman, Mr. Chintan Modi and Mr. Nitin Khandelwal filed criminal writ petition 1927/2010 dated June 23, 2010 with the High Court of Judicature at Bombay for appropriately directing the investigating authorities from taking any further action and set aside the complaint filed by the Complainant. The High Court *vide* order dated October 25, 2010 directed that the investigating authorities should not take any coercive steps against the Accused. In the meantime, Bandra Police has filed its final Report in January 30, 2009 before the Additional Chief Metropolitan Magistrate, 9th Court, Bandra, Mumbai, whereby, no charge has been made against Mr. Nirmal Jain, Mr. R. Venkataraman, Mr. Chintan Modi and Mr. Nitin Khandelwal and they have been acquitted. The matter is currently pending only against the ex-relationship manager i.e. Mr. Vineet Kumar.
11. Mr. JV Bodat, Cooperative labour officer and minimum wages act supervisor (“**Complainant**”) filed a criminal case number 974/09 dated March 4, 2009 (“**Complaint**”) before the court of Judicial Magistrate, Ankleshwar against IIFL and Mr. Nirmal Jain (together referred to as the “**Accused**”). The Complainant had visited IIFL on January 31, 2009 and came to the conclusion that IIFL comes under the Minimum Wages Act (“**Act**”) and further, IIFL was investigated under the Act. The Complainant alleges IIFL of not keeping or maintaining records and registers which is a punishable crime under the Act. Hence the Complainant filed the Complaint praying that action be taken against the Accused under section 9 (b) of the Act. The matter is currently pending.
12. Mr. D.P. Makwana (“**Complainant**”) filed a criminal case number 414/2010 dated April 12, 2010 (“**Complaint**”) before the Chief Metropolitan Magistrate at Ahmedabad against IIFL and Mr. Nirmal Jain (together referred to as the “**Accused**”). The Complainant alleged IIFL of violating the provisions of Section 8(3) of the Apprentices Act, 1961 and of having committed an offence punishable under Section 30(1)(c) read with Section 32 of the Companies Act, 1956 by not filling up any posts as against 9 posts to be filled by apprentices. The Complainant further alleged IIFL of having saved an amount of ₹ 0.06 million payable towards stipend, by not filling up the posts of apprentices during the period from August 1, 2009 to October 15, 2009 as required under the Act. Hence the Complainant filed the Complaint praying that action be taken against the Accused and the Accused be punished considering the evidence. The matter is currently pending.

13. Ensemble Infrastructure India Limited (“**Complainant**”) filed a criminal complaint bearing CC No. 86 of SW of 2009 on August 24, 2009 before the Metropolitan Magistrate 29th Court (“**Court**”), Dadar against the directors of IIFL including Mr. Nirmal Jain, Mr. Nilesh Vikamsey, Mr. R Venkataraman and Mr. Arun K Purwar (“**Accused**”) alleging offences under sections 403, 406, 420, 504, 506 read with section 34 of Indian Penal Code, 1860. The Accused appointed the Complainant to carry out interior designing work at IIFL’s office at Indiabulls, Lower Parel. The Complainant alleged the Accused of illegally repudiating the agreement dated June 2, 2008 stating delay on the part of the Complainant. The Complainant further alleges the Accused of having illegally misappropriated the valuable property of the Accused for their personal use. Further, the Complainant alleges the Accused of cheating, misappropriation of funds, criminal breach of trust etc. Aggrieved the Complainant filed the Complaint for initiating investigation under section 156(3) of Criminal Procedure Code. The Court ordered for Investigation under section 156 (3) of Criminal Procedure Code, 1963 by N. M. Joshi Marg Police station (“**Authority**”). Subsequently, the Authority filed its report dated May 20, 2011 concluding that the dispute between the parties is civil in nature. The matter is currently pending before the Court for acceptance of the police report and Argument on report.
14. Mrs. Gauri Manjunath Jonniya has filed a complaint in the Office of the Deputy Commissioner of Police, Economic Offences Wing, Crime Branch, Nagpur against IIFL for misuse of her IRDA License, forgery, criminal breach of trust etc u/s 467 & 409 of IPC and also filed Criminal Misc. Case No. 598/2011 against IIFL. Ms. Gauri had filed Writ Petition no. 325/2013 against IIFL, Nirmal Jain and other Authorities before High court, Nagpur to get FIR registered against the directors of IIFL. The said Writ Petition was disposed of *vide* order dated September 17, 2013. The Hon’ble Court directed to Lower Court to dispose of her case as expeditiously as possible & preferably within a period of three months from the date of order. The case is currently pending at lower court JMFC.
15. Sushma Agarwal filed a criminal complaint (No. 1470/2011) before the Additional Chief Judicial Magistrate, Meerut (“**Magistrate**”) against IIFL, Nirmal Jain and others (“**Accused**”) for misappropriation, forgery and cheating. The Accused filed an application under section 482 of the Criminal Procedure Code 1973 before the Allahabad High Court for quashing of the criminal proceedings. The Allahabad High Court directed the Accused to file a discharge application before the Magistrate and further directed that no coercive action shall be taken against the Accused for a period of 4 months or till the disposal of application whichever is earlier. The matter is currently pending.
16. A complaint (No. 99/M/2010-New Case No. 209/SW/2012) was filed by Mr. Gustad Anklesaria before the Metropolitan Magistrate’s Court, 32nd court, Bandra against IIFL and its Directors for the offence of unauthorized trade, criminal breach of trust, forgery u/s 409, 465, 467, 471, 474 & 120 B of IPC. The Court directed the Santacruz Police Station to conduct an enquiry into the matter. IIFL had filed reply dated April 13, 2012 and denied all the allegations of the complainant. The matter is currently pending.
17. Mr. Jay Hari Jana has filed Complaint M. P. no. 61/2011 against IIFL, its directors & employee for the offenses of breach of trust, cheating etcUs. 419,420,406,409 & 120B of I.P.C before ACJM at Bidhanagar for order under section 156 (3) of Criminal Procedure Code 1973. Accordingly on May 18, 2011 the FIR No. 112/2011 was registered against the directors and employee of IIFL. The case is currently pending.
18. Mr. Suresh Chandra Praekh & Anr (“**Respondents**”) have sent a notice dated April 1, 2011 (“**Notice**”) to IIFL alleging unauthorized trading from their account and asking for the removal of the directors of IIFL in the Respondent’s alleged capacity as a shareholder. IIFL replied to the Notice *vide* letter dated April 29, 2011, disputing the allegations in the Notice as baseless and denying that the Respondent was a Shareholder of IIFL. IIFL also filed a petition number 73/284/2011 before the Company Law Board (“**CLB**”) praying the CLB to stop the Respondent from circulating a notice for removal of Mr. Nirmal Jain as director of IIFL. The matter is currently pending.
19. The Inspector of Metrology Department, has lodged a criminal case bearing number 17/2013-14 in the month of December 04, 2013 before the Honorable Court 51 , Kurla Court, Mumbai (“**Court**”) against our Promoter, Mr. Nirmal Jain ,Mr. Venkataraman, Mr. Nilesh Vikamsey ,Mr. M.N. Singh ,Mr. Vijay Chopra, Mr. Mukesh Singh and Ms. Pratima Ram (together referred to as the “**Respondent**”) for violation of the Section 15 (2) of the Legal Metrology Act 2009 which is punishable under section 31 of the Legal Metrology Act 2009 read with Rule 12, 21(4), 22 of the Legal Metrology (Enforcement) Rule, 2011 and which is punishable under rule 23 of the Legal Metrology (Enforcement) Rule, 2011 . The matter is currently pending.

20. Mr Shivaji Rao (“**Complainant**”) filed a complaint bearing number 2543/13 before the Magistrate court first class, Ujjain (“**Court**”) under section 483 and 485 of the Indian Penal Code against the Managing Director of our Promoter (who is the director of our Company) & anr (“**Accused**”) for misusing the complainants address. Aggrieved, the Complainant lodged the Complaint praying for taking criminal action against the Accused. The matter is currently pending.
21. A criminal complaint bearing Complaint No. CC/133/SS/2013 has been filed before the M. M. 51ST Court, Kurla against Mr. Nirmal Jain and others pursuant to a letter dated December 10, 2013, received from Mr. Surendra M. Khandhar. We have not been served with any papers in connection with the same nor have we been provided with a copy thereof.

Labour Cases

1. The Labour Officer filed a complaint bearing number 262/2010 dated August 11, 2010 before the Labour Court, Lucknow against IIFL, Nirmal Jain and Ranbir Singh (together referred to as the “**Respondent**”) for nonpayment of bonus amounting to ₹ 1.12 million to its employees. Subsequently, the Labour Court, Lucknow issued a summons dated January 28, 2011 seeking appearance of the Respondent. IIFL is yet to file its reply. The matter is currently pending.
2. The Labour Officer (“**Complainant**”) filed a complaint bearing number 18/2011 before the Labour Court, Muzafarnagar against IIFL branch manager, Nirmal Jain (together referred to as the “**Respondent**”) under section 20 (2) of the Minimum Wages Act, 1948. The Complainant further alleges that IIFL has arrears in payment of minimum wages amounting to ₹ 0.07 million. Subsequently, the Labour Court, Muzafarnagar issued a summons seeking appearance of the Respondent. IIFL is yet to file its reply. The matter is currently pending.
3. Nirmal Jain and other directors of India Infoline Marketing Services Limited have received a notice dated February 2, 2012 from the Office of the District Labour Officer at Mayurbhanj, Baripada, requiring them to renew the registration certificate for India Infoline Marketing Services Limited. The said matter is currently pending.
4. Dilprit Singh has filed complaint case no. 458WDCOI/2013 dated September 25, 2013 before the Deputy Labour Commissioner, (District West), New Delhi under Industrial Disputes Act, 1947 at Karam Pura, New Delhi against IIFL, Mr. Nirmal Jain and Mr. Venkataraman for payment of outstanding dues and for reinstating him in their organization with all facilities according to law and to pay wages for the period of unemployment. IIFL has filed its reply dated November 13, 2013 denying allegations in the complaint and prayed for dismissal of the complaint. The matter is currently pending.
5. Mrs. Swatiben H Maharaja has filed a complaint number 533 of 2013 (“**Complaint**”) before the Labour Court Ahmedabad (“**Court**”) against IIFL and our Managing Director claiming that her salary was deducted without any justification by IIFL, which is unjustified and illegal as per the Payment of Wages Act. Aggrieved, the Complaint was filed praying that the Court be pleased to issue an order directing IIFL to pay the amount of ₹ 0.02 million along with interest and penalty. The matter is currently pending.

Consumer cases

1. Mr. Anil Kumar Garg filed a consumer complaint number 35 of 2008 against Branch Manager, IIFL and Nirmal Jain at the District Consumer Disputes Redressal Forum, Amritsar alleging deficiency in service by IIFL and thereby claiming loss, mental agony and cost of the case amounting to ₹ 0.03 million. The matter is currently pending.
2. Mr. Omprakash Gupta filed consumer complaint number 491 of 2008 against IIFL, Nirmal Jain and others before the District Consumer Disputes Redressal Forum III, Jaipur alleging execution of unauthorized trades by IIFL thereby resulting in losses of ₹ 0.61 million. The matter is currently pending.
3. Mr. R. C. Nigam filed a consumer complaint number 504 of 2009 against IIFL and Nirmal Jain & Mrs Radhika before the District Consumer Disputes Redressal Forum, Delhi alleging dishonest and secret sale of shares by IIFL and seeking restoration of shares illegally sold to his demat account and ₹0.03 million in costs. The matter is currently pending.

4. Ms. Vijaya Ghanshyam Hatvar (“**Complainant**”) filed a consumer complaint against IIFL, Nirmal Jain and others bearing number 209 of 2010 (“**Complaint**”) before the District Consumer Disputes Redressal Forum, Nagpur alleging unauthorized sale of shares by IIFL resulting in losses of ₹ 0.54 million and also asked for return of shares to the Complainant. The consumer forum passed the order dated March 26, 2012 against IIFL and others and IIFL filed an appeal dated September 17, 2012 against the said order in State Commission. The matter is currently pending.
5. Ms. Anjali Ghanashyam Hatvar (“**Complainant**”) filed a consumer complaint bearing number 208 of 2010 (“**Complaint**”) against IIFL and Nirmal Jain before the District Consumer Disputes Redressal Forum, Nagpur alleging unauthorized sale of shares resulting in losses of ₹ 0.63 million and also asked for return of shares to the Complainant. The consumer forum passed the order dated March 26, 2012 against IIFL and IIFL had filed an appeal dated September 17, 2012 against the said order in the State Consumer Dispute Redressal Commission, Nagpur. The matter is currently pending.
6. Mr. Ghanashyam Kashiram Hatvar (“Complainant”) filed a consumer complaint bearing number 207 of 2010 (“Complaint”) against IIFL, Nirmal Jain and ors before the District Consumer Disputes Redressal Forum, Nagpur alleging unauthorized sale of shares resulting in losses of ₹ 0.8 million. The consumer forum has passed the order dated March 26, 2012 against IIFL & ors. IIFL & Ors had filed an appeal dated September 17, 2012 against the said order in the State Commission, Nagpur. The matter is currently pending.
7. Mr. S.N. Jambukeshwara filed a consumer complaint number 1004/2010 before the District Consumer Dispute Redressal Forum, Mysore against IIFL, Managing Director, Nirmal Jain and others (“**IIFL & Ors**”) alleging deficiency in service and thereby claiming loss the shares, compensation for mental agony and cost of the case amounting to ₹ 0.01 million . The District Forum passed the order dated July 24, 2012 against IIFL & Ors. An appeal was filed before the Karnataka State Consumer Disputes Redressal Commission, Bangalore (Appeal No. 153/2013) and the same was dismissed by the Commission. IIFL & Ors filed a Revision Petition dated August 1, 2013 against the said order & the same has been admitted. The matter is currently pending.
8. Mr. G. Ramchandran (“Complainant”) filed a consumer complaint number 137 of 2011 against Manager, IIFL, Nirmal Jain and Ors before the District Consumer Dispute Redressal Forum, Mylapore, Chennai alleging deficiency in service. The Complainant has prayed for transfer of certain shares and damages amounting to ₹ 0.3 million. The matter is currently pending.
9. Kallol Chakraborty filed a consumer complaint number 394 of 2011 before the District Consumer Dispute Redressal Forum, Kolkata, against Managing Director, India Infoline Insurance Brokers Limited i.e, Nirmal Jain for deficiency in service in relation to insurance policies and thereby claiming loss for causing irreparable damage to mental health of the complainant amounting to ₹ 0.44 million. The matter is currently pending.
10. Kailash Ram filed a consumer complaint against IIFL & its Managing Director, Mr. Nirmal Jain & Branch Manager IIFL at the District Consumer Forum, Patna (Bihar) bearing Consumer Case No.404 OF 2012 for loss and damage incurred in share business due to malafide act of the opponent and thereby claiming ₹ 1.09 million as monetary loss and ₹ 0.2 million for physical and mental agony. The matter is currently pending.
11. Manas Halder filed a consumer complaint bearing No. 532 of 2012 against IIFL Managing Director, Mr. Nirmal Jain at District Consumer Disputes Redressal Forum, Kolkata for unauthorised trading of shares and for ₹ 0.47 million along with interest. The matter is currently pending.
12. Radhey Shyam Dwivedi filed a consumer complaint bearing number 792 of 2013 before the Court of District Consumer Forum against Managing Director IIFL and the employees of IIFL claiming an amount of ₹ 0.02 million along with interest and an amount of ₹ 0.01 million for mental harassment and an amount of ₹ 0.02 million for cheating.
13. Mrs. Bharati Surendra Khandhar has filed a consumer complaint no. Complaint No. 13/150 against India Infoline Finance Limited (previously known as India Infoline Investment Services Limited), Mr. Raju Mohite and Mr Nirmal Jain, Director before Consumer Dispute Redressal Forum, Central Mumbai District, a notice dated September 23, 2013 of which was received by India Infoline Finance Limited on October 10,

2013. The complainant has alleged deficiency in service, unfair trade practice and demanded recovery of processing fees, administrative fees and other charges due to non-disbursement of part amount towards mortgage loan. The complainant has further sought compensation of approx. ₹ 0.82 million. Subsequently, Our Promoter and Mr. Nirmal Jain have filed the written statement. The matter is currently pending.

Material Regulatory Litigation against Promoter

There are no regulatory litigations against our Promoter

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors of our Company, held on February 13, 2014 the Directors approved the Issue of NCDs to the public upto an amount not exceeding ₹2,000 million.

Prohibition by SEBI

Our Company, persons in control of our Company, Directors of our Company and/or our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

Disclaimer

Disclaimer Clause of NSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF.: NSE/LIST/ 231449-V DATED FEBRUARY 25, 2014 PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS DRAFT OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED FEBRUARY 25, 2014 PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER: -

- a) **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
- b) **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**

- c) **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THISCOMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THISCOMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFERDOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHODESIRE TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAYDO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALLNOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSSWHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITHSUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OROMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of the National Housing Bank

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED FEBRUARY 03, 2009BEARING REGISTRATION NO. 02.0070.09ISSUED BY THE NATIONAL HOUSING BANKUNDER SECTION 29A OF THE NATIONAL HOUSING BANK ACT, 1987. HOWEVER, NHB DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/ DISCHARGE OF LIABILITY BYTHE COMPANY.

Disclaimer of CRISIL Research for Industry Report

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

Listing

An application will be made to NSE and BSE for permission to deal in and for an official quotation of our NCDs. NSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by NSE and/ or BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 working days from the date of closure of the issue.

Consents

The written consents of Directors of our Company, Company Secretary and Compliance Officer, our Statutory Auditor, Pritesh Mehta & Co. (the Chartered Accountant issuing statement of tax benefit), the legal advisor, the Lead Managers, Co-Lead Managers, the Registrar to the Issue, Escrow Collection Bank(s), Refund Bank, Credit Rating Agencies, the Bankers to our Company, the Debenture Trustee, and the Lead Brokers to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 58 and 60 of the Companies Act, 1956and such consents have not been withdrawn up to

the time of delivery of this Prospectus with the RoC.

The consents of the Statutory Auditors of our Company, namely Sharp and Tannan Associates, Chartered Accountants for (a) inclusion of their name as the Statutory Auditor, (b) examination reports on Reformatted Financial Statements in the form and context in which they appear in this Prospectus, have been obtained and the same will be filed along with a copy of this Prospectus with the RoC.

Expert Opinion

Except the (i) Auditors report on Financial Statements and Reformatted Financials Statements issued by Sharp & Tannan Associates, Chartered Accountants dated February 17, 2014, and (ii) Statement of Tax Benefits issued by Pritesh Mehta & Co, Chartered Accountants dated February 11, 2014 our Company has not obtained any expert opinions.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs and the provisions of Companies Act, 1956, the Act and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹ 750million, the entire subscription shall be refunded to the applicants within twelve (12) Working Days from the date of closure of the Issue. If there is delay in the refund of subscription by more than 8 days after our Company becomes liable to refund the subscription amount, our Company will pay interest for the delayed period, at rates prescribed.

Filing of the Draft Prospectus

The Draft Prospectus was filed with the Designated Stock Exchange in terms of Regulation 6 of the SEBI Debt Regulations for dissemination on its website(s) prior to the opening of the Issue.

Debenture Redemption Reserve (“DRR”)

Pursuant to Regulation 16 of the SEBI Debt Regulations and section 117C of the Companies Act, 1956 any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of our Company until the redemption of the debentures. The Ministry of Corporate Affairs has, through its circular dated April 18, 2002, (“*Circular*”), specified that the quantum of DRR to be created before the redemption liability actually arises in normal circumstances should be ‘adequate’ to pay the value of the debentures plus accrued interest/ Redemption amount, (if not already paid), till the debentures are redeemed and cancelled. The limits provided under the said Circular has undergone revision *vide* Ministry of Company Affairs General Circular No. 4/2013 No. 11/02/2012-CL-V (A) dated February 11, 2013 which specifies that HFCs like our Company, shall create DRR to the extent of 25 per cent of the value of the debentures issued through public issue. Accordingly our Company is required to create a DRR of 25% of the value of debentures issued through the public issue. As further clarified by the circular dated Feb 11, 2013, the amount to be credited as DRR will be carved out of the profits of our Company only if there is profit for the particular year and there is no obligation on the part of our Company to create DRR if there is no profit for the particular year. Our Company shall credit adequate amounts to DRR, from its profits every year until such Debentures are redeemed.

The Ministry of Corporate Affairs General Circular No. 4/2013 No. 11/02/2012-CL-V(A) dated February 11, 2013 further provides that every company required to create/maintain DRR shall before the 30th day of April of each year, deposit or invest, as the case may be; a sum which shall not be less than fifteen per cent of the amount of its debentures maturing during the year ending on the 31st day of March next following in anyone or more of the following methods, namely

1. in deposits with any scheduled bank, free from charge ,or lien;
2. in unencumbered securities of the Central Government or of any State Government;
3. in unencumbered securities mentioned in clauses (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;

4. in unencumbered bonds issued by any other company which is notified under clause (F) of section 20 of the Indian Trusts Act, 1882;

The amount deposited or invested, as the case may be, shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15 per cent of the amount of debentures maturing during the 31st day of March of that year.

Issue Related Expenses

The expenses of this Issue include, among others, Fees for the Lead Managers, Co-Lead Managers, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses to be incurred for the Issue size of upto ₹ 2,000 Million (assuming the full subscription including the retention of over subscription of upto ₹2,000 Million) are as follows:

Activity	Amount
Lead Management Fee (Lead Managers and Co-Lead Managers)	0.85
Advertising and Marketing Expenses and Brokerage	51.00
Printing, Stationery and Distribution	3.00
Others (Debenture Trustee Fees, Registrar Fee, Credit Rating Fee, Legal Fees, Stamp Duty & Registration expense etc.)	5.80
Total	60.65

(₹ in million)

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

Underwriting

The Issue has not been underwritten.

Details regarding the public issue during the last three years by our Company and other listed companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956:

There are no public or rights or composite issue of capital by listed companies under the same management within the meaning of Section 370(1) (B) of the Companies Act, 1956 during the last three years.

Our Company has not made any public issue of Equity Shares in the last five years.

Other than the Issue of Secured Redeemable Non Convertible Debentures of face value of ₹ 1,000 each aggregating to ₹ 5000 million, in the year 2013-2014, our Company has not made any Public Issue of debentures or rights issuances in the last five years:

Previous Issue

Other than the Issue of Secured Redeemable Non Convertible Debentures of face value of ₹ 1,000 each aggregating to ₹ 5000 million, in the year 2013-2014, our Company has not made any public issue of Equity Shares or debentures in the past.

Other than as specifically disclosed in this Prospectus, our Company has not issued any securities for consideration other than cash.

Commissions and Brokerage on previous issue

An expense of ₹ 25.40 million was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000.00 each aggregating to ₹5,000.00 million pursuant to the prospectus dated December 02, 2013;

Stock Market Data

Our existing non-convertible debentures have been listed on the WDM segment of the BSE and NSE. As our Non-Convertible Debentures are actively traded on both BSE and NSE, stock market data has been given separately for each of these Stock Exchanges in Annexure I.

Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding

As on February 15, 2014, our Company has listed, rated, secured, non-convertible redeemable debentures aggregating to an outstanding amount of ₹ 5,700 million. Apart from the above, there are no outstanding debenture bonds, redeemable preference shares or other instruments issued by our Company that are outstanding. For details please refer to “*Financial Indebtedness*” on page 142.

Dividend

Our Company has no stated dividend policy. The declaration and payment of dividends on our shares will be recommended by the Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. Our Company has not declared any dividend in the last five financial years.

Disclosure of Track Record of Lead Managers/ Co-Lead Managers to Issue

The details of the track record of the respective Lead Managers/ Co-Lead Managers to the Issue, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on the respective websites of the Lead Managers/ Co-Lead Managers to the Issue.

Revaluation of assets

Our Company has not revalued its assets in the last five years.

Mechanism for redressal of investor grievances

The agreement dated February 13, 2014 between the Registrar to the Issue and our Company provides for settling of investor grievances in a timely manner and for retention of records with the Registrar to the Issue for a period of seven years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer giving full details such as name, address of the applicant, number of NCDs applied for, amount paid on application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the application was submitted. The contact details of Registrar to the Issue are as follows:

Link Intime India Private Limited

C- 13 Pannalal Silk Mills Compound,
LBS Marg,
Bhandup (West),
Mumbai 400 078, Maharashtra, India

Tel: +91 22 2596 7878;

Fax: +91 22 2596 0329

Email: iihfl.ncd2@linkintime.co.in

Investor Grievance mail: iihfl.ncd2@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Dinesh Yadav

SEBI Regn. Number: INR000004058

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be 7 (seven) business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these

complaints as expeditiously as possible.

Mr. Nirav Shah has been appointed as the Compliance Officer of our Company for this issue.

The contact details of Compliance officer of our Company are as follows:

Mr. Nirav Shah

12A-10, 13th Floor, Parinee Crescenzo
C-38 & 39, G-Block, Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
Maharashtra, India

E-mail: nirav.s@indiainfoline.com

Tel.: +91 22 67881000

Fax: +91 22 67881010

Change in Auditors of our Company during the last three years

There has been no change(s) in the Statutory Auditors of our Company in the last 3 (three) financial years preceding the date of this Prospectus.

KEY REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. Taxation statutes such as the IT Act and applicable local sales tax statutes, and other miscellaneous regulations and statutes apply to us as they do to any other Indian company. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The major regulations governing our Company are detailed below:

The National Housing Bank Act, 1987

The National Housing Bank Act, 1987 (the “**NHB Act**”), was enacted to establish NHB to operate as a principal agency to promote HFCs both at the local and regional levels and to provide financial and other support to such institutions for matters connected therewith or incidental thereto. The business of the NHB, among others, includes promoting, establishing, supporting or aiding in the promotion, establishment and for housing activities of HFCs, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the Central Government; making loans and advances or other forms of financial assistance to; guaranteeing the financial obligations of HFCs and underwriting the issue of stocks, shares, debentures and other securities of HFCs; formulating one or more schemes for the purpose of mobilisation of resources and extension of credit for housing; providing guidelines to the HFCs to ensure their growth on sound lines; providing technical and administrative assistance to HFCs and exercising all powers and functions in the performance of duties entrusted to the NHB under the NHB Act or under any other law for the time being in force.

Under the NHB Act, every HFC is required to obtain a certificate of registration and meet the requirement of net owned funds of ₹ 100 million or such other higher amount as the NHB may specify for commencing or carrying on the business of HFCs. As per the notification issued by NHB dated July 23, 2011, the minimum net owned funds required to be achieved by an HFC which is a company and carries on the business of HFC is; (i) ₹ 40 million by June 30, 2012, (ii) ₹ 70 million by June 30, 2013, and (iii) ₹ 100 million by March 31, 2014. Further, every HFC is required to invest and continue to invest in India in unencumbered approved securities, an amount which, at the close of business on any day, is not less than 5% (or such higher percentage as the NHB may specify, not exceeding 25%), of the deposits outstanding at the close of business on the last working day of the second preceding quarter.

Additionally, every HFC is required to maintain in India an account with a scheduled bank in term deposits or certificate of deposits (free of charge or lien) or in deposits with the NHB or by way of subscription to the bonds issued by the NHB, or partly in such account or in such deposit or partly by way of such subscription, a sum which, at the close of business on any day, together with the investment as specified above, shall not be less than 10% (or such higher percentage as the NHB may specify, not exceeding 25%), of the deposits outstanding in the books of the HFC at the close of business on the last working day of the second preceding quarter. Pursuant to the NHB Act, every HFC is also required to create a reserve fund and transfer therein a sum not less than 20% of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

Under the terms of the NHB Act the NHB has the power to direct deposit accepting HFCs to furnish such statements, information or particulars relating to deposits received by the HFC, as may be specified by the NHB. The NHB may cause an inspection to be made of any deposit accepting HFCs, for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for the purpose of obtaining any information or particulars which the HFC has failed to furnish on being called upon to do so. If any HFC accepting deposits fails to comply with any direction given by the NHB, the NHB may prohibit the acceptance of deposits by that HFC.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the “**DRT Act**”) provides for establishment of the Debts Recovery Tribunals (the “**DRTs**”) for expeditious adjudication and recovery of debts

due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

The Housing Finance Companies (National Housing Bank) Directions, 2010, as amended

The objective of the NHB Directions, 2010 is to consolidate and issue directions in relation to the acceptance of deposits by the housing finance institutions. Additionally, the NHB Directions, 2010 provide the prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed by the housing finance institutions and the matters to be included in the auditors' report by the auditors of housing finance institutions.

Pursuant to the NHB Directions, 2010 no HFC shall accept or renew public deposits unless the HFC has obtained minimum investment grade rating for its fixed deposits from any one of the approved rating agencies, at least once a year and a copy of the rating is sent to the NHB and it is complying with all the prudential norms, provided that:

- an HFC having obtained credit rating for its fixed deposits not below the minimum investment grade rating as above and complying with all the prudential norms, may accept public deposits not exceeding five times of its net owned funds; and
- An HFC which does not have the requisite rating for its fixed deposits shall obtain the same within a period of six months' time from the date of notification or such extended period as may be permitted by the NHB, to obtain the prescribed rating for its fixed deposits.

Under the NHB Directions, 2010, no HFC shall have deposits inclusive of public deposits, the aggregate amount of which, together with the amounts, if any, held by it which are referred in the Reserve Bank of India Act, 1934, and loans or other assistance from the NHB, is in excess of sixteen times of its net owned funds. In addition, no HFC shall accept or renew any public deposit which is (a) repayable on demand or on notice; or (b) unless such deposit is repayable after a period of 12 months or more but not later than 120 months from the date of acceptance or renewal of such deposits. On and from July 6, 2007 no HFC shall invite or accept or renew any public deposit at a rate of interest exceeding 12.5% per annum, such interest being payable or compounded at rests which should not be shorter than monthly rests. On and from September 20, 2003, no HFC shall invite or accept or renew repatriable deposits from non-resident Indians in terms of Notification No. FEMA.5/2000-RB dated May 3, 2000 under Non-Resident (External) Account Scheme at a rate exceeding the rates specified by the RBI for such deposits with scheduled commercial banks.

An HFC which has failed to repay any public deposit or part thereof in accordance with the terms of conditions of such deposit, is not permitted to grant any loan or other credit facility by whatever name called or make any investment or create any other asset as long as the default exists.

In accordance with the prudential norms mentioned in the NHB Directions, 2010, income recognition shall be based on recognised accounting principles. Every HFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into certain specified classes, viz. standard assets, sub-standard assets, doubtful assets and loss assets. Every HFC, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, is required to make provision against substandard assets, doubtful assets and loss assets as provided under the NHB Directions, 2010.

The NHB has amended the provisioning norms in the NHB Directions, 2010 pursuant to the notification no. NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011 as further amended by NHB *vide* notification no.

NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 as amended by notification no. NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013. The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted are required to be:

- a) loss assets - the entire assets are required to be written off. If assets are permitted to remain in the books for any reason, then 100% of the outstanding should be provided for;
- b) doubtful assets - 100% provision to the extent to which the advance is not covered by the realisable value of the security to which a HFC has a valid recourse shall be made and in addition, depending upon the period for which the asset has remained doubtful provision to the extent of 25% to 100% of the secured portion i.e. the estimated realisable value of the outstandings shall be made in the following manner: i) 25% up to the period of one year; ii) 40% for the period of one year to three years and iii) 100% for the period more than three years,
- c) substandard assets - provision of 15% of the total outstanding,
- d) standard assets: (i) standard assets with respect to housing loans at teaser/special rates - provision of 2% on the total outstanding amount of such loans and the provisioning of these loans to be re-set after one year at the applicable rates from the date on which the rates are re-set at higher rates if the accounts remain standard; (ii) (a) standard assets in respect of Commercial Real Estates Residential Housing ("CRE-RH")(consisting of loans to builders/ developers for residential housing projects (except for captive consumption). Such projects do not include non-residential commercial real estate. However, integrated housing projects comprising of some commercial space (e.g. shopping complex, school etc) can be classified as CRE-RH, provided that the commercial space in the residential housing project does not exceed 10% of the total floor space index("FSI") of the project. In case the FSI of the commercial area in the predominantly residential housing complex exceeds the ceiling of the project loans, the entire loan should be classified as CRE (and not CRE-RH) - provision of 0.75% on the total outstanding amount of such loans; (ii) (a) standard assets in respect of all other Commercial Real Estates ("CRE") (consisting of loans to builders/developers/others for office buildings, retail space, multipurpose commercial premises multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc other than those covered in (ii)(a). Loans for third dwelling unit onwards to an individual will also be treated as CRE exposure) – provision of 1% on the total outstanding amount of such loans; and (iii) standard assets in respect of all loans other than (i) and (ii) - a general provision of 0.4% of the total outstanding amount of loans which are standard assets is required to be made.

Pursuant to the notification no. NHB.HFC.DIR.9/CMD/2013, no HFC shall (i) grant housing loans upto ₹2.0 million to individuals with LTV ratio exceeding 90%, (ii) grant housing loans above ₹2.0 million and upto ₹7.5 million to individuals with LTV exceeding 80% and grant housing loans above ₹7.5 million to individuals with LTV exceeding 75%

Every HFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 12% of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items.

Under the NHB Directions, 2010, degrees of credit risk expressed as percentage weighting have been assigned to balance sheet assets. Hence, the face value of each asset is multiplied by the relevant risk weights to arrive at its risk adjusted value of the asset. The aggregate shall be taken in to account for calculating the minimum capital adequacy ratio of a housing finance institution.

Further, in terms of the NHB Directions, 2010, no HFC shall invest in land or buildings, except for its own use, an amount exceeding 20% of its capital fund (aggregate of tier-I capital and tier-II capital). Such investment over and above 10% of its owned funds is required to be made only in residential units. Additionally, no HFC shall lend to any single borrower an amount exceeding 15% of its owned funds, and to any single group of borrowers exceeding 25% of its owned funds. An HFC is not allowed to invest in the shares of another company an amount exceeding 15% of its owned funds; and in the shares of a single group of companies an amount exceeding 25% of its owned funds. An HFC shall not lend and invest (loans/investments together) amounts exceeding 25% of its owned funds to a single party and 40% of its owned funds to a single group of parties. Additionally, an HFC is not allowed to lend against its own shares and any outstanding loan granted by a HFC against its own shares on the date of commencement of the NHB Directions, 2010 shall be recovered by the HFC in accordance with the repayment schedule.

The NHB Directions, 2010 provide for exposure limits for HFC to the capital market. Pursuant to the NHB Directions, 2010, the aggregate exposure of an HFC to the capital market in all forms should not exceed 40% of its net worth as on March 31 of the previous year. Within this overall ceiling, direct investment in shares, convertible bonds, debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20% of its net worth.

The NHB *vide* circular NHB(ND)/DRS/POL-No. 36/2010 dated October 18, 2010 has directed all HFCs to not charge any prepayment levy or penalty on pre-closure of housing loans by the borrowers out of their own sources. Further, NHB, *vide* circular NHB(ND)/DRS/POL-No. 43/2011-2012 dated October 19, 2011 has directed all HFCs to discontinue the pre-payment levy or penalty on pre-closure of housing loans when (i) the housing loan is on floating rate basis and pre-closed by the borrower from funds received from any source and (ii) the housing loan is on fixed rate basis if pre-closed by the borrowers from their “own sources” which means any source other than by borrowing from a bank, HFC, NBFC and/or a financial institution. It has been clarified *vide* circular NHB(ND)/DRS/Pol-No.48/2011-12 dated April 4, 2012 that the instruction applicable to fixed interest rate housing loans referred to in the circular dated October 19, 2011 will be applicable to such loans which carry fixed rate of interest at the time of origination. Further, it has been directed *vide* circular NHB(ND)/DRS/Pol-No.51/2012-13 dated August 7, 2012 that all dual/special rate (combination of fixed and floating) housing loans will attract the preclosure norms applicable to fixed/floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. A fixed rate loan shall be considered to be a loan where the rate is fixed for entire duration of the loan. Thus, in the case of a dual/special rate housing loans, the pre-closure norm for floating rate will be applicable once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period. This shall be applicable to all such dual/special rate housing loans being foreclosed hereafter.

The NHB *vide* circular NHB(ND)/DRS/POL-No. 44/2011-2012 dated October 19, 2011 has directed all HFCs to apply uniform rates of interest to all the borrowers (existing and new), who have the same credit/risk profile and have availed the housing loans on a floating rate basis. The NHB, *vide* circular NHB(ND)/DRS/Pol-No. 46/2011-12 dated February 23, 2012, has clarified that the requirement for uniform rates of interest as set out in the NHB circular dated October 19, 2011 is mandatory and applicable to all housing loans on a floating rate basis to all individual borrowers who have availed housing loans on a floating rate basis from October 19, 2011, and who have the same credit/risk profile. The credit/risk profiling of the individual housing loan borrowers should be completed by HFCs by April 30, 2012. The circular dated October 19, 2011 will not apply to the special housing loan schemes offered by HFCs on certain occasion for the limited period for which the said rate is applicable.

The NHB *vide* circular NHB(ND)/DRS/POL-No. 58/2013-14 dated November 18, 2013 has directed all HFCs to ensure that disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing projects/ houses and upfront disbursement should not be made in cases of incomplete/ under-construction/ greenfield housing projects/ houses.

The Prevention of Money Laundering Act, 2002

The Prevention of Money Laundering Act, 2002 (the “PMLA”) was enacted to prevent money laundering and to provide for confiscation of property derived from, and involved in, money laundering. In terms of the PMLA, every financial institution, including housing finance institutions, is required to maintain record of all transactions including the value and nature of such transactions, furnish information of such transactions to the director defined under PMLA and verify and maintain the records of the identity of all its clients, in such a manner as may be prescribed. The PMLA also provides for power of summons, searches and seizures to the authorities under the PMLA. In terms of PMLA, whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering. The NHB *vide* circular NHB(ND)/DRS/POLNo. 13/2006 dated April 10, 2006 had introduced anti-money laundering measures wherein the HFCs were advised *inter-alia* to follow the customer identification procedure, maintenance of records of transactions and period of preservation of such record keeping in view of the provisions of PMLA. Further, the aforesaid circular introducing anti-money laundering measures were reviewed and revised *vide* circular NHB(ND)/DRS/POL-No.33/2010-11 dated October 11, 2010 in light of amendments in the PMLA and the rules framed there under. Further the 2010 Notification requires the HFC to verify identity of non-account based customer while carrying out transaction of an amount equal to or exceeding ₹ 50,000.

SARFAESI Act

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution may sell financial assets to an asset reconstruction company provided the asset is an NPA. A bank or financial institution may sell a financial assets only if the borrower has a consortium or multiple banking arrangements and at least 75% by value of the total loans to the borrower are classified as an NPA and at least 75% by the value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale. These assets are to be sold on a “without recourse” basis only. The SARFAESI Act provides for the acquisition of financial assets by securitization company or reconstruction company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Refinance Scheme for Housing Finance Companies, 2003

Pursuant to Refinance Scheme for Housing Finance Companies, 2003 (“**Refinance Scheme**”), as amended *vide* circular NHB(ND)/ROD/HFC/LRS/17/2004 dated April 15, 2005, HFCs registered with the NHB are eligible to obtain refinance from the NHB in respect of their direct lending up to ₹ 5 million to individuals for the purchase, construction, repair and upgrade of housing units.

In addition, the HFCs are required to provide long term finance for purchase, construction, repair and upgrading of dwelling units by home-seekers. The HFCs are also required to have specific levels of capital employed and net owned funds to be eligible to avail refinance facilities under the Refinance Scheme. The financial assistance can be drawn by HFCs in respect of loans already advanced by them and also for prospective disbursements. The security for refinance from the NHB may generally be secured by a charge on the book debts of a HFC. If at any time the NHB is of the opinion that the security provided by the HFC has become inadequate to cover the outstanding refinance, it may advise the HFC to furnish such additional security including, *inter-alia*, charges on immovable/moveable property or a requisite guarantee.

Master Circular on Housing Finance issued by the Reserve Bank of India

Pursuant to the Master Circular on Housing Finance dated July 2, 2013, as amended issued by the Reserve Bank of India (“**Master Circular**”), banks are eligible to deploy their funds under the housing finance allocation in any of three categories, *i.e.* (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB/Housing and Urban Development Corporation Limited, or combination thereof. Indirect finance includes loans to HFCs, housing boards, other public housing agencies, etc., primarily for augmenting the supply of serviced land and constructed units.

Under the terms of the Master Circular, banks may grant loans to HFCs taking in to account (long-term) debt-equity ratio, track record, recovery performance and other relevant factors. All HFCs registered with NHB are eligible to apply for refinance from NHB and will be eligible subject to the refinance policy. The quantum of term loan to be sanctioned to them will not be linked to net owned funds as NHB has already prescribed the ceiling on total borrowing of HFCs.

Priority sector lending

Pursuant to a RBI circular dated July 20, 2012 and October 17, 2012, loans granted by banks to HFCs, approved by the NHB for the purpose of refinance, for on-lending for purchase/construction/reconstruction of individual

dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to an aggregate loan limit of ₹1 million per borrower would be classified under priority sector, provided that all inclusive interest rate charged to the ultimate borrower is not exceeding the lowest lending rate of the lending bank for housing loans plus 2% p.a. However, the eligibility under this measure is restricted to 5% of the individual bank's total priority sector lending, on an ongoing basis. The maturity of bank loans should be co-terminus with average maturity of loans extended by HFCs. Banks should maintain necessary borrower-wise details of the underlying portfolio.

Guidelines for Asset Liability Management System for HFCs vide circular NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010

The guidelines for introduction of asset liability management system by HFCs was issued by NHB *vide* circular NHB(ND)/HFC(DRS-REG)/ALM/1407/2002 dated June 28, 2002 (“**ALM Guidelines**”). NHB has since revised the guidelines. The revised guidelines would be applicable to all HFCs irrespective of whether they are accepting/holding public deposits or not. The ALM Guidelines for HFCs lays down broad guidelines for HFCs in respect of systems for management of liquidity and interest rate risks. The ALM Guidelines provide that the board of directors of an HFC should have overall responsibility for management of risks and should decide the risk management policy and set limits for liquidity, interest rate, exchange rate and equity price risks. Additionally, an asset-liability committee is required to be constituted consisting of the HFC's senior management including the chief executive officer for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFC's budget and decided risk management objectives. Asset-liability management support groups to be constituted of operating staff are required to be responsible for analysing, monitoring and reporting the risk profiles to the asset-liability committee.

The ALM Guidelines also recommended classification of various components of assets and liabilities into different time buckets for preparation of gap reports (liquidity and interest rate sensitive). The gap is the difference between rate sensitive assets and rate sensitive liabilities for each time bucket. In accordance with the ALM Guidelines, HFCs which are better equipped to reasonably estimate the behavioural pattern of various components of assets and liabilities on the basis of past data/empirical studies could classify them in the appropriate time buckets, subject to approval by the asset-liability committee/board of the HFC.

Guidelines on Fair Practices Code for HFCs

The Guidelines on Fair Practices Code for HFCs (“**Fair Practices Code**”) were issued by the NHB *vide* circular NHB(ND)/DRS/POL-No-16/2006 dated September 5, 2006 and were revised by NHB *vide* circular NHB/ND/DRS/Pol-No. 34/2010-11 dated October 11, 2010 and as further amended *vide* circular NHB (ND)/DRS/Pol. No. 38/2010-11, dated April 25, 2011, to bring more clarity & transparency and to cover all aspects of loan sanctioning, disbursement and repayment issues. The Fair Practices Code seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency, encourage market forces, promote fair and cordial relationship between customer and HFCs and foster confidence in the housing finance system.

The Fair Practices Code provides for provisions in relation to providing regular and appropriate updates to the customer, prompt resolution of grievances and confidentiality of customer information. Further, the HFCs are required to disclose information on interest rates, common fees and charges through notices etc. HFCs are required to ensure that all advertising and promotional material is clear and not misleading and that privacy and confidentiality of the customers' information is maintained. Further, whenever loans are given, HFCs should explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/her notice or by making personal visits and/or repossession of security, if any.

Guidelines for Recovery Agents Engaged by HFCs

The Guidelines for Recovery Agents Engaged by HFCs (“**Recovery Agents Guidelines**”) were issued on July 14, 2008 by the NHB in relation to the practices and procedures regarding the engagement of recovery agents by the HFCs. In terms of the Recovery Agents Guidelines, HFCs are required to have a due diligence process in place for engagement of recovery agents, which should cover *inter-alia*, individuals involved in the recovery process. HFCs are required to ensure that the agents engaged by them in the recovery process carry out verification of the antecedents of their employees and HFCs may decide the periodicity at which re-verification

should be resorted to. HFCs are required to ensure that the recovery agents are properly trained to handle with care and sensitivity their responsibilities, in particular, aspects like hours of calling and privacy of customer information, among others. HFCs are also required to inform the borrower of the details of recovery agency firms/companies while forwarding default cases to the recovery agency.

Under the Recovery Agents Guidelines, any person authorised to represent an HFC in collection and/or security repossession should follow guidelines which includes *inter-alia* contacting the customer ordinarily at the place of his/her choice; interaction with the customer in a civil manner and assistance to resolve disputes or differences regarding dues in a mutually acceptable and orderly manner. Each HFC should have a mechanism whereby the borrower's grievances with regard to the recovery process can be addressed. The details of the mechanism should also be furnished to the borrower. HFCs have been advised to constitute grievance redressal machinery within the company and give wide publicity about it through electronic and print media.

HFCs are required to, at least on an annual basis, review the financial and operational condition of the service providers to assess their ability to continue to meet their outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider should highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.

Know Your Customer Guidelines

The KYC Guidelines issued by NHB on October 11, 2010 mandate the KYC policies and anti-money laundering measures for HFC to have certain key elements, including *inter-alia* a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to NHB KYC Guidelines and the exercise of due diligence by the NBFC, including its brokers and agents.

Norms for excessive interest rates

The NHB notification has advised all HFCs to revisit internal policies in determining interest rates and fee and other charges. According to this advice, the board of each HFC is required to revisit its policies on interest rate determination, fees and other charges, including margins and risk premiums charged to different categories of borrowers and approve the same. HFCs are advised to put in place an internal mechanism to monitor the process and operations in relation to disclosure of interest rates and charges in view of the guidelines indicated in the Fair Practices Code, to ensure transparency in communications with borrowers.

Companies Act, 2013

The Companies Act, 2013 has been notified by the Government of India on August 30, 2013 (the "Notification"). Under the Notification, Section 1 of the Act has come into effect and the remaining provisions of the Act have come and shall come into force on such date/s as the Central Government may notify. Section 1 of the Act deals with the commencement and application of the Companies Act, and amongst others, sets out the types of companies to which the Act applies. Further the Ministry of Corporate Affairs has by its notification dated September 12, 2013 ("September 12 Notification") notified 98 sections of the Act to come into force from September 12, 2013. The Government of India has reserved for itself the power to notify different provisions of the Act at different points of time. The substantial operative part of the legislation will be in the rules, which is yet to be notified. The Act seeks to overhaul the Companies Act, 1956 so as to make it more adaptable to the changing circumstances and make it comprehensive.

Further, the sections of the Act that has been notified under the September 12 Notification amongst others includes the provisions in relation to private and public companies, prospectuses, refunds of share application money, civil and criminal liability for misstatements in a prospectus, allotment of securities, buyback of securities, capital redemption reserve account, calling of extra ordinary general meeting, appointment of directors, prohibition of insider trading, foreign companies and offences under the Companies Act.

Additionally, section 465 (yet to be notified) of the Act provides for repeals and savings where under anything done or any action taken or purported to have been done or taken, including any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the repealed enactments shall, insofar as it is not inconsistent with the provisions of Companies Act, be deemed to have been done or taken under the corresponding provisions of the Companies Act.

Under the Act every company having net worth of ₹ 500 crore or more, or turnover of ₹ 1000 crore or more or a net profit of ₹ 5 crore or more during any financial year shall formulate a corporate social responsibility policy. Further, the board of every such company shall ensure that the company spends, in every financial year, at least two % of the average net profits of the company made during the three immediately preceding financial years in pursuance of its corporate social responsibility policy.

Foreign Investment in HFCs

Foreign Investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications there-under, read with the presently applicable Consolidated FDI Policy, dated April 5, 2013 (“**Consolidated FDI Policy**”) (provisions of the Circular 1 of 2012) issued by the Department of Industrial Policy and Promotion from time to time. As per the provisions of the Consolidated FDI Policy, 100% FDI under the automatic route is permitted for investment in the Non-Banking Finance Companies, which includes HFCs, subject to the following conditions:

1. Minimum Capitalization:
 - a. For FDI up to 51% - US\$ 0.5 million to be brought upfront
 - b. For FDI above 51% and up to 75% - US\$ 5 million to be brought upfront
 - c. For FDI above 75% and up to 100% - US\$ 50 million out of which US\$ 7.5 million to be brought up front and the balance in 24 months.
2. Foreign investors can set up 100% step down subsidiaries for specific NBFC activities, , subject to bringing in US\$ 50 million without any restriction on number of operating subsidiaries and without bringing in additional capital.
3. Joint venture operating NBFCs that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capitalization norms mentioned above.
4. Compliance with guidelines of the relevant regulator is required in this regard.
5. The minimum capitalization norms would apply where the foreign holding in the NBFC (both direct and indirect) exceeds the limits indicated above.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

FII Regulations and Portfolio Investment Scheme of RBI

FII including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated/institutional portfolio managers, are allowed to make portfolio investments in all securities of listed and unlisted companies in India. Investments by registered FIIs or non-resident Indians made through a stock exchange and complying with certain other specified criteria under the FEMA Regulations are known as portfolio investments. FIIs wishing to invest and trade in Indian securities in India under the portfolio investment route are required to register with the SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995 (“**FII Regulations**”). FIIs may also invest in securities of Indian companies pursuant to the FDI route discussed above. FIIs that are registered with SEBI are required to comply with the provisions of the FII Regulations. A registered FII may buy, subject to certain ownership restrictions, and sell freely securities issued by any Indian company (excluding companies in certain sectors). The total holding of each FII/SEBI approved sub-account shall not exceed 10% of the total paid-up capital of an Indian company. The 10% limit would include shares held by SEBI registered FII/SEBI approved sub accounts of FII under the portfolio investment scheme is by way of purchases made through a registered broker on a recognised stock exchange in India or by way of offer/private placement as well as shares acquired by FII under the FDI scheme. However, the total holdings of all FII/sub-accounts of FIIs aggregated shall not exceed 24% of the paid-up capital or paid-up value of each series of convertible debentures. In case of foreign corporates or

High Net worth Individuals registered as sub accounts of an FII, their investment shall be restricted to 5% of the paid-up capital of the Indian company. All FIIs and their sub-accounts taken together cannot acquire more than 24% of the paid-up capital of an Indian Company. The threshold of 24% can be increased to the sectoral cap or statutory limit applicable to the Indian company concerned by resolution of such company's board of directors followed by the passing of a special resolution by the shareholders of such company and subject to prior approval from the RBI. The Indian company has to intimate the raising of the FII limit to the RBI to enable the Bank to notify the same on its website for larger public dissemination.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. We are required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

Fiscal Legislations

Our Company is subject to certain fiscal legislations such as the Income Tax Act, 1961 and The Central Sales Tax Act, 1956.

SECTION VIII - SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. In case of any inconsistency between the Articles of Association of our Company and the Companies Act, 1956 and the Act, the Companies Act, 1956 and the Act shall prevail over the Articles of Association of our Company. Pursuant to Schedule II of the Companies Act, 1956 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

I. PRELIMINARY

1. The Regulations contained in Table “A” in Schedule I to the Act, hereinafter referred to as Table “A” shall be deemed to be incorporated with the form part of these Articles with the exception of such portions of Table “A” as are hereinafter expressly or by necessary implication excluded altered or modified.
2. (a) In these regulations :
 - (1) “The Act” means the Companies Act, 1956
 - (2) “The Company” means India Infoline Housing Finance Limited.
 - (3) “The Seal” means the Common Seal of the Company.
- (b) Unless the context otherwise required, words or expressions contained in these regulations shall bear the same meanings as in the Companies Act, 1956 or any statutory modification thereof in force at the date at which these regulations become binding on the Company.

II. SHARE CAPITAL AND VARIATION OF RIGHTS

3. a) The Authorised Share Capital of the Company shall be in accordance with the clause V of the Memorandum of Association of the Company.
b) Minimum paid up capital of the Company shall be ₹5,00,000/-
4. The Company in a general meeting may, from time to time, by Ordinary Resolution increase the Capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon such terms & conditions, and with such rights and privileges annexed thereto, as the general meeting shall direct and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right as to dividends and in the distribution of the assets of the Company and with a right of voting at general meetings of the Company.
5. Subject to the provisions of Act, the shares shall be under the control of the Directors who may allot or otherwise dispose off the same to such persons at such price on such terms and conditions and at such time as they think fit and with full power and subject to the sanction of the Company in General Meeting to give any person the option to call for or be allotted shares of any class of the Company either at a premium or at par or at a discount subject to the provision of section 78 and 79 of the Act, provided that option to call shall not be given to any person except with the consent of the General Meeting.
6. Where at any time after the expiry of two years from the formation of the Company or any time after the expiry of one year from the allotment of shares made for the first time after formation of the Company, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares;
 - (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares in the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;

- (b) Such offer shall be made by a notice specifying the number of shares offered and stipulating a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to hereinabove shall contain a statement of this right; and
- (d) After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose off such shares in such manner as the Board think most beneficial to the Company;

Notwithstanding anything contained in the preceding clause, the Company may:

- i. by a Special Resolution is passed in general meeting; or
- ii. where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained the resolution moved in that general meeting (including the casting vote, if any, of the chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting, and the central government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company;
- iii. issue further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company.

Subject to the provision of clauses of this Article and subject to the provisions of the Act, the Directors shall have full power and authority to issue further share capital from time to time including to decide as to the manner in which such further capital may be issued, to whom the same may be issued, the issue price or consideration including the terms of payment thereof and whether the same may be issued for cash or for consideration other than cash.

- 7. Subject to the provisions of the Act, the Company in general meeting, from time to time, by Ordinary Resolution alter the conditions of its Memorandum of Association so as to:
 - (a) increase its share capital by such amount as it thinks expedient by issuing new shares;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- 8. If at any time share capital is divided into different classes, the right attached to any class of shares (unless otherwise provided by the terms of the issue of shares of that class) may subject to the provisions of the Sections 106 and 107 of the Companies Act, 1956be modified, commuted, effected, abrogated or varied (whether or not the company is being wound up) with the consent in writing of the holders of not less than three- fourth of the issued shares of that class or with the sanction of the special resolution passed at a separate meeting of the holders of that class of shares and all the provisions hereinafter contained as to General Meeting shall mutatis mutandis apply to every such meeting.

III. SHARES AND SHARE CERTIFICATES

- 9. Subject to the Companies (Issue of Share Certificates) Rules, 1960, certificates of Shares shall be issued under the seal of the Company as signed by two Directors and Secretary or some other person appointed by the Board for the purpose. Every certificate of shares shall bear the name of the member and denote the number of shares in respect of which it is issued and amount paid thereon.
- 10. If two or more persons are required as joint holders of any shares, any one of such persons may give effectual receipt for any dividends, bonus or moneys payable in respect of such share.

11. The certificate of share registered in the name of two or more person shall be delivered to the persons first named in the register in respect thereof unless such joint holders otherwise direct in writing.
12. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of a share as the absolute owner thereof, and accordingly no person shall be recognised by the Company as holding any share upon the trust and the Company as shall not be bound by or recognise any equitable, contingent, future, or partial interest in any fractional part of a share or (except only as by the statute or under order of court) any other right in respect of any share except an absolute right to the entirety thereof as the registered holder.
13. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall unless otherwise expressly provided by the terms of issue of the shares of that class, not be deemed to be varied by the creation or issue of further shares ranking pari passu therewith
14. If a share certificate is defaced, lost or destroyed it may be renewed on payment of such fee, if any, not exceeding Rupee one, and on such terms, if any, as to evidence and indemnity and the payment of out of pocket expense incurred by the Company in investigating evidence, as the Directors think fit and in accordance with the statutory rules in this regards.
15.
 - (a) No Shareholders shall mortgage or create any lien or charge or hypothecation on the shares held by him without the consent of the Directors.
 - (b) The Directors shall not recognise any lien on any of the shares in the Company, which has been created without their permission.

IV. CALLS ON SHARES

16. The Directors may, from time to time make such calls as they think fit, upon the members in respect of all monies unpaid on their shares and subject to, if any, special terms upon which any shares may have been issued. All the calls shall be made on a uniform basis on shares falling under the same class.
17. A call be deemed to have been made at the time when the resolution of Board authorising the call was passed and may be required to be paid by installments at the discretion of the Directors or on such subsequent date as shall be determined by the Directors.
18. The joint holder of the shares shall be jointly and severally liable to pay calls in respect thereof.

V. FORFEITURE OF SHARES

19. Regulation 29 to 35 of Table "A" shall apply.

VI. TRANSFER AND TRANSMISSION OF SHARES

20. The instrument of transfer shall be in writing and all the provision of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be complied with in respect of the registration thereof. Every instrument of transfer shall be signed by or on behalf of the transferee and the transferor and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.
21. No fee will be charged for the registration of any transfer, grant of probate, grant of letter of administration, certificate of death or marriage, power of attorney or other instruments.
22. No shares shall be transferred to the outsiders until the existing shareholders of the Company refuse to accept the offer of such transfer at the value determined by the Directors.
23. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

24. The Company shall keep a book to be called the "Register of renewed and Duplicate Certificates" and there in shall be fairly and distinctly entered the particulars of the issue of the renewed, duplicate certificates in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old decrepit, worn out or rendered useless.
25. The instrument of transfer after registration shall be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall, on demand be returned to the person depositing the same.
26. Subject to the provisions of a Section 111 of the Companies Act, 1956 of any statutory modification thereof for the time being in force, the Board of Directors may at any time at their discretion and by giving reasons or grounds, decline to register or acknowledge any transfer of any shares and in particular may so decline in any case in which the Company has a lien upon the shares desires to be transferred on which call remains unpaid. The registration of the transfer shall be conclusive evidence of the approval of the Board of Directors of the transferee. Provided that registration of the transfer shall not be refused on the grounds of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.
27. If the Company refuses to register the transfer of any shares or transmission of any right therein, the Company shall, within one month from the date on which the instrument of transfer or intimation of the transmission was lodged with the company, sent notice of refusal to transferee and transferor or to the person giving intimation of the transmission, as the case may be, and thereupon the provisions of the Companies Act, 1956 or any statutory modification or re-enactment thereof shall apply.
28. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or unless an indemnity be given to the Company with regard to such registration which the directors at their discretion shall consider sufficient provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

VII. GENERAL MEETING

29. A General Meeting of the Company may be called by giving not less than Twenty One days clear notice.
30. The accidental omissions to give any such notice or the non-receipt of any such notice by any of the members to whom it should be given shall not invalidate any resolution passed or proceeding held at any such meeting.
31. Five members present personally shall be quorum for all purpose at any General Meeting.
32. No business shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of the business.
33. The directors shall on the requisition of such member or members of the Company as is specified in Section 169 of the Companies Act, 1956 forthwith proceed duly to call an Extraordinary General Meeting of the Company and in the case of such requisition the provisions of the said Section shall have effect.
34. The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting. If there is no such Chairman or if at any meeting or if he shall not be present within fifteen minutes after the time appointed for holding such meeting or being present declines to take the chair, the Directors present may choose one of their member to be the Chairman and in default of their doing so, the members present shall choose one of the directors to be the Chairman, and if no director present be willing to take the Chair, shall on a show of hands, elect one of the members to be the Chairman of the meeting. If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Companies Act, 1956 and the Chairman so elected shall exercise

all the powers of the Chairman under the said provisions. If some other person is elected Chairman as a result of poll, he shall be the Chairman for the rest of the meeting.

35. At any General Meeting a resolution put to the vote of the meeting shall unless a poll is demanded be decided on a show of hands.
36. Before or on the declaration of the result of the voting on any resolution on show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that before by one or more member holding shares of prescribed amount and having the right to vote on the resolution and present in person or by proxy.
37. The demand for poll may be withdrawn at any time by the person or persons who made the demand.
38. The Chairman of a General Meeting may with the consent of the meeting, adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

VIII. VOTING

39. Subject to any rights or restrictions for the time being attached in any class or classes of shares the voting shall be done by following way :
 - (a) On a show of hand, every members holding Equity Share or Shares and present in person shall have one vote, and
 - (b) On a poll he shall have number of vote as the number of shares held by him.

IX. DIRECTORS

40.
 - (a) Unless and until otherwise determined by the Company in general meeting the number of Directors shall not be less than 3 (Three) and more than 12 (Twelve) including nominee Directors.
 - (b) The following shall be the first Directors of the company :

Shri Nirmal Jain
Shri Rajamani Venkataraman
Shri Mukesh Kumar Singh
Shri R Mohan
Shri Kapil Krishan
 - (c) Quorum for the Board meeting shall be two Directors or 1/3rd of the total strength of the Board whichever is higher.
41. A Director shall not be required to hold any share in the capital of the Company to qualify him as a Director.
42. The Directors may at any time appoint any person as Directors to fill any casual vacancy or as an additional Director to their number subject to the maximum number herein before provided in Article 29 (a) above and the Additional Director so appointed shall retain his office until the next annual general meeting and shall then be eligible for reappointment by the Company in that meeting.
43. The office of Directors shall be vacated in accordance with the provisions contained in the Companies Act, 1956 and also if he is removed from his office in accordance with the provisions of the Act.
44. Subject to the provisions of any agreement for the time being in force the Company may by an ordinary resolution remove any Director and may also by an ordinary resolution appoint a person in his place, but special notice shall be required in either case.
45. If at any time the Company obtains any loans or any assistance in connection therewith by way of guarantee or otherwise from any person, firm, body corporate, local authority, or public body

(hereinafter called 'The Institution') debentures or debenture-stock and enters into any contract or arrangement with the institution whereby the institution subscribes for or underwrites the issue of the Company's shares or debentures or debenture-stock or provides any assistance to the Company in any manner whatsoever and it is a term of the relative loan, assistance or contract or arrangement that the Institution shall have the right to appoint one or more Director or Directors to the Board of the Company, then subject to the provisions of Section 255 of the Companies Act, 1956 and subject to the terms and conditions of such loan, assistance, contract or arrangement the institution shall be entitled to appoint one or more Director or Directors, as the case may be, to the Board of the Company, and to remove from office any Director so appointed and to appoint another in his place or in the place a Director so appointed who resigns or otherwise vacates his office. Any such appointment or removal shall be made in writing and shall be served at the office of the Company.

The Director or Directors so appointed shall neither be required to hold any qualification share nor be liable to retire by rotation and shall continue in office for so long as the relative loan, assistance, contract or arrangement, as the case may be, subsists or so long as the Institution holds any shares of the Company in terms thereof.

46. The Directors shall receive out of the funds of the Company a sum as the Board may from time to time determine for every meeting attended by him. The Directors shall also be entitled to be paid travelling, hotel and other reasonable expense incurred in connection with their attendance at Board meetings or any committee thereof or otherwise in the execution of their duties as Directors.
47. If any Directors shall be called upon to perform extra services either as Technical Advisory or otherwise, or to make special exertion for any of the purpose of the Company or giving special attention to the business of the Company or as a member of a committee of the Directors, then subject to Section 198, 309 and 310 and 314 of the Act, the Directors may pay remuneration which may be either in addition to or in substitution of any other remuneration to which he may be entitled.

X. MANAGING DIRECTOR / WHOLETIME DIRECTOR

48. The Board may from time to time appoint one or more Directors to be Managing Directors or Whole time Directors for such terms, and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another) as it may think fit, and a Director so appointed shall not, while holding that office, be subject to retirement by rotation. But his appointment shall be subject to determination ipso facto if he ceases from any case to be a Director of the Company & General Meeting resolve that his tenure of office of Managing Director/Whole time Director be determined.

XI. SECRETARY

49. Subject to the provision of Section 383A of the Companies Act, 1956, a manager or secretary may be appointed by the Board on such terms, at such remuneration and upon such conditions as it may think fit and any Secretary so appointed may be removed by the Board.
50. A Director may be appointed as Secretary subject to Section 314 of the Act.
- 51.
- (a) The Board of Directors may subject to the provision of the Companies Act, 1956 from time to time delegate any of their powers to Committee consisting of such member or members as they think fit and may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated, conform to any regulation that may from time to time be imposed upon it by the Directors.
 - (b) The meeting and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulation made by Directors under the last preceding Articles.

XII. BUY-BACK OF SHARES

52. Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as required by law.

XIII. UNCLAIMED DIVIDEND

- 53.
- (a) Where the dividend has been declared by the Company but not paid or the warrant in respect thereof has not been posted within prescribed days under applicable laws, from the date of declaration to any shareholder entitled to the payment thereof, the Company shall within 5 days from the date of declaration, transfer the total amount of dividend which remain unpaid or in relation to which no dividend has been posted within the prescribed period to a special account to be opened by the Company in that behalf in any Scheduled Bank to be called - "Unpaid Dividend Account of India Infoline Housing Finance Limited".
 - (b) Any money transferred to the unpaid dividend account of the Company in pursuance of sub-clause (a) hereof which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund of the Central Government but a claim to any money not transferred to the Investor Education and Protection Fund may be referred to the Central Government by the person to whom the money is due and shall be dealt with as if such transfer to the Investors Education and Protection Fund had not been made.
 - (c) The Company shall, when making any transfer under sub-clause (b) hereof to the Investor Education and Protection Fund of the Central Government any unpaid or unclaimed dividend furnish to such office as the Central Government may appoint in this behalf a Statement in the prescribed form in respect of all sums included in such transfer the nature of the sums, the names and last known addresses of the person entitled to receive the sum, the amount to which each person is entitled and the nature of his claim thereto and such other particulars as may be prescribed.
 - (d) No unclaimed dividend shall be forfeited by the Board unless the claim thereto become barred by law and the Company shall comply with the provisions of Section 205-A of the Act, in respect of unclaimed dividend.

XIV. SEAL

54. **The seal, its custody and use.**

The Board shall provide a Common seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu of the same, and the Board shall provide for the safe custody of the seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

55. **Deeds how executed.**

Every Deed or other instrument, to which the seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 22 (a).

XV. AUDIT

56. In every year, the accounts of the Company shall be examined and audited at least once by an Auditor who shall be duly appointed. If the Auditor has been appointed by the Company in a General Meeting, his remuneration shall be fixed by the Company in General Meeting and where the Auditor has been appointed by the Board of Directors of the Company, his remuneration may be fixed by the Directors

XVI. SECRECY

57. Every Director, Manager, Auditor, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall observe strict secrecy in respect of all transaction of the Company with the customers and the state of accounts with individuals and in matters relating thereto and shall not reveal in the discharge of his duties except when required to do so by the Directors as such or by any meeting or by Court of law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

XVII. WINDING UP

58. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets, shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the Capital paid up or which ought to have been paid up as at the Commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the member shall be more than sufficient to repay the whole of the capital at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this article is to be without prejudice to the rights of the holder of shares issued upon special terms and conditions.
59. If the Company shall be wound up whether voluntary, or otherwise, Liquidators may with the sanction of a Special Resolution, divide amongst the members in specie or kind any part of the assets of the Company as the Liquidators, with the like sanction, shall think fit.

XVIII. INDEMNITY

60. Subject to Section 201 of the Act, every Director, officer or agent for the Company shall be indemnified out of the Company's fund against any liability incurred by him in defending any proceedings, whether, civil or criminal, in which judgments is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Companies Act, 1956 in which relief is granted to him by court.

SECTION IX -OTHER INFORMATION**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or/ are to be entered into by our Company. These Contracts which are or may be deemed material shall be attached to the copy of this Prospectus to be delivered to the Registrar of Companies, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company from 10.00 am to 4.00 pm on Working Days from the date of the filing of the Draft Prospectus with Stock Exchanges until the Issue Closing Date.

Material Contracts to the Issue

1. Memorandum of Understanding dated February 14, 2014 between the Company, the Co- Lead Managers and the Lead Managers.
2. Agreement dated February 13, 2014 between the Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated February 13, 2014 executed between the Company and the Debenture Trustee.
4. The agreed form of the Debenture Trust Deed to be executed between the Company and the Debenture Trustee.
5. Escrow Agreement dated February 25, 2014 executed by the Company, the Registrar, the Escrow Collection Bank(s), Lead Managers and the Co-Lead Managers.

Material Documents

1. Certificate of Incorporation of the Company dated December 26, 2006, issued by Registrar of Companies, Maharashtra, Mumbai.
2. Certificate for commencement of business dated August 16, 2007, issued by Registrar of Companies, Maharashtra, Mumbai.
3. Memorandum and Articles of Association of the Company.
4. The certificate of registration No. 02.0070.09 dated February 03, 2009 issued by National Housing Bank u/s 29A of the National Housing Bank Act, 1987.
5. Credit rating letter dated February 13, 2014 from CRISIL, granting credit ratings to the NCDs.
6. Credit rating letter dated February 13, 2014 from ICRA read with clarification letter dated February 17, 2014, granting credit ratings to the NCDs.
7. Copy of the Board Resolution dated February 13, 2014 approving the Issue.
8. Copy of the Board Resolution dated July 1, 2013 approving appointment of Mr. B. K. Singh as Manager under Section 269 of the Companies Act, 1956.
9. Resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting held on September 23, 2013 approving the overall borrowing limit of Company.
10. Consents of the Directors, Lead Managers, Co- Lead Managers, Debenture Trustee, Lead Brokers, Credit Rating Agencies for the Issue, Pritesh Mehta & Co. (the Chartered Accountant issuing statement of tax benefit), Company Secretary and Compliance Officer, Legal Advisor to the Issue, Bankers to the Issue, Bankers to the Company and the Registrar to the Issue, to include their names in this Prospectus.
11. The consents of the Statutory Auditors of our Company, namely M/s Sharp & Tannan Associates for

inclusion of their names as the Statutory Auditors.

12. The examination report of the Statutory Auditors dated February 17, 2014 in relation to the Reformatted Summary Financial Statements included herein.
13. Annual Reports of the Company for the last five Financial Years 2008 – 09 to 2012 – 13 and for six month ended September 30, 2013.
14. A statement of tax benefits dated February 11, 2014 received from Pritesh Mehta & Co., Chartered Accountants regarding tax benefits available to us and our debenture holders;
15. Due Diligence certificate dated February 26, 2014 filed by the Lead Managers and the Co-Lead Managers.
16. Tripartite Agreement dated December 17, 2012 and September 09, 2010 between us, the Registrar to the Issue and CDSL and NSDL, respectively for offering depository option to the investors.
17. In-principle Approval letters both dated February 25, 2014 issued by NSE and BSE, for the Issue.
18. SEBI letter dated February 18, 2014 clarifying that our Company may issue NCDs in physical form only to those investors who wish to subscribe in physical form, as entitled under Section 8(1) of the Depositories Act, 1996.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the applicants subject to compliance of the provisions contained in the Act and other relevant statutes

DECLARATION

We, the undersigned, Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act and the guidelines issued by the Government of India and/or the regulations/ guidelines/ circulars issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, applicable provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We further certify that all the disclosures and statements made in this Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any miss-statements.

Signed by the Directors of our Company

Mr. S. Sridhar

Mr. Kranti Sinha

Mr. Nirmal Jain

Mr. R. Venkataraman

Mr. Mukesh Kumar Singh

Mr. R Mohan

Date: February 26, 2014

Place: Mumbai

ANNEXURE I - STOCK MARKET DATA

Non-convertible debentures of our Company have been listed on NSE and BSE on January 1, 2014

BSE

ISIN	Month	Date of High	High Price (₹)	Volume on date of High	Date of Low	Low Price (₹)	Volume on Date of low	Average
INE477L07040	January	January 13, 2014	985.8	213	January 29, 2014	971	2247	977.32

NSE

ISIN	Month	Date of High	High Price (₹)	Volume on date of High	Date of Low	Low Price (₹)	Volume on Date of low	Average
INE477L07040	January	January 1, 2014	989.15	479	January 16, 2014	970.13	3262	976.97

ANNEXURE II- RATING RATIONALE

Please turn over for the rating rationale for the Credit Ratings issued by ICRA and CRISIL.

Rest of the page has been intentionally kept blank



Rating Rationale

February 25, 2014
Mumbai

India Infoline Housing Finance Limited

'CRISIL AA-/Stable' assigned to NCD issue

Total Bank Loan Facilities Rated	Rs.1000 Million
Long Term Rating	CRISIL AA-/Stable (Reaffirmed)

(Refer to Annexure 1 for Facility-wise details)

Rs. 2 Billion Non Convertible Debentures	CRISIL AA-/Stable (Assigned)
Rs. 5 Billion Non Convertible Debentures	CRISIL AA-/Stable (Reaffirmed)
Rs. 500 Million Non Convertible Debentures	CRISIL AA-/Stable (Reaffirmed)
Rs. 2 Billion Short Term Debt (Including Commercial Paper)	CRISIL A1+ (Reaffirmed)

CRISIL has assigned its '**CRISIL AA-/Stable**' rating to the Rs.2.0 billion non-convertible debentures issue of India Infoline Housing Finance Ltd (IIHFL; part of the India Infoline group), and has reaffirmed its ratings on IIHFL's bank facilities and other debt instruments at '**CRISIL AA-/Stable/CRISIL A1+**'.

The ratings continue to reflect the India Infoline group's diverse presence in the financial services segment, and its adequate capitalisation. These rating strengths are partially offset by the group's average resource and earnings profile.

For arriving at the ratings, CRISIL has combined the business and financial risk profiles of all India Infoline group companies. This is because these companies have strong operational and financial intra-group linkages, common promoters and senior management, as well as a shared brand name.

India Infoline group, through its various subsidiaries, operates in the retail finance; broking: equity, commodity and currency; third-party financial product distribution, and wealth management businesses. The lending business remains the key growth driver for the group, and its outstanding portfolio was around Rs.100.4 billion as on December 31, 2013 (Rs.93.7 billion as on March 31, 2013). The portfolio largely consists of mortgage finance (52 per cent), gold loans (31 per cent) and capital-market based lending (9 per cent). The proportion of gold loans is likely to gradually decline over the medium term.

The India Infoline group through its broking arm, India Infoline Ltd, is among the large players in the retail broking segment. The group also has a presence in the institutional, currency and commodity broking segment. However, over the medium term, the company intends to gradually shift its retail broking clients towards investment in mutual funds, insurance products, and bonds. The group continues to have a strong market position in the insurance and other products distribution business, and is one of the leading non-bank life insurance distributor in India. The assets under advisory in the wealth management business were sizeable at Rs.520 billion as on December 31, 2013.

The group's ability to scale down operations in its retail broking and gold finance businesses, without impairing business growth and profitability will be a key rating monitorable.

The India Infoline group's capitalisation is adequate, supported by a large net worth of Rs.21.6 billion and a gearing of around 4.8 times as on December 31, 2013 (Rs.19.6 billion and 4.8 times, respectively, as on December 31, 2012). The consolidated net worth and gearing of India Infoline Finance Ltd (the non-banking finance company [NBFC] arm of the group) was also adequate at Rs.18.5 billion and 5.4 times, respectively, as on December 31, 2013. CRISIL believes that the India Infoline group will maintain adequate capitalisation and a consolidated gearing of around 6.0 times over the medium term.

The India Infoline group's resource profile continues to remain average, with high dependence on wholesale funding from banks, which constituted around 44.8 per cent of total borrowings as on December 31, 2013. However, the group is diversifying its resource mix and has raised Rs.23.0 billion through public debenture issuances in the past two years. Additionally, the company's reliance on short-term borrowings has reduced

to 27 per cent of total borrowings as on December 31, 2013, from 39 per cent as on March 31, 2013. CRISIL will continue to monitor the group's ability to diversify its resource profile, and raise long-term resources at competitive rates to manage asset liability mismatches in the retail finance portfolio.

Additionally, India Infoline group's earnings profile is average. The profitability of the retail finance business continues to remain below industry average with return on assets of India Infoline Finance Ltd. at 1.7 per cent (annualised) for the nine months ended December 31, 2013 (2.0 per cent for the corresponding period of the previous year). The group's existing capital-market-related businesses continue to hinge on economic, political, and social factors that control investor sentiments. The group's ability to improve its earning in the retail finance business, and thereby, on the overall group profitability will remain a key monitorable.

Outlook: Stable

CRISIL believes that the India Infoline group will continue to maintain its adequate capital position and

CRISIL believes that the India Infoline group will continue to maintain its adequate capital position, and strong presence in the financial services segment. The outlook may be revised to 'Positive' if the India Infoline group reports a significant improvement in its market position and earnings profile, across its various businesses. Conversely, the outlook may be revised to 'Negative' if India Infoline group's capitalisation or earnings profile weakens, or there is significant deterioration in the asset quality of the group's retail finance business.

About the Group

The India Infoline group, through its main companies, India Infoline Ltd, India Infoline Finance Ltd, IIFHL, India Infoline Commodities Ltd, IIFL Wealth Management Ltd, and IIFL (Asia) Pte Ltd, offers a wide range of financial products and services, including retail finance, broking, investment banking and wealth management, distribution of life insurance and other products.

Incorporated in February 2009, IIFHL is a wholly-owned subsidiary of India Infoline Finance Ltd, which is a 98.87per cent subsidiary of India Infoline Ltd. IIFHL is engaged in the mortgage financing business, and had an asset base of Rs.7.6 billion, and a reported net worth of Rs.3.0 billion as on September 30, 2013. IIFHL reported a total income and a net profit of Rs.390.2 million and Rs.117.8 million, respectively, for the half year ended September 30, 2013. The company reported a total income and profit after tax (PAT) of Rs.452.0 million and 139.7 million, respectively, for 2012-13.

The India Infoline group reported a PAT of Rs.2.0 billion, on a total income of Rs.20.5 billion for the nine months ended December 31, 2013, vis-a-vis a PAT of Rs.1.9 billion on a total income of Rs.19.3 billion for the corresponding period of the previous year. The India Infoline group reported a PAT of Rs.2.7 billion on a total income of Rs.26.7 billion for 2012-13.

Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Million)	Rating	Facility	Amount (Rs.Million)	Rating
Proposed Long Term Bank Loan Facility	1000	CRISIL AA-/Stable	Proposed Long Term Bank Loan Facility	1000	CRISIL AA-/Stable
Total	1000	--	Total	1000	--

Media Contacts	Analytical Contacts	Customer Service Helpdesk
<p>Tanuja Abhinandan Communications and Brand Management CRISIL Limited Phone: +91 22 3342 1818 Email:tanuja.abhinandan@crisil.com</p> <p>Shweta Ramchandani Communications and Brand Management CRISIL Limited Phone: +91 22 3342 1886 E-mail: shweta.ramchandani@crisil.com</p>	<p>Pawan Agrawal Senior Director - CRISIL Ratings Phone:+91 22 3342 3301 Email: pawan.agrawal@crisil.com</p> <p>Rajat Bahl Director - CRISIL Ratings Phone:+91 22 3342 8274 Email: rajat.bahl@crisil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll free number:1800 267 1301 Email:CRISILratingdesk@crisil.com</p>

Note:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. However, CRISIL alone has the sole right of distribution of its rationales for consideration or otherwise through any media including websites, portals etc.

Crisil complexity levels are assigned to various types of financial instruments. The crisil complexity levels are available on www.crisil.com/complexity-levels. Investors are advised to refer to the crisil complexity levels for instruments that they desire to invest in. Investors may also call the Customer Service Helpdesk with queries on specific instruments.

About CRISIL LIMITED

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

About CRISIL Ratings

CRISIL Ratings is India's leading rating agency. We pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we have a leadership position. We have rated over 60,000 entities, by far the largest number in India. We are a full-service rating agency. We rate the entire range of debt instruments: bank loans, certificates of deposit, commercial paper, non-convertible debentures, bank hybrid capital instruments, asset-backed securities, mortgage-backed securities, perpetual bonds, and partial guarantees. CRISIL sets the standards in every aspect of the credit rating business. We have instituted several innovations in India including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We pioneered a globally unique and affordable rating service for Small and Medium Enterprises (SMEs). This has significantly expanded the market for ratings and is improving SMEs' access to affordable finance. We have an active outreach

programme with issuers, investors and regulators to maintain a high level of transparency regarding our rating criteria and to disseminate our analytical insights and knowledge.

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We use your contact information, such as your name, address, and email id, to fulfil your request and service your account and to provide you with additional information from CRISIL and other parts of McGraw Hill Financial you may find of interest.

For further information, or to let us know your preferences with respect to receiving marketing materials, please visit www.crisil.com/privacy. You can view McGraw Hill Financial's Customer Privacy Policy at <http://www.mhfi.com/privacy>.

Last updated: May, 2013

Disclaimer: A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crisil.com, or at (+91 22) 3342 3000.

February 25, 2014

<http://www.crisil.com>

Stay Connected | [CRISIL Website](#) | [Twitter](#)  | [LinkedIn](#)  | [YouTube](#)  | [Facebook](#) 

CRISIL has revised its rating symbols and definitions with effect from July 11, 2011, to comply with the SEBI circular, 'Standardisation of Rating Symbols and Definitions'. The revised rating symbols carry the prefix, 'CRISIL'. The rating symbols for short-term instruments have been revised to 'CRISIL A1', 'CRISIL A2', 'CRISIL A3', 'CRISIL A4', and 'CRISIL D' from the earlier 'P1', 'P2', 'P3', 'P4', and 'P5', respectively. The revision in the rating symbols and definitions is not to be construed as a change in the ratings. For details on revised rating symbols and definitions, please refer to the document, 'Revision of Rating Symbols and Definitions', at the link, <http://www.crisil.com/ratings/credit-rating-scale.html>

**Ratings of [ICRA]AA- with stable outlook assigned to the sub-ordinate debt programme and non convertible debentures programme of India Infoline Housing Finance Limited; other ratings re-affirmed**

Instrument	Amount	Rating Action (February 2014)
Subordinated debt programme – public issue	Rs. 300 crore	[ICRA]AA- (stable) / assigned
Long term debt programme	Rs 100 crore	[ICRA]AA- (stable) / assigned
Long term bank lines	Rs 160 crore	[ICRA]AA- (stable) / re-affirmed
Short term debt programme	Rs 55 crore	[ICRA]A1+ / re-affirmed

ICRA has assigned the rating of [ICRA]AA- with stable outlook to the Rs 300 crore unsecured, redeemable sub-ordinate debt programme - [ICRA]A1+ (pronounced ICRA A one plus), Rs 100 crore long term and re-affirmed [ICRA]AA- rating with stable outlook to the Rs 160 crore and [ICRA]A1+ to the Rs 55 crore short term debt programme of India Infoline Housing Finance Limited (IIHFC).

The ratings reflect IIHFL's ultimate parentage of India Infoline Ltd's (IIL) (rated at [ICRA]AA-/ [ICRA]A1+), group's comfortable network, established presence in retail and institutional retail broking business, diversified business revenues with reasonable contribution from distribution income and significant income from financing book, robust risk management systems and comfortable liquidity profile. In ICRA's view, IIHFL is of strategic importance for India Infoline group and expects IIL to continue providing full managerial, financial and operational support to IIHFL. Going forward, IIHFL's ratings would be sensitive to its parent IIL's rating, which in turn is sensitive to its ability to maintain profitability through economic downturns while establishing new business ventures.

As at December 2013, the lending book size of the company as to the tune of Rs 837 crore largely constituted by LAP of Rs 169 crore, Home loan portfolio of ~Rs 380 crore and remaining being loans to builders. The book has grown aggressively in FY 14 with 2.5 times increase when compared to March 2013. As at Dec'13, the asset quality of the portfolio was moderate with gross NPA at 0.88% and net NPA at 0.51%. The asset quality of the company has witnessed moderate deterioration from ~0.26% as at March 2013.

The resource profile of the company has improved significantly in 9MFY14 with the successful public issue to the tune of Rs 500 crore. As per the management, these funds were used to consolidate the overall borrowings and increase the lending book size. Also, the ultimate parent (IIL) infused ~Rs 135 crore in the form of compulsorily convertible preference shares augmenting the capitalization levels of the company. As at Dec'13, the borrowings for the company stood at Rs 589 crore, indicating leverage levels of ~1.9 times as at that date.

The profitability indicators largely remained modest with PAT of Rs 12 crore in H1FY14 as compared to Rs 14 crore for FY 13 (indicating an increase of ~80% on a small base. Cost to income ratio has largely remained stable at ~22.4% and RoNW is modest at ~10-11%.

Company Profile**Infoline Housing Finance Limited**

India Infoline Housing Finance Limited (IIHFC), a 100% subsidiary of India Infoline Finance Limited which in turn is a 99% subsidiary of India Infoline Limited, received registration as a housing finance company in 2009. Loan portfolio of the company increased to Rs 344 crores in FY13 from Rs. 253 as on Mar-12.



However, the group is seeing strong competition in this segment from banks and is not able to grow the book aggressively.

For FY 13, IIFL has reported total income of Rs 45.19 crore (Rs 43.12 crore for FY 12) and PAT of ~Rs 13.97 crore (Rs 3.59 crore in FY 12). As on March 31, 2013, it had a net worth of Rs 156 crores and a book size of Rs 344 crore.

India Infoline Ltd

IIL was founded in 1995 and the group is engaged in equity broking, portfolio management services, depository services, investment banking, distribution of mutual funds, insurance products and other financial products, commodity broking, margin funding, consumer loan funding and wealth management. IIL group's consolidated networth (excluding minority interest) strengthened to ~Rs 1959 crore as on March 31, 2013.

IIL, on consolidated basis reported Profit After Tax (net of minority interest) of Rs 279 crores on a Total Income of Rs 2665 crores in FY13 as compared with net Profits of Rs 136 crores on a Total Income of Rs 1887 crores in FY12

February 2014



For further details please contact:

Analyst Contacts:

Mr. Karthik Srinivasan (Tel No. +91-22-6179 6365)
karthiks@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar, (Tel. No. +91-22-6179 6393)
shivakumar@icraindia.com

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex".
The classification of instruments according to their complexity levels is available on the website www.icra.in

You can reach us at any of our offices:

Registered Office

ICRA Limited

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office

Mr. Vivek Mathur

Mobile: **9871221122**

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax: +91-124-4545350

Mumbai

Mr. L. Shivakumar

Mobile: **91-22-61796393/9821086490**

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3, Senapati Bapat Road, Lower Parel, Mumbai - 400 025
Ph : +91-22-2433 1046/ 1053/ 1062/ 1074/ 1086/ 1087
Fax : +91-22-2433 1390

Kolkata

Ms. Anuradha Ray

Mobile: **91-33-22813158/9831086462**

Email: anuradha@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna, 234/ 3A, A.J.C. Bose Road, Kolkata-700020.
Tel: +91-33-2287 6617/ 8839/ 2280 0008
Fax: +91-33-2287 0728

Chennai

Mr. Jayanta Chatterjee

Mobile: **9845022459**

Email: jayantac@icraindia.com

Email: **Mr. K. Ravichandran**
Mobile: **91-44-24340043/ 9940008808**
Email: ravichandran@icraindia.com

5th Floor, Karumuttu Centre, 498 Anna Salai, Nandanam, Chennai-600035.
Tel: +91-44-2433 3293/ 94, 2434 0043/ 9659/ 8080, 2433 0724, Fax:91-44-24343663

Bangalore

Mr. Jayanta Chatterjee

Mobile: **9845022459**

Email: jayantac@icraindia.com

2nd Floor, Vayudhoot Chambers, Trinity Circle, 15-16 M.G.Road, Bangalore-560001.
Tel:91-80-25597401/ 4049 Fax:91-80-25594065

Ahmedabad

Mr. L. Shivakumar

Mobile: **9821086490**

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge, Ahmedabad- 380006

Pune

Mr. L. Shivakumar

Mobile: **9821086490**

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar,Pune-411 020



ICRA Limited

An Associate of Moody's Investors Service

Tel: +91-79-26585494, 26582008, 26585049, 26584924
TeleFax: +91-79- 2648 4924

Tel : (91 20) 2552 0194 -96; Fax : (91 20) 2553 9231

Hyderabad

Mr. M.S.K. Aditya

Mobile: **9963253777**

Email: adityamsk@icraindia.com

301, CONCOURSE, 3rd Floor, No. 7-1-58, Ameerpet,
Hyderabad 500 016.

Tel: +91-40-2373 5061 /7251 Fax: +91-40- 2373 5152