



A.K. Stockmart Pvt. Ltd.



Public Issue of Secured Redeemable
Non-Convertible Debentures
of
INDIABULLS COMMERCIAL CREDIT LIMITED

September 11, 2018 - September 28, 2018



**INDIABULLS COMMERCIAL CREDIT LIMITED****INVESTMENT RATIONALE**

- The issue offers yields ranging from 8.70% to 9.20% depending up on the Category of Investor and the option applied for.
- Credit Rating of "CRISIL AAA/Stable" for an amount of Rs. 3,000 crore, by CRISIL Limited and "CARE AAA; Stable" for an amount of Rs. 3,000 crore, by CARE Ratings Limited.
- The NCDs are proposed to be listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). BSE is the Designated Stock Exchange.
- Public issue by Indiabulls Commercial Credit Limited, ("Company" or "Issuer") of Secured Redeemable Non-Convertible Debentures of face value of Rs.1,000 each, ("NCDs"), for an amount upto Rs. 1,000 crores ("Base Issue Size") with an option to retain over-subscription up to Rs. 1,000 crores for issuance of additional NCDs aggregating up to 2,000 crores.

COMPANY PROFILE

- Indiabulls Commercial Credit Limited (ICCL) is a non-deposit taking NBFC registered with the RBI and a 100% subsidiary of one of the largest housing finance companies ("HFCs") in India. It is also a notified financial institution under the SARFAESI Act.
- ICCL operates under the "Indiabulls" brand name, which is a reference to the Indiabulls group of companies, a diversified set of businesses in the financial services, real estate and securities sectors.
- Indiabulls Commercial Credit Limited focuses primarily on long-term secured mortgage-backed loans. It offers loans against property to target client base of salaried and self-employed individuals and small and medium-sized enterprises. The company also offers mortgage loans to real estate developers in India in the form of lease rental discounting for commercial premises and construction finance for the construction of residential premises. As of March 31, 2018, mortgage loans constituted 98.21% of its AUM.
- As of March 31, 2018, ICCL has offices spread across India. The company network including that of parent company Indiabulls Housing Finance Limited (IHFL) gives a pan-India presence across Tier I, Tier II and Tier III cities in India which also allows them to interact with and provide service to customers at the local level, whilst ensuring that credit decisions are taken only at regional hubs in accordance with defined and identified internal parameters and protocols. As of March 31, 2018, the company has a sales team of over 3,500 employees who are located across network (including that of IHFL). It also relies on external channels such as direct sales agents and business associates for referring potential customers.
- ICCL's borrowings as at June 30, 2018, March 31, 2018 and 2017 amounted to Rs.8,046.19 crores, Rs.6,937.94 crores and Rs.2,799.50 crores respectively. Company relies on long-term and medium-term borrowings from banks, amongst others, including issuances of non-convertible debentures and commercial papers. It has a diversified lender base comprising public sector undertakings ("PSUs"), private banks, mutual funds, provident funds, pension funds and others. It also sells down parts of its portfolio through securitization and/or direct assignment of loan receivables primarily to various banks, which results in an additional source of liquidity for the company.
- Company revenue from operations increased by Rs.477.46 crores from Rs.365.91 crores for the Fiscal Year 2017 to Rs.843.37 crores for the Fiscal Year 2018. Profit after tax increased by Rs.196.34 crores, from Rs.58.56 crores for the Fiscal Year 2017 to Rs.254.90 crores for the Fiscal Year 2018.

Source: Prospectus dated 4th Sep 2018

Disclaimer: Invest only after referring to the prospectus

STRENGTHS

- ***Support from parent and strong operational and business linkages:***

Relationship with the Indiabulls group provides brand recall and significant marketing and operational benefits. Indiabulls brand is well recognized and associated with governance and compliance structure, and high quality customer centric services. Being part of the Indiabulls group significantly enhances the company's ability to attract new clients. The brand value and scale of the business operations of the Indiabulls group provides them with an advantage in an increasingly competitive market. IHFL's experience in the various facets of the financial services sector which allows the Company to understand market trends and mechanics and helps them in designing products to suit the requirements of target customer base as well as to address opportunities that arise out of changes in market trends.

- ***One of the fast growing NBFCs in India with strong financial performance, capitalization and credit ratings***

ICCL is a well-capitalized NBFC with strong financial track-record. It is adequately capitalized with Total CAR at 18.72% (Tier I CAR-15.26%) as on March 31, 2018 in comparison to Total CAR (entirely Tier-I) at 20.49% as on March 31, 2017. ICCL earned a standalone profit after tax of Rs.254.90 crores in Fiscal Year 2018. It has the highest long-term credit ratings of "AAA" (for the long-term loans and non-convertible debentures) from CRISIL, CARE and Brickwork Ratings. Strong financial record and high credit ratings position give them opportunity to take advantage of the growth in the NBFC industry, provide them with significant competitive advantages, contribute to the growth of their business and provide them with a high degree of comfort to stakeholders including shareholders, lenders and rating agencies.

- ***Access to diversified and cost effective funding sources***

Over the years, company has developed a diversified funding base and has established strong relationships with lenders. Lenders include PSU and private banks, mutual funds, insurance companies, provident funds and pension funds, amongst others. Company borrowings were Rs.6,937.94 crores as at March 31, 2018. Company funds its capital requirements from multiple sources. Company's primary sources of funding are commercial papers, and long-term loans. As at March 31, 2018, borrowings are through banks and others (59.14% of total borrowings), issuances of non-convertible debentures and other debt instruments, including subordinated debt (7.78% of total borrowings), commercial paper (33.08% of total borrowings). For the Fiscal 2018 and Fiscal 2017, average monthly nominal interest cost of borrowed funds was 7.97% and 7.84%, respectively. Strong financial performance, capitalization levels and high credit ratings give comfort to lenders and enable them to borrow funds at competitive rates, thereby lowering overall cost of borrowings.

- ***Prudent credit and processes leading to improved asset quality***

ICCL's credit policies specify the types of loans to be offered, the documentary requirements and limits placed on loan amounts, all aimed at ensuring underwriting of low risk, good quality and profitable loans. ICCL has established protocols and procedures to be followed when engaging with customers, as well as to determine the authority and levels to which credit decisions can be taken at various offices. Over the years, company has developed expertise in mortgage loan underwriting, and this is the cornerstone of their business. Company has an experienced collection team, which has, with the support of legal team enabled them to maintain high collection efficiencies through economic cycles. ICCL centralized credit analysis processes combined with dedicated collection team help them to maintain the quality and growth of total AUM. As at March 31, 2018, gross NPAs as a percentage of AUM were 0.60% and net NPAs (which reflect gross NPAs less provisions for NPAs, as a percentage of AUM) were 0.40%.

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ISSUE STRUCTURE:

Issuer	Indiabulls Commercial Credit Limited
Type of instrument/ Name of the security/ Seniority	Secured Redeemable Non-Convertible Debentures
Mode of the issue	Public issue
Lead Managers	A.K. Capital Services Limited, Edelweiss Financial Services Limited, Trust Investment Advisors Private Limited, Axis Bank Limited, YES Bank Limited and YES Securities (India) Limited
Depositories	NSDL and CDSL
Issue	Public Issue by our Company of secured redeemable non-convertible debentures of face value of Rs. 1,000 each, Base Issue of up to Rs. 1,000 crores with an option to retain over-subscription up to Rs. 1,000 crores for issuance of additional NCDs aggregating up to Rs. 2,000 crores.
Base Issue	Rs. 1,000 crores
Option to retain	
Oversubscription Amount	Rs. 1,000 crores
Issuance mode of instrument	Demat only*
Day count basis	Actual/ Actual
Interest on Application Amount/ Interest on monies received which are liable to be refunded	ICCL shall pay interest on application amount to successful applicants, as per the effective yield applicable to the relevant series of NCD (as per the Category of the Investor), allotted to the Applicants. ICCL shall pay interest on application amount at the rate of 6%, on all valid applications which is liable to be refunded to the Applicants.
Default interest rate	ICCL shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws
Face value	Rs. 1,000 per NCD
Minimum Application size and in multiples of NCD thereafter	Rs. 10,000 (10 NCDs) collectively across all series and in multiple of Rs. 1,000 (one NCD) thereafter across all series
Market Lot/ Trading Lot	One NCD
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Credit ratings	The NCDs proposed to be issued under this Issue have been rated CRISIL AAA/Stable (pronounced as CRISIL triple A rating with stable outlook) for an amount of Rs. 3,000 crores, by CRISIL Limited vide their letter no. INDBIC/205111/NCD/111704279/4 dated August 16, 2018, CARE AAA; Stable (pronounced as triple A; outlook: stable) for an amount of Rs. 3,000 crores, by CARE Ratings Limited vide their letter no. CARE/HO/RL/2018-19/2539 dated August 14, 2018. The rating of NCDs by CRISIL indicates that instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest credit risk.
Listing	The NCDs are proposed to be listed on NSE and BSE. The NCDs shall be listed within 12 Working Days from the date of Issue Closure
Trading mode of instrument	In dematerialised form only
Issue opening date	September 11, 2018
Issue closing date**	September 28, 2018
Record date	15 (fifteen) days prior to the relevant Interest Payment Date, relevant Redemption Date for NCDs issued under the Prospectus or as may be otherwise prescribed by the Stock Exchanges. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the record date and the date of redemption. In event the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by the Company to the Stock Exchanges shall be considered as Record Date
Security and Asset Cover	The NCDs proposed to be issued will be secured by a first ranking <i>paripassu</i> charge on present and future receivables of the Issuer for the principal amount and interest thereon. The NCDs will have an asset cover of one time on the principal amount and interest thereon in favour of the Debenture Trustee as may be decided mutually by our Company and the Debenture Trustee. The Issuer reserves the right to sell or otherwise deal with the receivables, both present and future, including without limitation to create a charge on <i>paripassu</i> basis thereon for its present and future financial requirements, without requiring the consent of, or intimation to, the NCD holders or the Debenture Trustee in this connection, provided that a minimum security cover of one time on the principal amount and interest thereon, is maintained.
Deemed date of Allotment	The date on which the Board or Bond Issue Committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the NCD Holders from the Deemed Date of Allotment.

* In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will undertake the public issue of the NCDs in dematerialised form. However, in terms of section 8(1) of the Depositories Act, the Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialize the NCDs. However, trading in NCDs shall be compulsorily in dematerialized form.

** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in this Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of the Company or Bond Issue Committee thereof subject to receipt of necessary approvals. In the event of an early closure or extension of the Issue, the Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the BSE and NSE.

Source: Prospectus dated 4th Sep 2018

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THE SPECIFIC TERMS OF EACH OPTION OF NCDs

Series	I	II	III	IV	V*	VI	VII
Frequency of Interest Payment	Cumulative	Cumulative	Annual	Monthly	Annual	Monthly	Annual
Minimum Application	Rs. 10,000/- (10 NCDs) across all Series						
Face Value/ Issue Price of NCDs (Rs./ NCD)	Rs. 1,000/-						
In Multiples of thereafter (Rs.)	Rs. 1,000/- (1 NCD)						
Tenor	2 years	3 years	3 years	5 years	5 years	10 years	10 years
Coupon (% per annum for NCD Holders in Category I & II)	NA	NA	8.80%	8.57%	8.90%	8.75%	9.10%
Coupon (% per annum for NCD Holders in Category III & IV)	NA	NA	8.90%	8.66%	9.00%	8.84%	9.20%
Effective Yield (% per annum for NCD Holders in Category I & II)	8.70%	8.80%	8.79%	8.90%	8.90%	9.10%	9.09%
Effective Yield (% per annum for NCD Holders in Category III & IV)	8.80%	8.90%	8.89%	9.00%	9.00%	9.20%	9.19%
Mode of Interest Payment	Through various mode available						
Amount (Rs./ NCD) on Maturity for NCD Holders in Category I & II)	Rs. 1,181.30	Rs. 1,288.21	Rs.1,000	Rs.1,000	Rs.1,000	Rs.1,000	Rs.1,000
Amount (Rs./ NCD) on Maturity for NCD Holders in Category III & IV)	Rs. 1,183.47	Rs.1,291.77	Rs.1,000	Rs.1,000	Rs.1,000	Rs.1,000	Rs.1,000
Maturity / Redemption Date (Years from the Deemed Date of Allotment)	2 years	3 years	3 years	5 years	5 years	10 years	10 years
Put and Call Option	NA						

*The Company shall allocate and allot Series V NCDs wherein the Applicants have not indicated the choice of the relevant NCD Series.

MODES OF MAKING APPLICATIONS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	(i) If using <u>physical Application Form</u> , (a) to the Members of Consortium or Trading Members of the Stock Exchanges only at the Specified Cities (" Syndicate ASBA "), or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or (ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.
Non-ASBA Applications	Consortium Members or Trading Members of the Stock Exchanges at the centres mentioned in the Application Form.

ALLOCATION RATIO

QIB Portion	Corporate Portion	High Net Worth Individual Portion	Retail Individual Investor Portion
10% of the Overall Issue Size	10% of the Overall Issue Size	40% of the Overall Issue Size	40% of the Overall Issue Size

Source: Prospectus dated 4th Sep 2018

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INVESTOR CATEGORIES AND ALLOTMENT

Category-I	Category-II	Category-III	Category-IV
Institutional Investors	Non Institutional Investors	High Net-worth Individual, ("HNIs"), Investors	Retail Individual Investors
<ul style="list-style-type: none"> Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs; Provident funds, pension funds with a minimum corpus of Rs.250 million, superannuation funds and gratuity funds, which are authorized to invest in the NCDs; Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; Mutual Funds registered with SEBI Venture Capital Funds registered with SEBI; Insurance Companies registered with IRDA; State industrial development corporations; Insurance funds set up and managed by the army, navy, or air force of the Union of India; Insurance funds set up and managed by the Department of Posts, the Union of India; Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net-worth of more than Rs.500 crores as per the last audited financial statements. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India. 	<ul style="list-style-type: none"> Companies within the meaning of section 2(20) of the Companies Act, 2013; Statutory Bodies/ Corporations; Societies registered under the applicable laws in India and authorised to invest in the NCDs; Co-operative banks and regional rural banks 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; Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); Association of Persons; and Any other incorporated and/ or unincorporated body of persons. 	<ul style="list-style-type: none"> Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above Rs.1 million across all series of NCDs in Issue. 	<ul style="list-style-type: none"> Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including Rs.1 million across all series of NCDs in Issue.

APPLICATIONS FROM SUCH PERSONS AND ENTITIES ARE LIABLE TO BE REJECTED:

- Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
- Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- Persons resident outside India and other foreign entities;
- Foreign Institutional Investors;
- Foreign Portfolio Investors;
- Foreign Venture Capital Investors
- Qualified Foreign Investors;
- Overseas Corporate Bodies; and
- Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

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KEY OPERATIONAL AND FINANCIAL PARAMETERS:

Parameters	FY 2018	FY 2017	FY 2016
	(in Rs. Crore)		
Net worth [#]	1250.78	752.50	699.12
Total Debt of which			
i) Non Current Maturities of Long Term Borrowing	3826.57	1127.10	487.80
ii) Short Term Borrowing	2,610.94	1,460.43	658.77
iii) Current Maturities of Long Term Borrowing	500.43	211.97	88.89
Net Fixed Assets	12.82	16.58	2.39
Non Current Assets (Excluding Fixed Assets)	6906.97	2979.44	1228.78
Cash and Cash Equivalent	297.96	197.43	145.50
Current Investments	177.15	137.48	123.43
Current Assets (Excluding Cash and Cash Equivalent & Current Investments)	1,112.66	621.80	487.04
Current Liabilities (Excluding Short term borrowing , Current Maturities of Long Term Borrowing)	253.36	356.24	17.86
Non Current Liabilities	32.93	14.39	7.17
Assets Under Management	8263.57	3564.23	1718.01
Off Balance Sheet Assets*	450.83	47.57	111.33
Interest Income (Including Treasury Income)	745.93	307.50	331.80
Interest Expenses**	361.36	133.30	160.85
Provisioning & Write-offs (net of recoveries)	68.37	128.74	116.97
PAT	254.90	58.56	50.55
Gross NPA (%) of AUM	0.60%	1.78%	2.25%
Net NPA (%) of AUM	0.40%	1.34%	1.76%
Tier I Capital Adequacy Ratio (%) -Standalone	15.26%	20.49%	38.29%
Tier II Capital Adequacy Ratio (%) -Standalone	3.46%	0.00%	0.00%

*Sold down book

** Interest Expenses means the total finance cost

Net worth includes equity share capital + reserve and surplus – Deferred tax asset

Total Debt Equity ratio of the company:

Prior to the issue (As on 31st March, 2018)	5.19
After the issue	6.79

Note 1) The debt-equity ratio post the Issue is indicative on account of the assumed inflow of Rs.2,000 crores from the proposed Issue as on March 31, 2018 only and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Date of Allotment.

Note 2) The statement does not give effect to any movement in long - term borrowings or Short – term borrowings or Current maturities of long term debt or Cash and cash equivalents as per Cash Flow Statement post March 31, 2018, except stated in 1 above. Further, this statement also does not give effect to any movement in Share Capital and Reserves and Surplus post March 31, 2018.

Source: Prospectus dated 4th Sep 2018**Disclaimer: Invest only after referring to the prospectus**

Disclaimer:**‘The investors shall invest only on the basis of information contained in the final Prospectus’**

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A.K. Stockmart Pvt. Ltd.

30-39, Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai – 400
021 Tel. No.: 91-22-67546500 / 67544744 Fax.: 91-22-67544666

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