



A.K. Stockmart Pvt. Ltd.

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Public Issue of Secured Redeemable
Non-Convertible Debentures
of
INDIABULLS CONSUMER FINANCE LIMITED
February 4, 2019 – March 4, 2019

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**INDIABULLS CONSUMER FINANCE LIMITED****INVESTMENT RATIONALE**

- The issue offers yields ranging from 10.75% to 11.01% depending up on the Category of Investor and the option applied for.
- Public issue by Indiabulls Consumer Finance Limited, ("Company" Or "Issuer") of Secured Redeemable Non-Convertible Debentures of Face Value of Rs 1,000 Each, ("NCDs") for an amount of Rs. 250 crore ("Base Issue") with an option to retain oversubscription up to Rs. 2750 crore aggregating up to Rs 3,000 Crore ("Shelf Limit") ("Issue").
- Credit Rating of "CARE AA; Outlook: Stable" for an amount of Rs. 3,000 crore, by CARE Ratings Limited and "BWR AA+; Outlook: Stable" for an amount of Rs. 3,000 crore, by Brickwork Ratings India Private 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.

COMPANY PROFILE

- Indiabulls Consumer Finance Limited (ICFL) is a non-deposit taking systemically important NBFC registered with the RBI and a 100% subsidiary of India bulls Ventures Limited, a listed Indian company. The company focuses primarily on providing personal loans, business loans (unsecured SME loans and secured SME loans) and other loans. ICFL's AUM increased by 4254.60% from Rs. 91.91 crores as at March 31, 2017 to Rs. 4,001.83 crore as at March 31, 2018.
- ICFL is part of the Indiabulls Ventures group, which is a prominent financial services company providing brokering, lending and wealth management businesses, amongst other businesses.
- ICFL's promoter Indiabulls Ventures Limited, was incorporated in 1995; The promoter has infused funds periodically in the form of equity in the company. As of December 31, 2018, ICFL had presence in more than 100 cities throughout India through which they market their loan products, enabling them to operate on a pan-India basis.
- In Fiscal 2018, ICFL launched their end-to-end personal loan fulfilment mobile based application "Dhani", an automated mode of lending which will enable loan application, risk analysis, credit approval, underwriting and disbursal processes to be carried out electronically through the application.
- ICFL's innovative marketing of loans both online (through "Dhani") and offline (through partners network) resulted in an increase in the loans disbursed by us by 1767% from 0.15 lakhs in the third quarter of Fiscal 2018 to 2.90 lakhs in the third quarter of Fiscal 2019. Similarly, the loans disbursed by them increased by 57% from 1.90 lakhs in the second quarter of Fiscal 2019 to 2.90 lakhs in the third quarter of Fiscal 2019.
- ICFL's loan book amounted to Rs. 10,334.38 crores as at December 31, 2018 with a CRAR of 36.67% as at March 31, 2018. The CRAR maintained by them is significantly higher than the minimum capital adequacy requirement of 15.00% as stipulated by the RBI, and the average CRAR of 15.70% as of March 31, 2018 maintained by NBFCs.
- As at March 31, 2018, its gross NPAs as a percentage of AUM was 0.05%, and net NPAs as a percentage of AUM was 0.05%. As of September 30, 2018, March 31, 2018, 2017 and 2016, capital to risk (weighted) assets ratio was 39.83%, 36.67%, 90.03% and 108.51% respectively.
- ICFL's revenue from operations increased by 1123% from Rs. 57.24 crores in Fiscal 2017 to Rs. 700.04 crores in the Fiscal 2018. Profit after tax increased by 2761% from Rs. 6.69 crores in Fiscal 2017 to Rs. 191.52 crores in the Fiscal 2018. For the nine month period ending December 31, 2018, revenue from operations was Rs. 1,148.67 crores and its profit after tax was Rs. 319.48 crores. Its revenue from operations and profit after tax grew at a compound annual growth rate ("CAGR") of 4799.18% and 13808.64%, respectively, from Fiscal 2016 to Fiscal 2018.

Source: Shelf Prospectus and Tranche I Prospectus dated January 30, 2019

Disclaimer: Invest only after referring to the prospectus

STRENGTHS

- ***Strong brand recognition and operational and business linkages:***

ICFL is a part of the Indiabulls Ventures group and ICFL believe that their relationship with the India bulls Ventures group provides brand recall and ICFL will continue to derive significant marketing and operational benefits. ICFL believe that the brand value and scale of the business operations of the Indiabulls Ventures group provides them with an advantage in an increasingly competitive market.

- ***Country wide reach allows them to market their products across India***

ICFL lending business is sourced digitally as well as through partners, direct selling agents and sales team. Company has also entered into arrangements with certain verification agencies supervised by their internal management to conduct site visits to verify identity and other information of applicants in certain cases. Due to their presence across India along with their on-site credit verification process, they have established a diverse customer base, situated across India.

- ***Marketing of loan products through on-line platforms enables them to extend the market reach of their loan products***

ICFL have developed a mobile application for their personal loans called "Dhani", which is aimed at providing an integrated and automated loan processing platform for their customers. Company expect to develop their presence as a technology-enabled financing company by adopting advanced analytics to simplify and revolutionize credit assessments and financing decisions, and enable a short turnaround time credit decisions and automated loan sanction processes across India.

- ***Customer sourcing and marketing models have resulted in scalable growth***

Customer sourcing includes sourcing of customers by their partners and sourcing of customer through "Dhani" mobile application. The network of their partners, who source the customers for personal, business and other loans provided by the Company, increased by about seven times from 109,253 partners as at September 30, 2018 to over 7,00,000 partners as at December 31, 2018.

- ***Strong in-house loan monitoring and collections teams keeping NPAs in check***

The Company monitors compliance with terms and conditions of the relevant credit facilities. Its collection personnel are trained to assist customers in understanding applicable repayment options and payment modes and ensure appropriate arrangements are made for the repayment of the loan. It uses various collection strategies for delinquent loans, including settlements and restructured payment plans.

- ***Strong in-house customer services team to provide quality customer service***

The Company believes that call centres and an emphasis on superior customer service will be significant drivers as it continues to grow its lending business and introduces its mobile application based loan processing platform, "Dhani". It primarily targets personal loans and loans for businesses, and has implemented various customer oriented practices.

- ***Liquid balance sheet with strong capital adequacy***

As at September 30, 2018 and March 31, 2018, the Company's CAR was 39.83% and 36.67% respectively as compared to the average CAR of 15.70% as of March 31, 2018 maintained by the NBFCs as compared to the minimum capital adequacy requirement of 15.00% as stipulated by the RBI. (Source: ICRA Report 2018). The Company also believes that it benefits from a liquid balance sheet with a high net worth and a comfortable capital to risk weighted assets ratio. As at December 31, 2018, the Company had cash and cash equivalent of Rs. 755.64 crore.

Source: Shelf Prospectus and Tranche I Prospectus dated January 30, 2019

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ISSUE STRUCTURE:

Issuer	Indiabulls Consumer Finance Limited
Type of instrument/ Name of the security/ Seniority	Secured Redeemable Non-Convertible Debentures
Nature of the instrument	Secured Redeemable Non-Convertible Debenture
Mode of the issue	Public issue
Lead Managers	A. K. Capital Services Limited, Edelweiss Financial Services Limited, Axis Bank Limited and Trust Investment Advisors Private Limited
Depositories	NSDL and CDSL
Tranche I Issue	Public issue by Indiabulls Consumer Finance Limited, (" Company " or " Issuer ") of secured redeemable non-convertible debentures of face value of Rs.1,000 each (" NCDs ") for an amount of Rs.250 crores (" Base Issue ") with an option to retain oversubscription up to Rs.2,750 crores aggregating up to 30,000,000 NCDs amounting to Rs.3,000 crores ("Tranche I Issue Limit") (" Tranche I Issue ") which is within the Shelf Limit of Rs.3,000 crores
Tranche I Issue Size	Rs.3,000 crores
Base Issue	Rs.250 crores
Option to retain Oversubscription Amount	Rs.2,750 crores
Interest reset process	NA
Issuance mode of the instrument	Demat only*
Day count basis	Actual/ Actual
Default interest rate	The Company 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
Issue Price (in Rs.)	Rs.1,000 per NCD
Call/Put Option	NA
Minimum Application size and in multiples of NCD thereafter	Rs.10,000 and in multiple of Rs.1,000 thereafter
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 CARE AA; Stable (pronounced as Double A; Outlook: Stable), for an amount of Rs.3,000 crore by CARE Ratings Limited vide their letter no. CARE/HO/RL/2018-19/4260 dated December 28, 2018 and revalidated vide their letter no. CARE/HO/RL/2018-19/4596 dated January 30, 2019. Further, they have been rated BWR AA+ (pronounced as BWR Double A Plus) (Outlook: Stable), for an amount of Rs.3,000 crore by Brickwork Ratings India Private Limited vide their letter no. BWR/NCD/HO/ERC/MM/0468/2018-19 dated October 19, 2018 and revalidated vide their letter no. BWR/NCD/HO/ERC/RB/0615/2018-19 dated January 4, 2019 and letter no. BWR/NCD/HO/ERC/RB/0685/2018-19 dated January 30, 2019.
Listing	The NCDs are proposed to be listed on NSE and BSE. The NCDs shall be listed within six Working Days from the date of Issue Closure.
Trading mode of the instrument	In dematerialised form only
Tranche I Issue opening date	February 4, 2019
Tranche I Issue closing date**	March 4, 2019
Record date	15 (fifteen) days prior to the relevant Interest Payment Date, relevant Redemption Date for NCDs issued under the relevant Tranche Prospectus. 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>pari passu</i> charge on present and future receivables and current assets of the Issuer for the principal amount and accrued interest thereon. The NCDs will have an asset cover of one time on the principal amount and interest thereon. 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>pari passu</i> or exclusive 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 the connection, provided that a minimum security cover of one time on the principal amount and accrued interest thereon, is maintained.
Deemed date of Allotment	The date on which the Board or the Bond Issue Committee approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors or the Bond Issue Committee and notified to the Designated Stock Exchange. 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 (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to 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 fulfil such request. 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 the relevant Tranche 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 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: Shelf Prospectus and Tranche I Prospectus dated January 30, 2019

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INVESTOR CATEGORIES AND ALLOTMENT

Category I	Category II	Category III	Category IV
QIB	Corporate 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. 5,000 million 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*

Source: Shelf Prospectus and Tranche I Prospectus dated January 30, 2019

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THE SPECIFIC TERMS OF EACH OPTION OF NCDs

Series	I *	II	III	IV	V	VI	VII	VIII
Frequency of Interest Payment	Annual	Cumulative	Monthly	Annual	Cumulative	Monthly	Annual	Cumulative
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	26 months	26 months	38 months	38 months	38 months	60 months	60 months	60 months
Coupon (% per annum) for NCD Holders in Category I, II, III & IV	10.75%	NA	10.40%	10.90%	NA	10.50%	11.00%	NA
Effective Yield (% per annum) for NCD Holders in Category I, II, III & IV	10.75%	10.75%	10.90%	10.91%	10.90%	11.01%	10.99%	11.00%
Mode of Interest Payment	Through various mode available							
Amount (Rs / NCD) on Maturity for NCD Holders in Category I, II, III and IV	Rs.1,000	Rs.1,248.02	Rs.1,000	Rs.1,000	Rs.1,388.30	Rs.1,000	Rs.1,000	Rs.1,686.26
Put and Call Option	NA	NA	NA	NA	NA	NA	NA	NA

**The Company shall allocate and allot Series I NCDs wherein the Applicants have not indicated their 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 physical Application Form, (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
20%	20%	30%	30%

Source: Shelf Prospectus and Tranche I Prospectus dated January 30, 2019

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KEY OPERATIONAL AND FINANCIAL PARAMETERS:

Summary of Operational and Financial Statements prepared in accordance with Indian GAAP for the last three completed Financial Years

Parameters	Fiscal 2018	Fiscal 2017	Fiscal 2016
Net-worth	1,677.87	208.59	91.89
Total Debt of which:	-	-	-
Non-current Maturities of Long Term Borrowing	2,459.13	-	-
Short Term Borrowing	600.00	-	-
Current Maturities of Long Term Borrowing	81.84	-	-
Net Fixed Assets	46.84	0.01	0.02
Non Current Assets (Excluding Fixed Assets and Assets Under Management)	78.37	1.16	0.24
Cash and Bank Balances	948.66	1.45	3.07
Current Investments	376.45	112.50	-
Current Assets (Excluding Cash and Bank Balances & Current Investments and Assets Under Management)	68.40	9.94	23.00
Current Liabilities (Excluding Short term borrowing , Current Maturities of Long Term Borrowing)	684.97	6.65	0.79
Non Current Liabilities (excluding long term borrowings)	16.73	1.73	0.20
Assets Under Management	4,001.83	91.91	66.56
Off Balance Sheet Assets	-	-	-
Interest Income (Including Treasury Income)	336.22	7.87	11.11
Interest Expenses	136.79	0.01	-
Provisioning & Write-offs (net of recoveries)	26.26	41.44	6.67
PAT	191.52	6.69	1.38
Gross NPA (%) of AUM	0.05%	-	-
Net NPA (%) of AUM	0.05%	-	-
Tier I Capital Adequacy Ratio (%) -Standalone	36.31%	88.92%	108.20%
Tier II Capital Adequacy Ratio (%) -Standalone	0.36%	1.11%	0.31%

(In Rs. Crore)

Summary of operational and financial parameters, prepared in accordance with IND AS, for the nine months ended December 31, 2018

Parameters	As at and for the nine months period ended 31-Dec-18
Equity	4,283.43
Total Borrowings of which	-
Debt securities	100.00
Borrowings (other than debt securities and subordinated liabilities)	7,324.69
Subordinated Liabilities	-
Property, Plant and Equipment and Other Intangible assets	72.38
Financial assets (other than cash and cash equivalents)	862.19
Non-financial assets (including deferred tax assets)	147.39
Cash and cash equivalents	755.64
Bank balances other than cash and cash equivalents	96.11
Financial liabilities	454.73
Non-financial liabilities	23.19
Loan book as per IND AS	10,252.33
Interest Income	1,008.59
Finance Costs	360.78
Impairment on financial instruments	66.54
Total Comprehensive Income	319.87
Stage 3 Assets as a percentage of Loan Book As per Ind AS (%)	0.33%
Stage 3 Asset net of Stage 3 Provision as a percentage of Loan Book as per Ind AS (%)	0.08%
CRAR - Tier I Capital Ratio (%)	37.17%
CRAR - Tier II Capital Ratio (%)	0.50%

Total Debt Equity ratio of the company:

Prior to the issue (As on December 31, 2018)	1.55
After the issue*	2.25

Note 1) The debt-equity ratio post the Issue is indicative on account of the assumed inflow of Rs.3000 crore from the proposed Issue as on December 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 December 31, 2018, except stated in Note 1) above. Further, the statement also does not give effect to any movement in share capital and reserves and surplus post December 31, 2018.

Source: Shelf Prospectus and Tranche I Prospectus dated January 30, 2019

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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