



INDIA INFOLINE INVESTMENT SERVICES LIMITED

A Public Limited Company Incorporated under the Companies Act, 1956, as amended ("the Act").
 Registered as a Non-Banking Financial Company within the meaning of the Reserve Bank of India Act, 1934 (2 of 1934).
Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-2, Thane Industrial Area, Wagle Estate, Thane - 400 604, Tel: +91 22 2580 6650, Fax: +91 22 2580 6654. **Corporate Office:** IIFL Center, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Tel.: +91 22 4249 9000 Fax: +91 22 2495 4313 **Website:** www.iiflinvestments.com,
Compliance Officer and Contact Person: Mr. Binoy Parikh; **E-mail:** binoy.parikh@indiainline.com

APPLICATION FORM

ISSUE OPENS ON : THURSDAY, AUGUST 4, 2011
ISSUE CLOSES ON: FRIDAY, AUGUST 12, 2011

Application No. _____

PUBLIC ISSUE BY INDIA INFOLINE INVESTMENT SERVICES LIMITED, ("COMPANY" OR "ISSUER") OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH, ("NCDs"), AGGREGATING UPTO ₹ 3,750 MILLION WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UPTO ₹ 3,750 MILLION FOR ISSUANCE OF ADDITIONAL NCDs AGGREGATING TO A TOTAL OF UPTO ₹ 7,500 MILLION, HEREINAFTER REFERRED TO AS THE "ISSUE".

Lead Manager / Broker's Name & Code	Sub-Broker's/ Agent's Code	Bank Branch Stamp	Bank Branch Serial No.	Date of Receipt
SMC Global 23/07714-31				

To, The Board of Directors, INDIA INFOLINE INVESTMENT SERVICES LIMITED, IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-2, Thane Industrial Area, Wagle Estate, Thane - 400 604.

Dear Sirs,
 Having read, understood and agreed to the contents and terms and conditions of India Infoline Investment Services Limited's Prospectus dated July 29, 2011, ("Prospectus") I/We hereby apply for allotment to me/us; of the under mentioned NCDs out of the Issue. The amount payable on application for the below mentioned NCDs is remitted herewith. I/We hereby agree to accept the NCDs applied for or such lesser number as may be allotted to me/us in accordance with the contents of the Prospectus subject to applicable statutory and/or regulatory requirements. I/We irrevocably give my/our authority and consent to IDBI Trusteeship Services Limited, to act as my/our trustees and for doing such acts and signing such documents as are necessary to carry out their duties in such capacity. I/We acknowledge that the NCDs will be pari passu with other secured creditors and will have priority over unsecured creditors. I/We confirm that I am/We are Indian National(s) resident in India and I am/ we are not applying for the said NCDs as nominee(s) of any person resident outside India and/or Foreign National(s). I/We further confirm that applications made by me/us do not exceed the investment limit on the maximum number of NCDs which may be held by me/us under applicable statutory and/or regulatory requirements.
 Notwithstanding anything contained in this form and the attachments hereto, I/we confirm that I have carefully read and understood the contents, terms and conditions of the Prospectus, in their entirety and further confirm that in making my/our investment decision: (i) i/we have relied on my/our own examination of the Company and the terms of the Issue, including the merits and risks involved, (ii) our/my decision to make this application is solely based on the disclosures contained in the Prospectus, (iii) my/our application for NCDs under the Issue is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by me/us, (iv) I/we am/are not persons resident outside India and/or foreign nationals within the meaning thereof under the Foreign Exchange Management Act, 1999, as amended and rules regulations, notifications and circulars issued thereunder, and (v) I/we 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.

Please fill in the Form in English using BLOCK letters

Date / / 2011

APPLICANTS' DETAILS

NAME OF SOLE/FIRST APPLICANT Mr./Mrs./Ms. _____ AGE _____ years

NAME OF GUARDIAN MR./MRS./MS. _____ DATE OF BIRTH _____
 (In case of minor only) (Compulsory for minor) | d | d | m | m | y | y | y | y

ADDRESS (of Sole / First Applicant) _____

City _____ Pin Code (Compulsory) _____ Telephone _____ E-mail _____

SECOND APPLICANT Mr./Mrs./Ms. _____

THIRD APPLICANT Mr./Mrs./Ms. _____

OTHER DETAILS OF SOLE/FIRST APPLICANT CATEGORY (please)

Category I Public Financial Institution Commercial / Co-operative / Regional Rural Bank Provident Fund, Pension Fund, Superannuation Fund and Gratuity Fund National Investment Fund
 Statutory Corporation Venture Capital funds registered with SEBI Insurance Companies registered with the IRDA Mutual Funds

Category II Companies / Bodies Corporate / Registered Societies Public/Private Charitable/Religious Trusts Scientific and/or Industrial Research Organisations
 Partnership Firms in the name of the partner Limited liability partnership

Category III Resident Indian individual Hindu Undivided Families through the Karta

DEPOSITORY PARTICIPANT DETAILS

Depository Name (Please) National Securities Depository Limited (NSDL) Central Depository Services (India) Limited (CDSL)

Depository Participant Name _____

DP - ID _____

Beneficiary Account Number _____ (16 digit beneficiary A/c. No. to be mentioned above)

THE SPECIFIC TERMS OF EACH INSTRUMENT ARE SET OUT BELOW:

Options	I	II	III
Tenure	36 Months	40 months	60 Months
Frequency of Interest Payment	Annually	NA	Annually
Minimum Application	₹ 5,000 (5 NCDs) (for all options of NCDs, namely Options I, II and III, either taken individually or collectively)		
In Multiples of	1 NCD after the minimum subscription		
Face Value of NCDs (₹ / NCD) (A)	₹ 1,000		
Issue Price (₹ / NCD)	₹ 1,000		
Mode of Interest Payment/Redemption	Through Various options available	Not applicable	Through Various options available
Coupon (%) for NCD Holders in Category I and Category II	11.70 % per annum	NA	11.70% per annum
Coupon (%) for NCD holders in the Category III (Unreserved Individual Portion)	11.70 % per annum	NA	11.90 % per annum
Coupon (%) for NCD holders in the Category III (Reserved Individual Portion)	11.70 % per annum	NA	11.90 % per annum
Effective Yield (per annum)	11.70 %	11.70 %	For NCD holders in the Reserved and Unreserved Individual Portion - 11.90 % For all other NCD holders - 11.70 %
Redemption Date	36 months from the Deemed Date of Allotment	40 months from the Deemed Date of Allotment	60 months from the Deemed Date of Allotment
Redemption Amount (₹/NCD)	Face Value of the NCDs plus any interest that may have accrued	₹ 1,446.18	Face Value of the NCDs plus any interest that may have accrued
Deemed Date of Allotment	Date of issue of the Allotment advice		
Nature of Indebtedness	Pari Passu with other secured creditors and priority over unsecured creditors		
No of NCDs applied for (B)			
Amount Payable (₹) (A x B)			
Total Number of NCDs (I + II + III)			
Total Amount Payable (I+II+III) (₹)			

COMMON TERMS OF NCDs

Particulars	Details
Issuer	India Infoline Investment Services Limited
Stock Exchanges proposed for listing of the NCDs	NSE and BSE
Issuance and Trading	Compulsorily in dematerialised form
Trading Lot	1 (one) NCD
Depositories	NSDL and CDSL
Security	Security for the purpose of this Issue will be created in accordance with the terms of the Debenture Trust Deed. For further details please refer to the chapter titled "Issue Structure" beginning on page 190 of the Prospectus.
Rating	The NCDs proposed to be issued under this Issue have been rated '[ICRA] AA- (stable)' by ICRA for an amount of upto ₹ 7,500 million vide its letter dated July 19, 2011, and 'CARE AA-' by CARE for an amount of upto ₹ 7,500 million vide its letter dated July 19, 2011. For further details on credit rating, please refer to the Prospectus.
Issue Schedule*	The Issue shall be open from August 4, 2011 to August 12, 2011 with an option to close earlier and/or extend upto a period as may be determined by the Board of Directors.
Pay-in date	3 (three) Business Days from the date of receipt of application or the date of realization of the cheques/demand drafts, whichever is later.
Deemed Date of Allotment	Deemed date of allotment shall be the date of issue of the Allotment Advice / regret.
Submission of Application Form:	Applications to be made in prescribed form only; The forms to be completed in block letters in English; Applications should be in single or joint names and should be applied by Karta in case of HUF; 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; All Application Forms duly completed together with cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue or collection centre(s) agent(s) as may be specified before the closure of the Issue. Applicants at centres not covered by the branches of collecting banks can send their forms together with a cheque/draft drawn on/payable at a local bank in Chennai to the Registrar to the Issue by registered post; 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; Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form; and All applicants are required to tick the relevant column of "Category of Investor" in the Application Form. All applications by category I applicants shall be received only by the Lead Managers and their respective affiliates. All applicants should apply for one or more type of NCDs and/or one or more option of NCDs in a single Application Form only. Our Company would allot Option III NCDs to all valid applications, wherein the applicants have not indicated their choice of NCDs.
Additional 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 ₹ 5,000 and in multiples of ₹ 1,000 thereafter, for each application. For further details please see General Instruction No. 42B.
Basis of Allotment:	On first come first serve basis, determined on the basis of date of receipt of each application duly acknowledged by the Bankers to the Issue. Applicants belonging to the Institutional Portion, in the first instance, will be allocated NCDs upto 20% of Overall Issue Size. Applicants belonging to the Non-Institutional Portion, in the first instance, will be allocated NCDs upto 20% of Overall Issue Size. Applicants belonging to the Unreserved Individual Portion, in the first instance, will be allocated NCDs upto 20% of Overall Issue Size. Applicants belonging to the Reserved Individual Portion, in the first instance, will be allocated NCDs upto 40% of Overall Issue Size. For further details please see General Instruction No. 46.

* for various modes of interest payment, please refer page 194 - 195 of the Prospectus.

PAYMENT DETAILS [See General Instruction No. 39F]

Total Amount Payable	Cheque / Demand Draft No. _____ Dated _____ / 2011
(Rs. in figures)	Drawn on Bank _____
(Rs. in words)	Branch _____

● Please Note : Cheque / DD should be drawn in favour of "IIIFL - NCD IPO - Escrow" by all applicants. It should be crossed "A/c Payee only". ● Please write the sole/first Applicant's name, phone no. and Application no. on the reverse of Cheque/DD. ● Demographic details will be taken from the records of the Depositories for purpose of refunds, if any

PERMANENT ACCOUNT NUMBER (Mandatory) [See General Instruction no. 39E]	SOLE / FIRST APPLICANT	SECOND APPLICANT	THIRD APPLICANT
SIGNATURE(S)			

TEAR HERE

ACKNOWLEDGEMENT SLIP **INDIA INFOLINE INVESTMENT SERVICES LIMITED** Date / / 2011

Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-2, Thane Industrial Area, Wagle Estate, Thane - 400 604, Tel: +91 22 2580 6650, Fax: +91 22 2580 6654.
 Corporate Office: IIFL Center, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Tel.: +91 22 4249 9000 Fax: +91 22 2495 4313 **Website:** www.iiflinvestments.com,
Compliance Officer and Contact Person: Mr. Binoy Parikh; **E-mail:** binoy.parikh@indiainline.com

Received From _____ Application No. _____

Options	Face Value (A)	No. of NCDs applied for (B)	Amount Payable (₹) (A x B)	Cheque/Demand Draft No. _____ Dated _____ 2011	Bank's Stamp & Date
I	₹ 1000			Drawn on (Name of the Bank and Branch)	
II	₹ 1000				
III	₹ 1000				

Acknowledgement is subject to realization of Cheque / Demand Draft.

All future communication in connection with this application should be addressed to the 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 0320; Fax: +91 22 2596 0329 Toll free: 1-800-220320 Email: iifl.ncd@linkintime.co.in Investor Grievance mail: iifl.ncd@linkintime.co.in **Website:** www.linkintime.co.in. **Contact Person:** Mr. Sanjog Sud, **SEBI Regn. Number:** INR000004058. Quoting full name of Sole/First Applicant, Application No., Type of options applied for, Number of NCDs applied for, Date, Bank and Branch where the application was submitted and Cheque/Demand Draft Number and name of the Issuing bank.

While submitting the Application Form, the Applicant should ensure that the date stamp being put on the Application Form by the Bank matches with the date stamp on the Acknowledgement Slip.

INDIA INFOLINE INVESTMENT SERVICES LIMITED : APPLICATION FORMS AVAILABLE AT FOLLOWING LOCATIONS

LEAD MANAGERS / LEAD BROKERS TO THE ISSUE

AXIS BANK LIMITED

Aggra: SHOP NO. 1 & 10, BLOCK NO SIANUPAM PLAZA II, SANJAY PLACELAGRA 282002, UTTAR PRADESH. Tel: 0652-4037500. **Ahmedabad:** TRISHUL-OPPOSITE SMARTRHESHWAR TEMPLELAW GARDEN, ELLIS BRIDGEAHMEDABAD 380006 GUJARAT. Tel: 079-68306102. **Ahmedabad:** Ground Floor, Business Square, Krishna Baug Cross Road, Maninagar, Ahmedabad 380008 GUJARAT. Tel: 079- 40286212/ 704/ 05/ 06/ 07/ 08/ 09/ 10. **Ahmedabad-13**, JLN Vanay Prabha Bldg., Pathar Kupa, Relief Road, Ahmedabad GUJARAT. Tel: 079-25509556. **Ahmedabad:** Sunrise, The Shopping Mall, Shop No.31832, Near S.Wali Maharaj Mandir, Ahmedabad 380015 Gujarat India. Tel: 079-40570000. **Allahabad:** 28 B, CIVIL STATION, I.C.M.G. MARK CIVIL LINESSALABAD 211001 UTTAR PRADESH. Tel: 0532-2427645/46/47. **Anand:** SATTYAM CHAMBERS AMUL DAIRY ROADANAND 388001 GUJARAT. Tel: 0269-2509754/5. **Bangalore:** Sona Bldg. 32 C Cross & 4 B Block, Jayanganga, Bangalore 560041 Karnataka India. Tel: 080- 2655731/ 61/ 68/ 87. **Bangalore:** No. 688, 3rd A Cross, Opp Seshadripuram College, Yalahanka New Town, Bengaluru 560064 Karnataka India. Tel: 080-285678/ 0787/ 0778/ 1198, 4168 5800 **Banyamur:** M. G. Road, Esquire Centre, Opp. Nalli, Bengaluru 560001 Karnataka India. Tel: 080-2517830/ 2537057/58. **Bharuch:** CROSS SHI DAD VIDYA MANDAL, INSTITUTE OF TECHNOLOGY H.N.H.O.BHARUCH 392002 GUJARAT. Tel: 02842-248219/22521. **Bhavnagar:** PLOT NO. 4/8, VASUDHARA COMPLEXOPP. DAKSHINAMURTHY SCHOOL WAGHARODA ROADBHAVNAGAR 394002 GUJARAT. Tel: 0287-2573702/3. **Bhopal:** PLOT NO 165A & 166, STAR ARCADEP 1 NAGAR, ZONE IBHOPAL 462011 MADHYA PRADESH. Tel: 075-40851012. **Bhubaneswar:** ARCHBISHOPS HOUSESATYANAGARBHUBANESHWAR 751007 ORISSA. Tel: 0674-2522137/2504226. **Bornali:** NANDANAND BHAVAN, SADOWALLA LANE BORNI (WEST) MUMBAI 400029 MAHARASHTRA. Tel: 022-67896000. **Chandigarh:** SCO 343-344 SECTOR 35-B CHANDIGARH P0222 CHANDIGARH. Tel: 0172-4681401/0203 4682039. **Chennai:** No.87 old no.17, block C, 3rd Avenue, Anarthur East Chennai 600102 Tamil Nadu India. Tel: 044-2628947/472655573. **Chennai:** No.113, G.N.Chetty Road, T. Nagar, Chennai 600017 Tamil Nadu India. Tel: 044- 2834300/ 38 CHENNAI - 82, Dr. Radhakrishnan Sala, Mylapore, Chennai 600034 Tamil Nadu India. Tel: 044-2811086/78/8. **Chinsurah, Kolkata:** Hooghly-Chinsurah Municipality Building New Complex, Pipuliti, Chinsurah, Dist. Hooghly West Bengal India. Tel: 033- 26802-26682/68205/207/208. **Coimbatore:** VIGNESHWARI CRESTA, NO 105SAVINASHI ROAD PAPPANNACROSS PALAYAMCOIMBATORE 641037 TAMIL NADU. Tel: 0422-6517893 6465. **Delhi:** BROADWAY PREMISES CO-OP SOCIETY LTD. DSRBASABEHF AMBEDKAR ROAD DADAR TD DADAR (EAST)MUMBAI 400014 MAHARASHTRA. Tel: 022-24174/981801. **Dehradun:** 74/NEW NO.250/466/RAJPU ROADDEHRADUN 249001 UTTARAKHAND. Tel: 0135-2741398/9. **Delli:** E-6/Great Kalash - I, New Delhi 110048 Delli India. Tel: 011-29231900. **Delli:** C/321, Janakpuri, New Delhi 110058 Delhi India. Tel: 011-4158728/30, 211/30/41/5760/60. **Delli:** Statesman House, 148, Barkhamba Road, New Delhi 110010 Delhi India. Tel: 011- 47425100. **Delli:** WZ-24 A, Palam Vihda, New Delhi 110045 Delhi India. Tel: 011-25728553. **Delli:** B-214, Paschim Vihar, New Delhi 110063 Delhi India. Tel: 011- 2528480/4/03/ Delli. C-8, Esmerald & Ground Floor, Prati Vihar Main Vikas Marg, New Delhi 110082 Delhi India. Tel: 011- 22014245/48/47. **Delli:** Plot No. 6, Local Shopping Centre. DP Block, Pitampura 110034 Delhi India. Tel: 011-2731209/2731265. **Deli (NCR):** DLF City, Gurgaon, Ss-21 & 22, Galera Shopping Mall, Phase Iv, Df Outlets Elite Complex, Df City Gurgaon 122002 Haryana India. Tel: 0124-405095-97. **Dhanbad:** SHRI RAM PLAZA, 1ST FLOOR FLOOR MARKET MOREHANADABAD 826001 JHARKHAND. Tel: 0326-2300667/669. **Durgapur:** SAHID KHUDIRAM SARANI, CITY CENTRUDURGAPUR, DIST.BURDWANURGAPUR 713216 WEST BENGAL. Tel: 0343-2445033/8405. **Fort:** UNIVERSAL INSURANCE BUILDING,GROUND FLOOR 5th FLOOR, FORTMUMBAI 400001 MAHARASHTRA. Tel: 022-66172857/353. **Gandhinagar, Gujarat:** Plot No. 3, Sector 12 B, Kachch District, Gandhinagar 2001 Gujarat India. Tel: 02838-235142, 27178, 231748, 652717. **Ghatkopar:** SAT HERITAGE, TILAK ROADNEAR BALAJI MANDIRGHATKOPAR (EAST),MUMBAI 400077 MAHARASHTRA. Tel: 022-2543526/2514353. **Gurgaon:** SCO-29, SECTOR-14 NEAR HUDA OFFICE OLD DELHI-GURGAON RDGURGAON 122001 HARYANA. Tel: 011-22421930/31. **Guwahati:** CHIBBER HOUSE G ROAD DISPURGUWAHATI 781005 ASSAM. Tel: 0361-2340522/2340561. **Hyderabad:** H. No. 9-2-293/82/JH/119, Plot No. 19-11I, Road No. 9, Opp. Bhadrathi Vidya Bhawan Public School, Jubilee Hills Hyderabad 500034 Andhra Pradesh India. Tel: 040-2300082/3/4. **Hyderabad:** 6-3-879/B, Greenlands, Begumpet Road, Hyderabad 500016 Andhra Pradesh India. Tel: 040-2340 073/1/2. **Indore:** KAMAL PALAZA, 1 YESHWANT COLONYYESHWANT NIWAS ROADINDORE 452003 MADHYA PRADESH. Tel: 0731-3969077. **Jabalpur:** GRD & 1ST FLR.PANCHRATHA BLGPLOT NO 902.MODERD WRIGHT TOWNJABALPUR 482002 MADHYA PRADESH. Tel: 0761-4065004. **Jaipur:** O-15, GREEN HOUSESEASHOK MARG, O-SHEMEJAIPUR 302001 RAJASTHAN. Tel: 0141-4061111/4061118. **Jaipur:** 50/BADRI DAS COLONYMAHEWAL MARG NEAR B.M.C CHOWK/LALANDHAR 410041 PUNJAB. Tel: 0181-4633977/1773. **Jalandhar:** JADEV ARCADE, SHOP RD FLR PARK UK MAINMAN RD NR JOGGERS PARKJAMMUANABAD 181008 GUJARAT. Tel: 0288-265219/20. **Jamshedpur:** VOLTAHS HOUSE, MAIN ROADBISTUPURJAMSHEDPUR 831001 JHARKHAND. Tel: 0657-2422306/73630. **Jodhpur:** PRINCE TOWER PLOT NO 65A NEARJALUJ CHOWHRA RESIDENCY ROADJODHPUR 342003 RAJASTHAN. Tel: 0291-2647611/0291-2647622. **Kandivli:** GNPD 18-2/RAJ ARCADE CHS LTD, NEAR GARDIA MAHAVIR NAGAR, KANDIVLI (WEST)MUMBAI 400067 MAHARASHTRA. Tel: 022-26809202/2806709. **Kanpur:** 16/104 A, CIVIL LINES FRONT OF I.C.I BANKWANKANPUR 208001 UTTAR PRADESH. Tel: 0512-2346206/910. **Kochi/Ernakulam:** 41/419, GROUND FLOOR CHICAGO PLAZA RAJAJ ROAD, ERNAKULAMMUMCOI 682035 KERALA. Tel: 0484-44110405. **Kolhapur:** NAMDEO NEST, GROUND FLOOR PLOT NO 1160 RAJARAM ROAD OPP KAMLA COLLEGE, SYKES EXTN, KOLHAPUR 416001 MAHARASHTRA. Tel: 0251-6827107/ 08. **Kolkata:** Ground & First Floors, 7, Shakespear Sarani, Kolkata 700070 West Bengal India. Tel: 033-2529 7552/ 7554/ 7555/ 7556. **Kolkata:** 37, Raja Subodhan Mukherjee Road Garia, Kolkata 700084 West Bengal India. Tel: 033- 2430 8221/ 8217/ 8225/ 8213. **Kolkata:** 20, Gariahat Road, Golpark, Kolkata 700019 West Bengal India. Tel: 033-2549 9871/ 90. **Kolkata - Howrah:** Ground & First Floors, 94/1, Dr. Abani Dutt Road, Saltika, Howrah 71101 West Bengal India. Tel: 033-2866 261/ 2. **Kota:** 414, SHOPPING CENTERKOTA DISTRICTKOTA 324007 RAJASTHAN. Tel: 0744-2365511/31/14. **Lokhandwala/Chandigarh:** 'SPRINGFIELDS'LOKHANDWALAEINDIERS(WEST)MUMBAI 400093 MAHARASHTRA. Tel: 022-671559300/12/3/4. **Lucknow:** 25-24 B, ASHOK MARG,SIKANDER BAGH CHAUHAULACKNOWLEDGEJODHPUR 226001 UTTAR PRADESH. Tel: 0522-4066534/95224152012. **Ludhiana:** SHOP NO.3 L.G.F. SURYA TOWERS108 THE MALLLUDHIANA 141001 PUNJAB. Tel: 0161-4684680/87/73. **Madurai:** DOOR NO 4 GOODES SHED STREETMADURAI 625001 TAMIL NADU. Tel: 0452-2347534/3. **Malad:** SONIUM APARTMENTS, TIMBER ESTATES VJ ROAD, MALADMUMBAI 400064 MAHARASHTRA. Tel: 022-6775200/2695102. **Mangalore:** ESSEL TOWER, GROUND FLOORBLUNTS HOTEL, CIRCLEMANGALORE 575003 KARNATAKA. Tel: 0824-2140981/23/4. **Meerut:** HOTEL CRISTAL PALACE, G-2/47 CIVILLINES, BOUNDARY ROAD, MEERUT DIST.MEERUT 250001 UTTAR PRADESH. Tel: 0121-664519/26/40. **Mehsana:** Unit No. 1 to 5 (Ground Floor), Sakar Centre, Near Nagpur, Colaba, Above UCC Bank ATM, Mehsana 384002 Gujarat India. Tel: 02782-259845/ 6/ 7. **Mumbai (Central Office):** Corporate Office - Investment Bank Group, Mumbai - Level 5, Bombay Dyeing Mills Compound, P.B. Marg, Worli, Mumbai - 400025, India. Tel: 022-4424 4563. **Mulund:** KONARK DARSHAN, NEWM SURVEY 1000,CTS NO.1195,ZAVER ROAD,MULUNDMUMBAI 400080 MAHARASHTRA. Tel: 022-26565701/23. **Mysoore:** HARIPRIYA COMPLEX, TEMPLE ROAD V MAHALLA,MYSONAGAR 570003 KARNATAKA. Tel: 0824-2150093/3026/27. **Nagpur:** M. G. ROAD, RABINDRANATH TAGORE ROAD, BESIDES BOARD OFFICE CIVIL LINESNAGPUR 440001 MAHARASHTRA. Tel: 0712-6621800/6621801. **Narain Pntam:** GROUND FLOOR, ATLANTANARAIN POINTMUMBAI 400021 MAHARASHTRA. Tel: 022-2660086/086/087/088/089/090. **Nashik:** 2nd Floor, G. Road, Nashik 422002 Maharashtra India. Tel: 0253-22677901; 201-A, LAXMI TOWERS, BANDRA KURLA COMPLEX, BANDRA (E), Pin-400051, Ph:022- 66803600; HARI CHAMBER, GROUND FLOOR, 58/6A, SHAHID BHAGAT SINGH ROAD, FORT, Pin-400001, Ph:022- 22677901. **NEW DELHI:** No. 39, 3RD FLOOR, OUTER CIRCLE,OPP.SURBAR, CONNAUGHT PLACE, PIN-110001, Ph:011- 49811200/2011. **Noida:** 124/8A, ASAMI PALAZA, GOODLUCK CHOWK, DECCAN GYMKHANA, SHIVAJI NAGAR, Pin-411004, Ph:025-251606/406; 101 & 102, SILVER PRESTIGE, 1ST FLOOR, OPP. MOCIA, TILAK ROAD, SWARGATE, Pin- 411002, Ph:020- 3020549/293. **Rajkot:** 36, 3RD FLOOR, TOWAR COMMERCIAL COMPLEX, JAWAHAR COMPLEX,NEAR GALAXY HOTEL, Pin- 486001, Ph:0281- 2226383/384. **VADODRA:** GF 9, SILVERLINE TOWERS, OPP BCC TOWERS,SAYAJI NAGAR, Pin- 390005, Ph:0265- 3026945/6; 642 FORTUNE TOWERS, SAYAJI NAGAR, Pin- 390005, Ph:0265- 3026945/6. **Varanasi:** OPP. MOCIA, TILAK ROAD, SWARGATE, Pin- 411002, Ph:020- 3020549/293. **Wardha:** 36, 3RD FLOOR, TOWAR COMMERCIAL COMPLEX, JAWAHAR COMPLEX,NEAR GALAXY HOTEL, Pin- 486001, Ph:0281- 2226383/384.

JM FINANCIAL SERVICES PRIVATE LIMITED

AHMEDABAD: M/ Bhavesh Shah/Mr.Girish Shah, JM Financial Services, G-10 Chinnubai Centre, Fr.Fr.Nehru Bldg,Corner, Ashram Road, Ph.079-2657 6666 - 70. Ms. Dipsi Dave, JM Financial Services, B-101,Shivalki Plaza,Opp.AMAA, IIM Road, Ambawadi, Ph.079-3982677/273. **BANGALORE:** Ground Floor, Poochambers, Krishna Baug Cross Road, Maninagar, Ahmedabad 380008 GUJARAT India. Tel: 093-124050/2299 8284/65/86/67. **CHENNAI:** M/ Manish Doshi/Mr. Kalai Selvan, JM Financial Services, Gee Gee Crystal - 5th Floor, 91-92, Dr.Radhakrishnan Sala, Mylapore, Ph.044-4225 5666. **HYDERABAD:** Mr Ganpaty Murthy/Chandrasekar, JM Financial Services, 9-10 Uma Chambers, Tel: 093-124050/2299 8284/65/86/67. **Jaipur:** Mr. Navneet Sharma, JM Financial Services, G-7 & G-8, Brij Anukampa Plot No.K-13, Ashoka Marg-C-Scheme, Ph.0141-3984400. **KOLKATA:** M/ Bhatnagar Catalyst, Opp. Paradise Hotel, M G Road, Sector, Secunderabad 500 003 Tel. 01-4339 522. **INDORE:** Mr. Manish Upadhyay, JM Financial Services, UG-7 & 8, Ground Floor, D TOWER, 21/1, Race Course Road, Ph.0731-307111/4626111. **JAIPOUR:** Mr. Navneet Sharma, JM Financial Services, G-7 & G-8, Brij Anukampa Plot No.K-13, Ashoka Marg-C-Scheme, Ph.0141-3984400. **KOLKATA:** M/ Bhatnagar Catalyst, Opp. Paradise Hotel, M G Road, Sector, Secunderabad 500 003 Tel. 01-4339 522. **INDORE:** Mr. Manish Upadhyay, JM Financial 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Applicants are advised to read the Prospectus and the General Instructions contained in this application form carefully and to satisfy themselves of the disclosures before making an application for subscription. Unless otherwise specified, all the terms used in this application form have the same meaning as in the Prospectus. For a copy of the Prospectus, the applicant may request Company and/or the Lead Managers. Further, investors are advised to retain the copy of the Prospectus/Abridged Prospectus for their future reference. Please fill in the Form in English using BLOCK letters. Investors should carefully choose the Option(s) they wish to apply for. Please refer to Terms of the Issue in the Prospectus for details.

TERMS OF THE ISSUE

1. 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 Act, the Memorandum and Articles of Association of our Company, the terms of the Draft Prospectus, the 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, RBI, 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.

2. Ranking of NCDs: The NCDs would constitute direct and secured obligations of our Company and shall rank *pari passu inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first *pari-passu* charge in favour of the Debenture Trustee on an identified immovable property and over all of the current assets, book debts, receivables (both present and future) and such other assets of our Company other than the assets that have been exclusively charged by our Company to the extent of upto 1.1 times of the amounts outstanding in respect of the NCDs at any time. The claims of the NCD holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

3. Debenture Redemption Reserve: Section 117C of the Act 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 Our Company shall credit adequate amounts to DRR, from its profits every year until such NCDs are redeemed. The amounts credited to DRR shall not be utilized by our Company except for the redemption of the NCDs. For further details please refer to prospectus.

4. Face Value: The face value of each NCD shall be ₹ 1,000.

5. 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.

6. Rights of NCD holders: The final rights of the NCD holders will be as per the terms of the prospectus and the Debenture Trust Deed to be executed between our company and the debenture trustee. For further details please refer to prospectus.

7. Minimum Subscription: If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹ 2,812.50 million, prior to Allotment, the entire subscription shall be refunded to the Applicants within 30 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 sub-sections (2) and (2A) of Section 73 of the Companies Act.

8. Market Lot & Trading Lot: Under Section 68B of the Act, the NCDs shall be allotted only in dematerialized form. 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. Allotment in the Issue will be in electronic form in multiples of one NCD. For details of allotment refer to chapter titled "Issue Procedure" beginning on page 204 of the Prospectus.

9. Nomination facility to NCD holder: In accordance with Section 109A of the Act, 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. For further details, please refer to the Prospectus.

10. Jurisdiction: Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

11. Application in the Issue: NCDs being issued through the Prospectus can be applied for only in the dematerialised form, through a valid Application Form filled in by the applicant along with attachment, as applicable.

12. 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 subscription list of the Issue or extension, 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: August 4, 2011	Closing Date: August 12, 2011*
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*The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours on the dates indicated above or earlier or on such 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 of subscription list of the Issue, our Company shall ensure that notice of such early closure is given on such early date of closure through advertisement/s in a leading national daily newspaper.

13. 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 270 of the Prospectus.

ISSUE STRUCTURE:

14. Interest:

Option I

Category of NCD Holder	Rate of Interest per annum (%)
Category I and Category II	11.70
Reserved Individual Portion in Category III	11.70
Unreserved Individual Portion in Category III	11.70

Option III

Category of NCD Holder	Rate of Interest per annum (%)
Category I and Category II	11.70
Reserved Individual Portion in category III	11.90
Unreserved Individual Portion in category III	11.90

Option I NCDs and Option III NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 36 months and 60 months, respectively from the Deemed Date of Allotment. If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

15. Redemption Premium - Option II: In case of Option II NCDs shall be redeemed at ₹ 1,446.18 per NCD at the end of 40 months from the Deemed Date of Allotment. For further details please refer to prospectus.

16. Payment of Interest

Annual Payment of Interest: For NCDs subscribed under Option I and Option III, the relevant interest will be paid on the first day of April of every year. The first interest payment will be made on April 1, 2012 for the period commencing from the Deemed Date of Allotment till March 31, 2012. The last interest payment will be made at the time of redemption of the NCD on a pro rata basis.

Payment of Interest to NCD Holders: Payment of Interest will be made to those NCD holders whose names appear in the register of NCD 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 Interest/Refund". For further details, please refer to the Prospectus.

17. Maturity and Redemption:

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The date of maturity for NCDs subscribed under Option I, Option II and Option III is 36 months, 40 months and 60 months, respectively, from the Deemed Date of Allotment.

18. Deemed Date of Allotment: Deemed date of allotment shall be the date of issue of the Allotment Advice / regret.

19. Application Size: Each application should be for a minimum of 5 NCDs and multiples of 1 NCD thereof. The minimum application size for each application for NCDs would be ₹ 5,000 (for all options of NCDs namely, Option I, Option II and Option III NCDs either taken individually or collectively) and in multiples of ₹ 1,000 thereafter (for all options of NCDs namely, Option I, Option II and Option III NCDs either taken individually or collectively). Applicants can apply for any or all options of NCDs offered hereunder (any/all options) using the same Application Form. 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.

20. Terms of Payment: The entire issue price 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 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 199 of this Prospectus.

21. Record Date: The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 3 (three) days prior to the date on which interest is due and payable, or the date of redemption or as prescribed by the relevant stock exchange(s).

22. Manner of Payment of Interest / Refund : The manner of payment of interest / refund in connection with the NCDs is set out below:

For NCDs applied / held in electronic form: The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants who have applied for or are holding the NCDs in electronic 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 result in delays in credit of refunds to the applicant at the applicant's sole risk, and the Lead Managers, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

For NCDs held in physical form: The bank details will be obtained from the Registrar to the Issue for payment of interest / refund / redemption as the case may be. For further details please refer to prospectus.

23. Loan against NCDs and Buyback of NCDs: For further details please refer to prospectus.

24. Form and Denomination: In case of NCDs held in physical form, a single certificate will be issued to the NCD holder for the aggregate amount ("Consolidated Certificate") for each type of NCDs. The applicant can also request for the issue of NCD certificates in denomination of one NCD ("Market Lot"). For further details, please refer to the Prospectus.

Procedure for Redemption by NCD holders: For details, please refer to the Prospectus.

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

26. Interest on Application Money: For further details please refer to prospectus.

ISSUE PROCEDURE: Please note that the information stated/ covered in this section may not be complete and / or accurate and as such would be subject to modification/ change. Our Company and the Lead Managers would not be liable for any amendment, modification or change in applicable law, which may occur after the date of the 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 the Prospectus.

27. How to Apply? i. Availability of Prospectus and Application Forms: The abridged Prospectus containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from our Registered Office, Lead Manager(s) to the Issue, the Registrar to the Issue and at branches/collection centres of the Bankers to the Issue, as mentioned on the Application Form. In addition, Application Forms would also be made available to the stock exchanges where listing of the NCDs are sought and to brokers, on their request. We may provide Application Forms for being filled and downloaded at such websites as we may deem fit. **ii. Who can Apply:** The following categories of persons are eligible to apply in the Issue: **Category I:** Public financial institutions, statutory corporations, commercial banks, co-operative banks and regional rural banks, which are authorised to invest in the NCDs; **Provisional funds, pension funds, superannuation funds and gratuity fund, which are authorised to invest in the NCDs;** **Category II:** Venture capital funds registered with SEBI; **Insurance companies registered with the IRDA;** **Category III:** National Investment Fund; **Mutual funds;** **Category IV:** Companies; bodies corporate and societies registered under the applicable laws in India and authorised 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.** **Category V:** Resident Indian individuals; and **Hindu undivided families through the Karta. *With respect to applications received from Category III applicants, applications by applicants who apply for NCDs aggregating to a value not more than ₹ 0.5 Million, across all series of NCDs, (Option I and/or Option II and/or Option III), shall be grouped together as Reserved Individual Portion while applications by applicants who apply for NCDs aggregating to a value exceeding ₹ 0.5 Million, across all series of NCDs, (Option I and/or Option II and/or Option III), shall be separately grouped together as Unreserved Individual Portion. 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.**

28. Applications cannot be made by: **Minors without a guardian name;** **Foreign nationals;** **Persons resident outside India;** **Foreign Institutional Investors;** **Non Resident Indians; and** **Overseas Corporate Bodies.** The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue. The information below is given for the benefit of the investors. Our Company and/or the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus.

29. Grouping of Applications and Allocation Ratio: For the purposes of the basis of allotment: **i) Applications received from Category I applicants:** Applications received from Category I, shall be grouped together, ("**Institutional Portion**"); **ii) Applications received from Category II applicants:** Applications received from Category II, shall be grouped together, ("**Non-Institutional Portion**"); **iii) Applications received from Category III applicants:** Further with respect to applications received from Category III applicants, applications by applicants who apply for NCDs aggregating to a value not more than ₹ 0.5 million, across all series of NCDs (Option I and/or Option II and/or Option III), shall be grouped together, ("**Reserved Individual Portion**") while applications by applicants who apply for NCDs aggregating to a value exceeding ₹ 0.5 million, across all series of NCDs (Option I and/or Option II and/or Option III), shall be separately grouped together, ("**Unreserved Individual Portion**"). For removal of doubt, "**Institutional Portion**", "**Non-Institutional Portion**" "**Reserved Individual Portion**" and "**Unreserved Individual Portion**" are individually referred to as "**Portion**" and collectively referred to as "**Portions**".

30. Applications by Mutual Funds. 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 AMCs 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 Application in whole or in part, in either case, without assigning any reason therefor.

31. 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 Application in whole or in part, in either case, without assigning any reason therefor.

32. 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 Application in whole or in part, in either case, without assigning any reason therefor.

33. 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 in whole or in part, in either case, without assigning any reason therefor.

34. Escrow Mechanism: We shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the applicants shall make out the cheque or demand draft in respect of their application. Cheques or demand drafts for the application amount received from applicants would be deposited in the respective Escrow Account. For further details please refer to prospectus.

35. Filing of the Prospectus with ROC: A copy of the Prospectus has been filed with the Registrar of Companies, Mumbai, Maharashtra, in terms of section 58 and section 60 of the Act.

36. 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 the Prospectus with ROC and the date of release of this statutory advertisement will be included in the statutory advertisement.

GENERAL INSTRUCTIONS

37. 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 are correct as allotment of NCDs will be in the dematerialized form only;** **In case of a 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;** **Ensure that the Applications are submitted to the Bankers to the Issue before the closure of banking hours on the Issue Closing Date;** **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 you mention your PAN allotted under the IT Act;** **Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and** **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.**

38. Don't's: **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 is liable to be rejected on this ground;** **Do not submit the Application Forms without the full Application Amount; and** **Do not submit application accompanied with Stockinvest.**

39. Instructions for completing the Application Form: A. Submission of Application Form:

Applications to be made in prescribed form only; **The forms to be completed in block letters in English;** **Applications should be in single or joint names and should be applied by Karta in case of HUF;** **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;** **All Application Forms duly completed together with cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue or collection centre(s)/ agent(s) as may be specified before the closure of the Issue. Applicants at centres not covered by the branches of collecting banks can send their forms together with a cheque/draft drawn on/payable at a local bank in Chennai to the Registrar to the Issue by registered post;** **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;** **Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form; and** **All applicants are required to tick the relevant column of "Category of Investor" in the Application Form.**

ALL APPLICATIONS BY CATEGORY I APPLICANTS SHALL BE RECEIVED ONLY BY THE LEAD MANAGERS AND THEIR RESPECTIVE AFFILIATES.

All applicants should apply for one or more type of NCDs and/or one or more option of NCDs in a single Application Form only. Our Company would allot Option III NCDs to all valid applications, wherein the applicants have not indicated their choice of NCDs.

B. Applicant's Bank Account Details: It is mandatory for all the applicants to have their NCDs allotted in dematerialised form. The Registrars 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, Depository Participant's (DP) name, Depository Participant's 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), if any. 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, our Company, the Refund Banker(s) nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

C. Applicant's Depository Account Details: IT IS MANDATORY FOR ALL THE APPLICANTS TO HAVE THEIR NCDs IN DEMATERIALISED FORM.

ALL APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM.

INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM.

IN THE NATURE OF FORM 2A - MEMORANDUM CONTAINING SALIENT FEATURES OF THE PROSPECTUS

Applicant should note that on the basis of name of the applicant, 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, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, applicants should carefully fill in their Depository Account details in the Application Form. 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. Hence, applicants are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. By signing the Application Form, the applicant would have 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. 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 we nor the Lead Managers or the Registrars 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, names of the applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such applications are liable to be rejected.

D. Applications under Power of Attorney by limited companies, corporate bodies registered societies etc.: In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies etc, 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 in whole or in part, in either case, without assigning any reason therefor.

E. Permanent Account Number: The applicant or in the case of applications made in joint names, each of 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 is liable to 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 is liable to be rejected on this ground.

F. Terms of Payment: The entire issue price 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 the excess amount paid on application to the applicant. **G. Payment Instructions for Applicants:**

- In pursuance of Debt Regulations, we shall open Escrow Account with the Escrow Collection Bank(s) for the collection of the application amount payable upon submission of the Application Form.
- Payment may be made by way of cheque/bank draft 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. 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. 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.
- All Application Forms received with outstation cheques, post dated cheques, cheques / bank drafts drawn on banks not participating in the clearing process, Money orders/postal orders, cash, stockinvest shall be rejected and the collecting bank shall not be responsible for such rejections.
- 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 "IIISL - NCD IPO - Escrow".
- The Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into a public issue account after the creation of security as disclosed in the Prospectus.

40. Submission of Completed Application Forms: All applications duly completed and accompanied by account payee cheques / drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) or our Collection Centre(s) agent(s) as may be specified by us before the closure of the Issue. Our collection centre/ agent however, will not accept payments made in cash. However, Application Forms duly completed together with cheque/bank draft drawn on/payable at a local bank in Mumbai for the amount payable on application may also be sent by Registered Post to the Registrar to the Issue, so as to reach the Registrar prior to closure of the Issue. Applicants at centres not covered by the branches of collecting banks can send their Application Forms together with cheque / draft drawn on / payable at a local bank in Mumbai to the Registrar to the Issue by registered post. No separate receipts shall be issued for the application money. However, Bankers to the Issue at their designated branches/our Collection Centre(s)/ agent(s) receiving the duly completed Application Forms will acknowledge the receipt of the applications by stamping and returning the acknowledgment slip to the applicant. Applications shall be deemed to have been received by us only when submitted to Bankers to the Issue at their designated branches or at our Collection Centre/ agent or on receipt by the Registrar as detailed above and not otherwise.

41. On-line Applications: We may decide to offer online application facility for NCDs, as and

when it is permitted by law subject to terms and conditions as may be prescribed.

42. 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. **B. Additional 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 ₹ 5,000 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 Reserved Individual Portion or Unreserved 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: As per the provisions of Section 68B of the Act, the allotment of NCDs of our Company can be made in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the Statement issued through electronic mode). We have made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. For further details please refer to prospectus. **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 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 or Registrar to the Issue.

43. 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); Amount paid doesn't tally with the amount payable for the NCDs applied for; Age of First applicant not given; Application by persons not competent to contract under the Indian Contract Act, 1872 including minors (without the name of guardian) and insane persons; PAN not mentioned in the Application Form; GIR number furnished instead of PAN; Bank account details not given; 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; Any application for an amount below the minimum application size; Application for number of NCDs, which are not in multiples of one; Category not ticked; 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; Applications accompanied by Stockinvest/money order/postal order; Signature of sole and/ or joint applicant(s) missing or does not match; Application Forms not delivered by the applicant within the time prescribed as per the Application Form and the Prospectus and as per the instructions in the Prospectus and the Application Form; or In case the subscription amount is paid in cash. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant, the Depository Participant's Identity and the beneficiary's account number. Application Form accompanied with more than one cheque. Institutional Investor Applications not procured by the Lead Managers or their respective affiliates. For further instructions regarding application for the NCDs, investors are requested to read the Application Form.

44. Allotment Advice / Refund Orders: The unutilised portion of the application money will be refunded to the applicant by an A/c Payee cheque/demand draft. In case the cheque / demand draft at par facility is not available, our Company reserves the right to adopt any other suitable mode of payment. Our Company shall credit the allotted NCDs to the respective beneficiary accounts/despatch the Letter(s) of Allotment or Letter(s) of Regret/Refund Orders in excess of ₹ 1,500, as the case may be, by Registered Post/Speed Post at the applicant's sole risk, within 30 days from the date of closure of the Issue. Refund Orders up to ₹ 1,500 will be sent through ordinary post. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT. Further, Allotment of NCDs offered to the public shall be made within a time period of 30 days from the date of closure of the Issue; Credit to de-mat account will be given within 2 working days from the date of allotment; Interest at a rate of 15 per cent per annum will be paid if the allotment has not been made and/ or the Refund Orders have not been dispatched to the applicants within 30 days from the date of the closure of the Issue, for the delay beyond 30 days. Our Company will provide adequate funds to the Registrars to the Issue, for this purpose.

45. Retention of oversubscription: Our Company is making a public Issue of NCDs aggregating upto ₹ 3,750 million with an option to retain oversubscription of NCDs up to ₹ 3,750 million.

46. Basis of Allotment: Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis: i) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, ("Institutional Portion"); ii) Applications received from Category II applicants: Applications received from Category II, shall be grouped together, ("Non-Institutional Portion"); iii) Applications received from Category III applicants: Further with respect to applications received from Category III applicants, applications by applicants who apply for NCDs aggregating to a value not more than ₹ 0.5 million, across all series of NCDs (Option I and/or Option II and/or Option III), shall be grouped together, ("Reserved Individual Portion") while applications by applicants who apply for NCDs aggregating to a value exceeding ₹ 0.5 million, across all series of NCDs (Option I and/or Option II and/or Option III), shall be separately grouped together, ("Unreserved Individual Portion"). For removal of doubt, "Institutional Portion", "Non-Institutional Portion" "Reserved Individual Portion" and "Unreserved 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 ₹ 3,750 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".

47. Basis of Allotment for NCDs: (a) Allotments in the first instance: i. Applicants belonging to the Institutional Portion, in the first instance, will be allocated NCDs upto 20% 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 Bankers to the Issue); ii. Applicants belonging to the Non-Institutional Portion, in the first instance, will be allocated NCDs upto 20% 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 Bankers to the Issue); iii. Applicants belonging to the Unreserved Individual Portion, in the first instance, will be allocated NCDs upto 20% 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 Bankers to the Issue); iv. Applicants belonging to the Reserved Individual Portion, in the first instance, will be allocated NCDs upto 40% 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 Bankers to the Issue); Allotments, in consultation with the Designated Stock Exchange, shall be made on a first-come first-serve basis, based on the date of presentation of each application to the Bankers to the Issue, in each Portion subject to the Allocation Ratio. (b) Under Subscription: Under subscription, if any, in Reserved Individual Portion or Unreserved Individual Portion shall first be met by inter-se adjustment between these two sub-categories. Thereafter, if there is any under subscription in any Portion, priority in allotments will be given in the following order:

- i. Reserved Individual Portion
- ii. Unreserved Individual Portion
- iii. Non-Institutional Investors Portion
- iv. Institutional Portion on a first come first serve basis.

(c) For each Portion, all applications received on the same day by the Bankers to the Issue 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. (d) Minimum allotments of 1NCDs and in multiples of 1 NCD thereafter would be made in case of each valid application. (e) 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 and thereafter on proportionate basis, i.e. full allotment of NCDs to the applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the applicants on the date of oversubscription (based on the date of presentation of each application to the Bankers to the Issue, in each Portion). (f) 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. (g) Applicant applying for more than one series of NCDs: If an applicant has applied for more than one series of NCDs, and in case such applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for, the Series-wise allocation of NCDs to such applicants shall be in proportion to the number of NCDs with respect to each Series, applied for by such applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Managers and Designated Stock Exchange. 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 and the Designated Stock Exchange and in compliance with the aforementioned provisions of the Prospectus. Our Company would allot Option III NCDs to all valid applications, wherein the applicants have not indicated their choice of the relevant Series of NCDs.




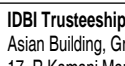

48. Investor Withdrawals and Pre-closure: Investor Withdrawal: Applicants are allowed to withdraw their applications at any time prior to the closure of the Issue. Pre-closure: Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Closing Date, 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.

49. 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.

50. 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 sub-section (3) of section 73 of the Act. ii. Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and iii. Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) 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 creation of security as stated in the Prospectus and on receipt of the minimum subscription of 75% of the Base Issue. 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.

51. Listing: Application has been made to the 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 the 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 7 working days from the date of allotment. For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Options, such NCDs with Option(s) shall not be listed.

FOR FURTHER DETAILS, PLEASE REFER TO THE PROSPECTUS

LEAD MANAGERS TO THE ISSUE		DEBENTURE TRUSTEE	REGISTRAR TO THE ISSUE	
 <p>AXIS BANK LTD.</p> <p>Axis Bank Limited 5th floor, Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025, Maharashtra, India. Tel: + 91 22 2425 5709, Fax: +91 22 2425 7100 Email: iiisl ipo@axisbank.com Investor Grievance Email: axbmbd@axisbank.com Website: www.axisbank.com Contact Person: Mr. Kartik Shah/ Mr. Rajneesh Kumar Compliance Officer: Mr. Advait Majumdar SEBI Regn. No.: INM000006104</p>	 <p>JM FINANCIAL</p> <p>JM Financial Consultants Private Limited 141 Maker Chambers III, Nariman Point, Mumbai - 400 021, Maharashtra, India. Tel: + 91 22 6630 3030 Fax: +91 22 2204 2137 Email: iiisl.ncd@jmfincanial.in Investor Grievance Email: grievance.idb@jmfincanial.in Website: www.jmfincanial.in Contact Person: Ms. Lakshmi Lakshmanan Compliance Officer: Mr. Chintal Sakaria SEBI Regn. No.: INM000010361</p>	 <p>A.K. Capital Services Limited 30-39, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai 400 021, Maharashtra, India. Tel: + 91 22 6754 6500/6634 Fax: + 91 22 6610 0594 Email: infodipo@akgroup.co.in Investor Grievance Email: investor.grievance@akgroup.co.in Website: www.akcapindia.com Contact Person: Mr. Hitesh Shah Compliance Officer: Mr. Vikas Agarwal SEBI Regn. No.: INM000010411</p>	 <p>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: Ms. Brindha Venkatraman Email: itsi@idbitrustee.co.in SEBI Registration No.: IND00000460</p>	 <p>LINK INTIME INDIA PVT LTD</p> <p>Link Intime India Private Limited C- 13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078, Maharashtra, India. Tel: +91 22 2596 0320; Tel (toll free): 1-800-220320 Fax: +91 22 2596 0329 Email: iiifl.ncd@linkintime.co.in Investor Grievance mail: iiifl.ncd@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Sanjog Sud Registration Number: INR000004058</p>
<p>COMPANY SECRETARY AND COMPLIANCE OFFICER: Mr. Binoy Parikh, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Maharashtra, India. E-mail: binoy.parikh@indiaifl.com, Tel.: +91 22 4249 9184, Fax: +91 22 2495 4313</p> <p>Investors can contact our Compliance Officer and/or the Registrar to the Issue and/or the Lead Managers 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.</p>				
<p>LEGAL COUNSEL TO THE ISSUE: <i>Khaitan & Co</i> 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</p>				
<p>STATUTORY AUDITORS OF OUR COMPANY: <i>Sharp & Tannan Associates</i> Chartered Accountants, 87, Nariman Bhawan 8th Floor, 227, Nariman Point, Mumbai - 400 021 Maharashtra, India. Tel: + 22 6153 7500; 2202 2224/8857 Fax: +22 2202 3856 Mobile: +91 97300 23553 Email: mumbai.office@sharp-tannan.com Contact Person: Mr. Tirtharaj Khot Membership No: 37457 Firm Registration Number: 109983W</p>				
<p>BANKERS TO THE ISSUE/ ESCROW COLLECTION BANKS: Axis Bank Limited, Axis House, Universal Insurance Bldg, Sir P.M.Road, Fort, Mumbai - 400 001, Maharashtra, India. Tel: + 91 22 6610 7353/7265 Fax: +91 22 2283 5785 Email: rajesh.khandelwal@axisbank.com/roshan.mathias@axisbank.com Website: www.axisbank.com Contact Person: Mr. Rajesh Khandelwal/ Mr. Roshan Mathias SEBI Regn. No.: INBI0000017; HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013, Maharashtra, India. Tel: + 91 22 3075 2928 Fax: +91 22 2579 9801 Email: deepak.rane@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Uday Dixit SEBI Regn. No.: INBI00000063; ICICI Bank Limited Capital Market Division, 30 Mumbai Samachar Marg, Fort, Mumbai - 400 001, Maharashtra, India. Tel: + 91 22 6631 0312 Fax: +91 22 2261 1138/ 6631 0350 Email: viral.bharani@icicibank.com Website: www.icicibank.com Contact Person: Mr. Viral Bharani SEBI Regn. No.: INBI00000004; IDBI BANK LIMITED Unit No. 2, Corporate Park, Sion Trombay Road, Chembur, Mumbai - 400 071, Maharashtra, India. Tel: + 91 22 6690 8402 Fax: +91 22 6690 8423 Email: ipteam@idbi.co.in Website: www.idbi.bank.com, Contact Person: Mr. M.N. Kamat SEBI Regn. No.: INBI00000076; Standard Chartered Bank: 90, MG Road, Fort, Mumbai - 400 001, Maharashtra, India. Tel: + 91 22 2675 7232 Fax: +91 22 2675 7358 Email: joseph.george@sc.com Website: www.standardchartered.com. Contact Person: Mr. Joseph George SEBI Regn. No.: INBI00000885.</p>				
<p>CREDIT RATING AGENCIES: ICRA Limited, 3rd Floor, Electric Mansion, Appasaheb Marathe Prabhadevi, Mumbai 400 025 Maharashtra, India Tel: +91 22 3047 0000 Fax: +91 22 2433 1390 Email: shivakumar@icraindia.com Contact Person: Mr. L Shivakumar Website: www.icra.in SEBI Registration No: IN/CRA/003/1999; Credit Analysis & Research Limited 4th Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway Sion (East), Mumbai - 400 022 Tel: +91 22 6754 3456 Fax: +91 22 6754 3457 Email: abhinavsharma@careratings.com Contact Person: Mr. Abhinav Sharma Website: www.careratings.com SEBI Registration No: IN/CRA/004/1999.</p>				

RISK FACTORS

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in the 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, if materialises, may in the future have a material adverse affect 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. 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 the Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with consolidated financial statements of our Company as of and for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 in each case prepared in accordance with Indian GAAP, including the schedules, annexure and notes thereto.

Internal Risk Factors

1. **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.** Consistent with the growth of our branch network and our product portfolio, 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 March 31, 2011, the gross value of NPAs on our books of accounts was ₹ 145.33 million which is 0.44% of the value of our total assets. 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 shall adversely affect our business and future financial performance.

2. **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 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 has been a recent increase in the interest rates in India. As we maintain a portion of our funding sources at floating rates of interest and maintain a majority of our loans at a fixed rate of interest, the recent rises in interest rates has adversely affected our Gross Spread. Any significant further increase in interest rates would adversely affect our business and results of operations.

3. **We are subjected to supervision and regulation by the RBI as a systemically important NBFC, and changes in RBI's regulations governing us could cause adversely affect our business.** We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional cost or could otherwise adversely affect our business and our financial performance. Moreover, the RBI in its notification (No. RBI/2006/07/204/DNBS.PD/CC.No.86 / 03.02.089 /2006-07) dated December 12, 2006 has amended the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. Under the amendment, the RBI brought all deposit taking and systemically important NBFCs, which are defined as NBFCs having an asset size of ₹ 1,000 million or more, such as us, under the provisions of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. It is difficult to accurately assess the impact this notification has had and may continue to have on our operations. However, we cannot assure you that this notification and its applicability to us will not have a material and adverse affect on our future financial conditions and results of operations. The RBI has not provided for any restriction on interest rates that can be charged by non-deposit taking NBFCs. Although the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007 may not be fully applicable to a non-deposit taking NBFC, there can be no assurance that the RBI and/or the Government will not implement regulations or policies, including policies or regulations or legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that could have an adverse affect on non-deposit taking NBFCs. In addition, there can be no assurance that any changes in the laws and regulations relative to the Indian financial services industry will not adversely impact our business.

4. **Our ability to borrow from various banks may be restricted on account of guidelines issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs.** The RBI in its notification (No. RBI/2006-07/205/DBOD.No. FSD.BC.46 /24.01.028 /2006-07) dated December 12, 2006 has amended the regulatory framework governing banks to address concerns arising from divergent regulatory requirements for banks and NBFCs. This notification reduces the exposure (both lending and investment, including off balance sheet exposures) of a bank to NBFCs like us. Accordingly, banks exposure limits on any NBFC are reduced from the current 25% of the banks' capital funds to 15% of its capital funds. Furthermore, RBI has suggested that banks may consider fixing internal limits for their aggregate exposure to all NBFCs combined. This notification limits a bank's exposure to NBFCs which consequently restricts our ability to borrow from banks and thereby increasing the cost of our borrowing. This notification has adversely affected our business and any similar notifications released by the RBI in the future, which has a similar impact on our business could affect our growth, margins and business operations.

5. **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.

6. **The financing industry is becoming increasingly competitive and our growth will depend on our ability to compete effectively.** The sector in which we operate is highly competitive and we face significant competition from banks and other NBFCs. Many of our competitors are larger institutions, which may have much larger customer and funding sources, larger branch networks

and more capital than we do. Some of our competitors may be more flexible and better-positioned to take advantage of market opportunities. In particular, private banks in India and many of our competitors outside of India may have operational advantages in implementing new technologies and rationalising branches. These competitive pressures affect the industry in which we operate as a whole, and our future success will depend in large part on our ability to respond in an effective and timely manner to these competitive pressures. In our housing finance business, we now face increasing competition from retail banks, which have focused on growing their retail portfolios in recent years. Interest rate deregulation and other liberalization measures affecting the housing finance industry, together with increased demand for home finance, have also increased our exposure to competition. The demand for housing loans has also increased due to the increase in demand of real estate, stable property prices, higher disposable incomes and increased fiscal incentives for borrowers. All of these factors have resulted in the housing finance industry, including our Company, facing increased competition from other lenders to the retail housing market, including commercial banks. Unlike commercial banks, we do not have access to funding from savings and current deposits of customers. Instead, we are reliant on higher cost syndicated loans and debentures for our funding requirements, which may reduce our margins compared to competitors. Our ability to compete effectively with commercial banks will depend, to some extent, on our ability to raise low-cost sources of funding in the future. If we are unable to compete effectively with other participants in the housing finance industry, our business, future financial performance and the trading price of the NCDs may be adversely affected. Furthermore, as a result of increased competition in the housing finance industry, home loans are becoming increasingly standardized and terms such as floating rate interest options, lower processing fees, monthly rest periods and no prepayment penalties are becoming increasingly common in the housing finance industry in India. There can be no assurance that we 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 have an adverse affect on our net interest margin and other income, and if we are unable to compete successfully, the origination of new loans will decline and we may not be able to achieve our growth objectives.

7. **If we are unable to manage our rapid 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 businesses, as well as the development of our new business streams viz. Healthcare Finance. 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.

8. **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.** As we are a "systemically important non-deposit accepting" NBFC and do not have access to deposits, our liquidity and ongoing profitability are primarily dependent upon our timely access to, and the costs associated with raising capital. Our business is significantly dependent on funding from the debt capital markets and commercial borrowings. The demand for such funds is competitive and our ability to obtain funds at competitive rates will depend on various factors including our ability to maintain positive credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. In relation to our long-term debt instruments, we currently have long term ratings of "LA+" from ICRA. In relation to our short-term debt instruments, we have also received short term ratings of "A1+" from ICRA and "P1+" from CRISIL. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. Any such adverse development could adversely affect our business, financial condition and results of operations. Our business depends and will continue to depend on our ability to access diversified funding sources. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. As an NBFC, we also face certain restrictions on our ability to raise money from international markets which may further constrain our ability to raise funds at attractive rates. While our borrowing costs have been competitive in the past due to our ability to raise debt products, credit rating and our asset portfolio, in the event we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business and results of operations.

9. **We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations and profitability.** We may face potential liquidity risks due to varying periods over which our assets and liabilities mature. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit, short term loans and commercial papers. Our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and financial performance.

10. **We extend margin funding loans, or loans against shares, to our clients, and any default by a client coupled with a downturn in the stock markets could result in substantial losses for us.** We extend "loans against shares", or margin funding loans, which are secured by liquid, marketable securities at appropriate or pre-determined margin levels. In the event of a volatile stock market or adverse movements in stock prices, the collateral securing the loans may have decreased significantly in value, resulting in losses which we may not be able to support. 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. There is little financial information available about the creditworthiness of our customers. It is therefore difficult to carry out precise credit risk analyses on our clients. Although we use a technology-based risk management system and follow strict internal risk management guidelines on portfolio monitoring, which include limits on the amount of margin, the quality of collateral provided by the client and pre-determined margin call thresholds, no assurance can be given that if the financial markets witnessed a significant single-day or general downturn, our financial condition and results of operations would not be adversely affected.

11. **For our gold and Healthcare Finance business, the value of our collateral may decrease or we may experience delays in enforcing our collateral when our customers default on payment obligations which may result in failure to recover the expected value of the collateral and adversely affect our financial performance.**

As part of our gold financing business, we extend loans secured by gold jewellery provided as collateral by the customer. A sharp downward movement in the price of gold for any reason whatsoever could result in a fall in collateral values. In the event customers defaults in repayment of loans secured by gold and the value of the collateral has decreased since disbursement, our results of operations may be adversely affected. Additionally, we may not be able to realise the full value of our collateral, due to defects in the quality of gold or wastage on melting gold jewellery into gold bars. In addition, failure by our employees to properly appraise the value of the collateral provides us with no recourse against the borrower. A failure to recover the expected value of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition and results of operations. Further, the security for our Healthcare Finance is usually movable property, making it difficult to locate or seize in the event of any default by our customers. There can also be no assurance that we will be able to sell such collaterals at prices sufficient to cover the amounts under default. In addition, there may be delays associated with seizure and disposal of such collaterals, including litigations and court proceedings which is generally a slow and potentially expensive process in India. A failure or delay to recover the expected value from

sale of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition and results of operations. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all. The recovery of monies from defaulting customers may be further compounded by the fact that we do not generally insist on, or receive post dated cheques as security towards the timely repayment of dues from customers to whom we have provided loans.

12. **All of the gold loans we offer are due within one year of disbursement, and a failure to disburse new loans may result in a reduction of our loan portfolio and a corresponding decrease in our interest income.** All of the gold loans we offer are due within one year of disbursement with an average tenure of three months. The relatively short-term nature of our loans means that our long-term interest income stream is less certain than if a portion of our loans were for a longer term. In addition, our existing customers may not obtain new loans from us upon maturity of their existing loans, particularly if competition increases. The potential instability of our interest income could materially and adversely affect our results of operations and financial position.

13. **Our results of operations could be adversely affected by any disputes with our employees.** As of June 30, 2011, we employed 2,263 full-time employees. Currently, none of our employees are members of any labor 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.

14. **We handle cash on a regular basis and are hence exposed to the risk of fraud and misappropriation of funds.** We mainly service rural and semi-urban customers who primarily conduct their business in cash. Accordingly, we usually collect cash installments from our customers and this exposes us to the risk of fraud and misappropriation of funds.

Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. While we have not faced any major problem in the past and while we have taken insurance policies including fidelity cover and cover for cash in safes and in transit, we cannot assure you that no incident of fraud or misappropriation of funds will occur in the future. If such events occur, there could be an adverse affect on the profitability of our business and it could increase our insurance costs.

15. **Our contingent liabilities could adversely affect our financial condition.** As per the reformatted audited financial statements of our Company for year ended March 31, 2011, we had certain contingent liabilities not provided for, amounting to ₹ 19.79 million. The contingent liability amounts disclosed in our audited restated financial statements represent estimates and assumptions of our management based on advice received. For further details, please refer to section titled "Statement of Contingent Liability - Annexure 19" in the chapter "Financial Statements" beginning on page 90 of the Prospectus.

16. **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 or taking up an allied line of business. Such restrictive covenants in our loan documents may restrict our operations or ability to expand and may adversely affect our business. Though we have received necessary approvals from our lenders for this Issue, these restrictive covenants may also affect some of the rights of our shareholders, including the payment of the dividends. For details of these restrictive covenants, see the section titled "Financial Indebtedness" beginning on page 183 of the Prospectus.

17. **Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.** 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. Some of our KMPs are on deputation from our Promoter and are heading key functions in our Company and may be called back by our Promoter. While we have an incentive structure and an ESOP designed to encourage employee retention, 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.

18. **We may not be able to successfully sustain our growth strategy.** In recent years, our growth has been fairly substantial. Our growth strategy includes growing our loan book and expanding our customer base. There can be no assurance that we will be able to sustain our growth strategy 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 and Gold Loans businesses, our branch network has expanded significantly, and we are entering into new, smaller towns and cities within India 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.

19. **Our insurance coverage may not adequately protect us against losses.** We maintain such insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain general liability insurance coverage, including coverage for errors or omissions. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or coinsurance requirement, could adversely affect our business, financial condition and results of operations.

20. **We are significantly depending on IFL, our holding company, for our clientele, goodwill that we enjoy in the industry and our brand name and any factor affecting the business and reputation of IFL may have a concurrent adverse affect on our business and results of operations.** As on date, IFL hold 76.74 % of our paid up capital. We source our clients from IFL and also significantly benefit from the goodwill that IFL enjoys in the market. We believe that this goodwill ensures a steady inflow of business. In the event the IFL 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 "India Infoline" brand name and logo which is owned by IIFL. 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 operations.

21. **A significant component of our exposure is in the real estate sector and any factor affecting this sector could adversely affect our business.** As of March 31, 2011, we have extended loans and advances with outstanding more than ₹ 250 million each, aggregating to ₹ 4,263.33 million to borrowers operating in the real estate sector. This amounts to 12.96% of our total portfolio. These loans are secured against the real estate which in most cases is under development. 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 results of operations in the event of a default in repayment by our clients. Moreover, since most of the collaterals in this sector are real estate under development, any undervaluation of the property post development may significantly affect our revenues.

22. **We undertake distribution of certain third party products.** We distribute mutual fund products of third parties through our branch network. Whilst contractually we are not liable for the performance of third parties and their products that we distribute, in the event of any deficiency in service by such third parties and/or non-performance of some of their products, the persons who avail of such products may incur losses. We may be subject to a reputation risk in such instances and management time and cost may be incurred to address such situations.

23. **Our ability to assess, monitor and manage risks inherent in its business differs from the standards of some of its counterparts in India and in some developed countries.** We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. 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 behaviour. 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.

24. **Our Business is dependent on relationships established through our branches with our clients; any events that harm these relationships including closure of branches or the loss of our key branch personnel may lead to decline in our revenue and profits.** Our business is dependent on the key branch personnel who directly manage client relationships. We encourage dedicated branch personnel to service specific clients since we believe that this leads to long-term client relationships, a trust based business environment and over time, better cross-selling opportunities. While no branch manager or operating group of managers contributes a meaningful percentage of the business, the business may suffer materially if a substantial number of branch managers either become ineffective or leave the organization. Such an event could be detrimental to our business and profits.

25. **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.

26. **We may experience difficulties in expanding our business into new regions and markets in India.** As part of our business strategy, we continue to evaluate further growth opportunities by expanding into new regions and markets in India. Being new to these markets, our competitors in these markets, who have an established presence; carry an edge over us owing to their knowledge of local factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets. These factors may differ from those in our current markets, and we may not be in a position to leverage our experience in our current markets to support growth in these new markets. Further, as we enter new markets and geographical regions, we are likely to compete not only with other banks and other financial institutions but also the local unorganized or semi-organized private financiers, who are more familiar with local regulations, business practices and customs and have stronger relationships with customers. We are exposed to numerous challenges including, gauging market conditions in local markets with which we have no previous familiarity, obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship, attracting potential customers in a market in which we do not have significant visibility, being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions with diverse cultures, languages etc. Our inability to expand our current operations may adversely affect our growth strategy and affect our business prospects, financial conditions and results of operations.

27. **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.

28. **Significant fraud, system failure or calamities could adversely impact our business.** 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 committed by employees, customers or outsiders.

29. **We depend on the accuracy and completeness of information about customers and counterparties and ineffectiveness of our KYC norms may adversely affect our reputation and business.** In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading.

Moreover, we have implemented KYC norms and other measures sure, to prevent money laundering. In the event of ineffectiveness of these norms and systems, our reputation, business and results of

operations may be adversely affected.

30. **Inaccurate appraisal of credit may adversely impact our business.** 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.

31. **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. Such transactions or any future transactions with related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. For further details, please refer to statement of related party transactions in "Financial Statements - Significant Accounting Policies and Notes to Accounts on the Reformatted Unconsolidated Financial Statements (Annexure 13)" beginning on page 106 of the Prospectus.

32. **We are subject to certain legal proceedings and we cannot assure you that we will be successful in all of these actions. In the event we are unsuccessful in litigating any or all of the disputes, our business and results of operations may be adversely affected.**

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. Further, IIFL, our Promoter in the normal course of broking and depository service caters to a large client base. In the course of such activities arbitration matters/client complaints/grievances/ exchange references etc. are received by IIFL through SEBI/ exchanges/ depository/forums, etc. The same are resolved in the normal course of business from time to time. Also in the normal course of broking and depository business, pursuant to the exchanges/ depositories normal inspections / observations/ findings, etc. exchanges / depositories had issued warnings / minor monetary penalties, etc. against IIFL. These are paid and suitable corrective / rectification actions are taken by IIFL and reported to exchanges/ depositories from time to time. Similarly, IIFL has received requests / notices / summons from various regulatory authorities / enforcement agencies seeking submissions/ appearance /production of information / documents etc. relating to some of the clients/ transactions etc. with regard to their investigation/ enquiries and the same are submitted / attended to / complied with by IIFL from time to time. These investigations / enquiries are basically in the nature of requests / notices / summons for submission of information/ documents which are duly complied with by IIFL. These are not material and are not likely to have any material effect on the operations and finances of IIFL. In the event we suffer any adverse order, our reputation may suffer and may have an adverse impact on our business.

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

33. **One of our subsidiaries has been issued notices by the NHB and any adverse decision may affect our consolidated financial statements and results of operations.** NHB has issued a showcause notice dated September 20, 2010 to India Infoline Housing Finance Company Limited (IIFHL), our Subsidiary alleging contraventions of Paragraphs 24 and 26 of the HFC (NHB) Directions, 2010 and as to why IIFHL should continue be regarded as a housing finance company. IIFHL has vide its letter dated October 6, 2010 clarified the position and has 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 consolidated numbers may be adversely affected.

34. **We require several licenses and approvals for our business and in the event we are unable to procure or renew them in time or at all, our business may be adversely affected.** We require several licenses, approvals and registration in order to undertake our business activities. These registrations include registrations with the RBI as a systemically important non-deposit taking NBFC and registration with the NHB. We are also required to maintain licenses under various state Shops and Establishment Acts for some of our offices. In the event we are unable to maintain and renew these licenses and registrations, our business and results of operations may be adversely affected.

35. **Our ability to raise foreign capital may be constrained by Indian law.** As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business.

36. **We do not own the premises where our Registered Office and our branch offices are located and in the event our rights over the properties is not renewed or is revoked or is renewed on terms less favourable to us, our business activities may be disrupted.** At present we do not own the premises that we use as our Registered Office and our branch offices. In the event the owner of the premises revokes the consent granted to us or fails to renew the tenancy, we may suffer disruption in our operations.

Risks pertaining to this Issue

37. **We are required to create a debenture redemption reserve equivalent to 50% 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.** Section 117C of the Companies Act 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 our Company until the debentures are redeemed. The Department of Company Affairs, Government of India, through their circular no. 9/ 2002 has mandated that an NBFC registered with the RBI shall be required to create a "debenture redemption reserve" ("DRR") of a value equivalent to 50% of the debentures offered through a public issue. The DRR is funded from a company's profits every year. Since the value of the reserve is required to be only 50% 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.

38. **Changes in interest rates may affect 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.

39. **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. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD holders on the assets adequate to ensure 100% asset cover for the NCDs, which shall be free from any encumbrances, the realizable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

40. **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 "[ICRA]AA-(stable)" by ICRA for an amount of upto ₹7,500 million vide its letter dated July 19, 2011, and "CARE AA-" by CARE for an amount of upto ₹7,500 million vide its letter dated July 19, 2011. The rating of the NCDs by ICRA indicates a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The modifier "-" (minus) reflects the comparative standing within the category. The rating of NCDs by CARE 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 ICRA and/or CARE 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 5 of the Prospectus for the rationale for the above ratings.

41. **There is no active market for our NCDs on the stock exchanges. As a result the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected.** As on date, there is no active market of our NCDs on the stock exchanges and we are unable to

assure you that an active market for the NCDs will develop. In the event 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.

42. **Payments to be made on the NCDs will be subordinated to certain tax and other liabilities preferred by law.** The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our Company's trading or banking transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per Section 530 of the Companies Act. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.

43. **There are other lenders who have pari passu charge over the security provided.** There are other lenders of our Company who have pari passu charge over the security provided for the Issue. While our Company is required to maintain an asset cover of 1.10 times the outstanding amount of the NCDs, upon our Company's bankruptcy, winding-up or liquidation, the other lenders will rank pari passu with the NCDs and to that extent, may reduce the amounts recoverable by the NCD holders.

44. **Our Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders.** Our Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets. Our Company is free to decide the nature of security that may be provided for future borrowings and the same may rank pari passu with the security created for this Issue. In such a scenario, the Bondholders will rank pari passu with other creditors and to that extent, may reduce the amounts recoverable by the NCD holders upon our Company's bankruptcy, winding-up or liquidation.

45. **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 36 of the Prospectus.

External Risk Factors

46. **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 and NBFCs 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.

47. **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 neighbouring 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.

48. **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 2004 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, adversely affecting our rural and semi-urban focused business and the market price of our NCDs.

49. **Any downgrading of India's debt rating by an international rating agency 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.

50. **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.

51. **We will be required to prepare our financial statements in accordance with IFRS effective from April 1, 2013. There can be no assurance that our adoption of 'Indian Accounting Standards converged with IFRS' ("IND-AS") will not adversely affect our reported results of operations or financial condition.** Based on the current timeline announced convergence of 'Indian Accounting Standards' with IFRS for Indian companies, we estimate that the earliest that our Company would need to prepare annual and interim financial statements under IND-AS would be the financial period commencing from April 1, 2013. There is currently a significant lack of clarity on the adoption of, and convergence to IND-AS and we currently do not have a set of established practices on which to draw on in forming judgments regarding its implementation and application, and we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND-AS than under Indian GAAP. As we transition to IND-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel as more Indian companies begin to prepare IND-AS financial statements. There can be no assurance that our adoption of IND-AS will not adversely affect our reported results of operations or financial condition.

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. In addition, a new goods and services tax is proposed to be introduced effective April 2012, and the scope of the service tax is proposed to be enlarged. 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 33.22 % down from 33.99 % for the fiscal year ended March 31, 2010. 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 ₹ 3,750 million with an option to retain over-subscription upto ₹ 3,750 million for issuance of additional NCDs, aggregating to a total of ₹ 7,500 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 70 and 22 of the Prospectus, respectively. 3. Our Company has entered into certain related party transactions, within the meaning of AS 18 as notified by the Companies (Accounting Standards) Rules, 2006, as disclosed in the chapter titled "Financial Statements" beginning on page 90 of the Prospectus. 4. Any clarification or information relating to the Issue shall be made available by the 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.

GENERAL INFORMATION

India Infoline Investment Services Limited: Our Company (CIN No: U67120MH2004PLC147365) was incorporated on July 7, 2004 as a private limited company "India Infoline Investment Services Private Limited" under the provisions of the Act. The Status of our company was changed to a public limited company on May 15, 2007 and our name was changed to its current name "India Infoline Investment Services Limited" pursuant to Fresh Certificate of Incorporation dated July 10, 2007 issued by the Registrar of Companies, Maharashtra, Mumbai. **NBFC Registration:** Our Company holds a certificate of registration dated May 12, 2005 bearing registration no. B-13.01792 issued by RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act. **Registered Office:** IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400 604 Maharashtra, India. **Tel.:** +91 22 2580 6650 **Fax:** +91 22 2580 6654 **Website:** www.iiflinvestments.com. **Corporate Office:** IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Maharashtra, India. **Tel.:** +91 22 4249 9000 **Fax:** +91 22 2495 4313.

Impersonation: As a matter of abundant precaution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Act, 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. ₹ 2812.50 million, prior to Allotment, the entire subscription shall be refunded to the Applicants within 30 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 sub-sections (2) and (2A) of Section 73 of the Companies Act.

Credit Rating and Rating Rationale:

ICRA: The NCDs proposed to be issued under this Issue have been rated "[ICRA] AA- (stable)" by ICRA for an amount of upto ₹ 7,500 million vide its letter dated July 19, 2011. The rating of the NCDs by ICRA indicates a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The modifier "-" (minus) reflects the comparative standing within the category.

CARE: The NCDs proposed to be issued under this Issue have been rated "CARE AA-" by CARE for an amount of upto ₹ 7,500 million vide its letter dated July 19, 2011. The rating of NCDs by CARE 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.

For further details on credit rating please refer to prospectus.

Issue Programme: The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and shall close at the close of banking hours on the dates indicated below or earlier or on such date, as may be decided at the discretion of the Board of Directors or any committee of the Board of Directors of our Company subject to necessary approvals.

ISSUE OPENS ON	: August 4, 2011;
ISSUE CLOSES ON*	: August 12, 2011

*In the event of early closure of subscription list of the Issue, our Company shall ensure that notice of such early closure is given on the early date of closure through advertisement/s in a leading national daily newspaper.

CAPITAL STRUCTURE:

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

Share Capital	ln ₹
Authorised Share Capital	
300,000,000 Equity Shares of ₹ 10 each	3,000,000,000
Issued, Subscribed and Paid-up share capital	
237,154,030 Equity Shares of ₹ 10 each	2,371,540,300

Notes: For further details please refer to the Section titled "Capital Structure" Page 23 of the Prospectus.

Shareholding pattern : For further details please refer to the Prospectus.

OBJECTS OF THE ISSUE:

The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for various financing activities including lending, providing loans against securities and investments, subject to applicable statutory and/or regulatory requirements, to repay our existing loans and for our business operations including 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. For further details please refer to the Prospectus.

STATEMENT OF TAX BENEFITS: For further details please refer to the Prospectus.

INDUSTRY : For further details please refer to the Prospectus.

OUR BUSINESS:

Overview: We are a systemically important non-deposit taking NBFC focusing on Mortgage Loans and Capital Market Finance. We are a subsidiary of India Infoline Limited ("IIFL"), a diversified financial services company. We offer a broad suite of lending and other financial products to our clients both retail and corporate. Our lending and other financial products include: **Mortgage Loans**, which includes Housing Loans and Loans against Property. **Capital Market Finance**, which includes Loans against Securities, Promoter Funding, Margin Funding, IPO financing and other structured lending transactions. **Gold Loans**, which includes finance against security of mainly used gold ornaments. **Healthcare Finance**, which includes finance for medical equipments and project funding in the healthcare sector. For further details please refer to the Prospectus.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Corporate Profile : For further details please refer to the Prospectus.

Main objects of our Company: For further details please refer to the Prospectus.

OUR MANAGEMENT: Board of Directors:

Name, Designation, Nationality, DIN and Address; Age; Date of Appointment; Other Directorships; **Mr. Arun Kumar Purwar;** Non Executive Chairman; Indian; DIN-00026383; Age-65; **Mr. Nirmal Jain;** Non-Executive Director; Indian; DIN-00010535; Age-44; **Mr. R. Venkataraman,** Non-Executive Director; Indian; DIN-00011919; Age-43; **Ms. Pratima Ram;** Wholtime Director & Chief Executive Officer; Indian; DIN-03518633; Age-60; **Mr. Nilesh Vikamsey;** Independent Director; Indian; DIN-00031213; Age-46; **Mr. Mahesh Narayan Singh;** Independent Director; Indian; DIN-00066015; Age-68; For further details please refer to the Prospectus.

OUR PROMOTER:

Profile of our Promoter: Our Promoter is India Infoline Limited ("IIFL"). The registered office of our promoter is located at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle East, Thane - 400 604, Maharashtra, India. IIFL is one of the leading players in the Indian financial services space. IIFL, together with 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, Gol bonds and other small savings instruments. For further details please refer page no. 80 of the Prospectus.

OUR SUBSIDIARIES: As on the date of the Prospectus our Company has the following 3 subsidiaries: 1. **India Infoline Distribution Company Limited ("IIDCL"),** 2. **Moneyline Credit Limited ("Moneyline"),** 3. **India Infoline Housing Finance Limited ("IIFHL").**

FINANCIAL INFORMATION :

Summary of Statement of Reformatted Consolidated Assets and Liabilities (₹ in million)

Particulars	As at March 31,			
	2011	2010	2009	2008
Total Asset	39,076.91	23,525.60	15,595.88	19,001.20
Total Liabilities	25,664.92	10,881.32	3,487.77	7,647.05
Networth	13,411.99	12,644.28	12,108.11	11,354.15

Summary of Statement of Reformatted Consolidated Profit & Losses (₹ in million)

Particulars	For the year ended March 31,			
	2011	2010	2009	2008
Total Income	5,194.91	2,339.64	2,381.29	1,644.91
Total Expenditure	3,854.48	1,573.63	1,521.71	1,367.45
Profit before tax	1,340.43	766.01	859.58	277.46
Total Tax	417.95	228.08	168.40	38.08
Profit after tax	922.48	537.93	691.18	239.38
Less Pre acquisition profit	-	-	-	2.04
Net profit after tax for Available appropriation	922.48	537.93	691.18	237.34
Appropriations	406.77	102.43	139.04	63.2
Profit after tax and appropriation	515.73	435.50	552.16	174.14
Balance of Profit brought forward	1,277.33	841.83	289.69	115.55
Balance of Profit Carried Forward	1,793.04	1,277.33	841.83	289.69

For further details please refer to the Prospectus.

LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS: For details please refer to the Prospectus.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue: At the meeting of the Board of Directors of our Company, held on July 19, 2011 the Directors approved the issue of NCDs to the public upto an amount not exceeding ₹ 7,500 million.

Prohibition by SEBI: Our Company, persons in control 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. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

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 DATED JULY 28, 2011 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 OF 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:

BOMBAY STOCK EXCHANGE LTD. ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED JULY 28, 2011 PERMISSION TO THIS ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S NCDs 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 ISSUER. THE EXCHANGE DOES NOT IN ANY MANNER: - i) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR ii) WARRANT THAT THIS NCDs WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR iii) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS PROSPECTUS HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF SECURED REDEEMABLE NCDs 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 FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of the RBI:

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED MAY 12, 2005 BEARING REGISTRATION NO. B-13.01792 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, RBI 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 BY THE COMPANY.

Listing: An application has been 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.

Consents: For details please refer to the Prospectus.

Expert Opinion: For details please refer to the Prospectus.

5. Investors may contact the Registrar to the Issue, Compliance Officer, and the 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 204 of the Prospectus. 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.

9. As of March 31, 2011, we had certain contingent liabilities not provided for, including the following: i. demands in respect of disputed service tax of ₹ 13.80 million and ii. disputed income tax demand ₹ 5.99 million. For further information on such contingent liabilities, see Annexure 6 to our "Reformatted Unconsolidated Summary Financial Statements" and Annexure 19 to our "Reformatted Consolidated Summary Financial Statements".

10. For further information relating to certain significant legal proceedings that we are involved in, see "Outstanding Litigations" beginning on page 216 of the Prospectus.

Common form of Transfer: For details please refer to the Prospectus.

Filing of the Draft Prospectus: The Draft Prospectus has been filed with the Stock Exchanges on July 20, 2011 in terms of Regulation 7 of the SEBI Debt Regulations for dissemination on their website(s).

Debt Redemption Reserve: Our Company shall credit adequate amounts of DRR, from its profits every year until such NCDs are redeemed. The amounts credited to DRR shall not be utilized by our Company except for the redemption of the NCDs. For further details please refer to the Prospectus.

Issue Related Expenses: For further details please refer to the Prospectus.

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): 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 during the last three years.

Previous Issue: Our Company has previously not made any public issues of Equity Shares or Debentures. 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: Our Company has previously not made any public issues of Equity Shares or Debentures.

Stock Market Data: There has been no trading of NCDs of our Company, currently listed on NSE.

Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding As on June 30, 2011 our Company has listed rated/ unrated, secured/ unsecured, non-convertible redeemable debentures and listed subordinated debt aggregating to an outstanding amount of ₹ 2665.30 millions. Apart from the above, there are no outstanding debenture bonds, redeemable preference shares or other instruments issued by our Company that are outstanding.

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. For further details please refer to the Prospectus.

Revaluation of assets: Our Company has not revalued its assets in the last five years.

Mechanism for redressal of investor grievances: The MoU between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances. All grievances relating to the Issue may be addressed to the Registrar to the Issue, Compliance Officer and/ or Lead Managers to the Issue, giving full details such as name, address of the applicant, number of NCDs applied for, amount paid on application and the bank branch or collection centre 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, L.B.S. Marg, Bhandup (West), Mumbai - 400 078, Maharashtra, India, Tel: +91 22 2596 0320, Fax: +91 22 2596 0329, Toll Free: 1-800-22-0320, Email ID: iifl.ncd@linkintime.co.in Investor Grievance ID: iifl.ncd@linkintime.co.in, Website: www.linkintime.co.in, Contact Person: Mr. Sanjog Sud, SEBI Registration No.: 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. Binoy Parikh 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. Binoy Parikh, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Maharashtra, India E-mail: binoy.parikh@indiafoline.com, Tel.: +91 22 4249 9184, Fax: +91 22 2495 4313.

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: For details please refer to the Prospectus.

SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION: For details please refer to the Prospectus.

A) 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): 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 during the last three years. Our Company has not made any public issue of Equity Shares or Debentures in the last five years. Our Company has made the following rights issuances in the last five years:

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price per Equity Share (in ₹)	Nature of consideration
March 26, 2007	7,000,000	10	150	Cash
February 6, 2008	5,928,850	10	1014	Cash

B) Servicing behaviour on existing debt securities, payment of due interest on due dates on term loans and debt securities. As on the date of this Prospectus, there has been no default in payment of principal or interest on any existing term loan and debt security issued by the Issuer in the past.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION : For details please refer to the Prospectus.

DECLARATION: We, the undersigned, 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 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, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made thereunder, regulations or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Prospectus are true and correct.

Signed by the Directors of our Company

Mr. Arun Kumar Purwar
Mr. Nilesh Vikamsey
Mr. Nirmal Jain
Ms. Pratima Ram
Mr. R. Venkataraman
Mr. Mahesh Narayan Singh
Date: July 29, 2011
Place: Mumbai.

FOR FURTHER DETAILS, PLEASE REFER TO THE PROSPECTUS