

NATIONAL HIGHWAYS AUTHORITY OF INDIA

Public Issue of Tax Free Secured Redeemable Non-Convertible Bonds by NATIONAL HIGHWAYS AUTHORITY OF INDIA

Issuer	NATIONAL HIGHWAYS AUTHORITY OF INDIA (“NHAI”)
Instrument	Tax Free Secured Redeemable Non-Convertible Bonds in the nature of debentures having Tax Benefits under Section 10 (15)(iv)(h) of the Income Tax Act, 1961.
Issuance Schedule *	The Issue shall be open from 24th February 2016 till 1st March 2016*
* The Tranche-II Issue shall remain open for subscription, from 10am to 5pm during the period indicated above, with an option for early closure or extension, as may be decided by the Board of Members or the Bond Committee. In the event of such early closure or extension of the subscription list of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure or the Issue Closing Date, as the case may be, through advertisement/s in at least one leading National daily newspaper.	
Issue Size	Rs.500 crores with an option to retain over-subscription upto Rs.2,800 crores, aggregating upto Rs.3,300 crores.
Issue Price	Rs.1,000/- for each Bond
Min Application Size	Rs.5,000/- (5 Bonds) (individually or collectively, across all Series of Bonds)
Thereafter in multiples of	Rs.1000/- (1 Bond)
Credit Rating	“AAA” from IRRPL, CARE, ICRA and “AAA/Stable” from CRISIL
Issuance of Bonds	Dematerialized form or physical form as specified by an Applicant in the Application Form.
Trading	In dematerialised form only.
Nature of Indebtedness and Ranking/Seniority	The claims of the Bondholders shall be superior to the claims of any unsecured creditors of NHAI and subject to applicable statutory and/or regulatory requirements. Further, the claims of the Bondholder shall rank <i>pari passu</i> inter se to the claims of other secured creditors of NHAI having the same security.
Security	The Bonds shall rank <i>pari passu inter-se</i> , and shall be secured by way of first <i>pari passu</i> charge on the fixed assets of NHAI, as mentioned in the Bond Trust Deed to the extent of atleast 100% of the amounts outstanding and interest accrued thereon in respect of the Bonds at any time.
Interest /Coupon Payment Date	October 1, every year except the last interest payment along with the redemption amount.
Redemption Amount	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date.
Put Call Option	Not Applicable
Listing	Proposed on BSE and NSE
BRLMs	Axis Capital, SBI Capital Markets, A.K.Capital Services, Edelweiss Financial Services, ICICI Securities
Registrar	Karvy Computer share Pvt. Ltd.

Tranche – II details				
Category	I – ('QIBs')	II – ('Corporates')	III – ('HNIs')	IV – ('RIIs')
	Qualified Institutional Buyers	Corporates	High Networth Individuals	Retail Individual Investors
Category Allocation (%)	20% of the overall Issue Size of Rs.3,300 Crs.	20% of the overall Issue Size of Rs.3,300 Crs.	20% of the overall Issue Size of Rs.3,300 Crs. (Above Rs.10 Lakhs)	40% of the overall Issue Size of Rs.3,300 Crs. (upto Rs.10 Lakhs)
Category Allocation (Rs.)	660 Crs.	660 Crs.	660 Crs.	1,320 Crs

Tenor	10 Years		15 Years	
	Annual			
Options/Series of Bonds	Series I A	Series I B	Series II A	Series II B
Coupon Rate/Annulised Yield for Category I, II & III Applicants (% p.a.)	7.04%	--	7.39%	--
Coupon Rate/Annulised Yield for Category IV Applicants (% p.a.)	--	7.29%	--	7.69%

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NOTE: IN PURSUANCE OF CBDT NOTIFICATION AND FOR AVOIDANCE OF DOUBTS, IT IS CLARIFIED AS UNDER:

- a. The coupon rates indicated under the Tranche-II Prospectus shall be payable only on the Portion of Bonds allotted to RIIs in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under RIIs Category viz Category IV.
- b. In case the Bonds allotted against the Tranche-II Prospectus are transferred by RIIs to Non-RIIs(as on Record Date) viz, Qualified Institutional Buyers, Domestic Corporates and/or High Networth Individuals, the coupon rate on such Bonds shall stand at par with coupon rate applicable to respective category of investors.
- c. If the Bonds allotted against the Tranche-II Prospectus are sold/ transferred by the RIIs to investor(s) who fall under the RIIs category as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;
- d. If on any Record Date, the original RII allottee(s)/ transferee(s) hold the Bonds under the Tranche-II Prospectus for an aggregate face value amount of over Rs. 10 Lakh, then the coupon rate applicable to such RII allottee(s)/transferee(s) on Bonds under the Prospectus shall stand at par with coupon rate applicable to Non-RIIs.
- e. Bonds allotted under the Tranche-II Prospectus shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;
- f. For the purpose of classification and verification of status of the RII Category of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the respective Tranche Issue shall be clubbed and taken together on the basis of PAN of the 1st holder.

Who can apply?

Category I (QIBs)*:

- Public Financial Institutions, scheduled commercial banks, state industrial development corporations, which are authorised to invest in the Bonds;
- Provident funds and pension funds with minimum corpus of Rs. 25 crores, which are authorised to invest in the Bonds;
- Insurance companies registered with the IRDA;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India;
- Mutual funds registered with SEBI; and
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended which are authorised to invest in the Bonds;

Category II (Corporates)* :

- Companies within the meaning of section 2(20) of the Companies Act, 2013
- Statutory bodies/corporations;
- Cooperative banks;
- Trusts including Public/ private /religious trusts;
- Limited liability partnerships;
- Regional rural banks
- Partnership firms in the name of partners.
- Association of persons
- Societies Registered under applicable laws in India and
- Other legal entities incorporated in India and authorised to invest in the Bonds

Category III (High Networth Individual Investors) (HNIs):

The following investors applying for an amount aggregating to above Rs. 10 lakhs across all series in each Tranche-II Issue:

- Resident Indian individuals; and
- Hindu Undivided Families through the Karta.

Category IV (Retail Individual Investors) (RIIs):

The following Investors applying for an amount aggregating to upto and including Rs. 10 lakhs across all series in each Tranche-II Issue :

- Resident Indian individuals; and
- Hindu Undivided Families through the Karta.

* As per Section 186(7) of the Companies Act, 2013 a company shall not provide loan at a rate of interest lower than the prevailing yield of Government Security closest to the tenor of the loan. However, Ministry of Corporate Affairs through its General Circular No. 06/2015 dated April 9, 2015, has clarified that companies investing in tax-free bonds wherein the effective yield (effective rate of return) on the bonds is greater than the prevailing yield of one year, three year, five year or ten year of Government Security closest to the tenor of the loan, there is no violation of subsection (7) of section 186 of the Companies Act, 2013.

For additional information & risk factors please refer to the Prospectus

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Application cannot be made by :

- x 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);
- x Persons Resident Outside India, Foreign nationals (including Non-resident Indians, Foreign Institutional Investors, Foreign Portfolio Investors and Qualified Foreign Investors) and other foreign entities
- x Overseas Corporate Bodies;
- x Indian Venture Capital Funds;
- x Foreign Venture Capital Investors;
- x Persons ineligible to contract under applicable statutory/ regulatory requirements;
- x Any category of investor other than the Investors mentioned above under Categories I, II, III and IV.

Interest on Application Money	The company shall pay interest on Application Amounts on the amount Allotted, subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, to any Applicants to whom Bonds are allotted (except for ASBA Applicants) pursuant to the Issue from the date of realization of the cheque(s)/ demand draft(s) upto one day prior to the Deemed Date of Allotment , at the rate same as Coupon Rate .
Interest on Application Money (on Refund amount)	Interest on application money which is liable to be refunded to the applicants (other than Application Amounts received after the Issue Closure Date, and ASBA Applicants) in accordance with the provisions of the SEBI Debt Regulations, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the I-Tax Act, 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment , at the rate of 5% p.a.
<p><i>NOTE : In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, the company shall pay interest on Application Amounts on the amount Allotted/ Amounts which are liable to be refunded from three days from the date of upload of each Application on the electronic Application platform of the Stock Exchanges upto one day prior to the Deemed Date of Allotment, at the aforementioned rate.</i></p> <p><i>Provided that, notwithstanding anything contained hereinabove, the Issuer shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, and/or (b) applications which are withdrawn by the applicant and/or (c) monies paid in excess of amount of the Bonds applied for in the Application Form.</i></p>	

Cheque/DD Details :

In case of Resident Applicants:	<i>“NHAI Bonds 2015 Escrow Account”</i>
<p>All cheques/bank drafts accompanying the Application should be crossed “A/c. Payee only”.</p> <p><i>Investors are advised to use CTS cheques or use the ASBA facility to make payments. Investors are cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six working days from the Bid/offer closing date.</i></p>	

Note: Application will be rejected if banked without uploading in the electronic system of the recognised stock exchanges.