



## NATIONAL HIGHWAYS AUTHORITY OF INDIA

Public Issue of Tax-Free Secured Redeemable Non-Convertible Bonds

### Issue Highlights

**Issue Size:** Public Issue by National Highways Authority of India Tax Free Bonds in the nature of Secured, Redeemable, Non-Convertible Debentures, having benefits under section 10(15)(iv)(h) of the income tax act, 1961, as amended (“BONDS”) for an amount of **Rs.1,000 crs.** (“BASE ISSUE SIZE”) with an option to **retain oversubscription upto Rs.9,000 crs. Aggregating to Rs.10,000 crs. \*** (“TRANCHE I ISSUE”)

**Issue Opens:** Thursday, December 17, 2015

**Issue Closes:** Thursday, December 31, 2015

**Allotment:** First Come First Serve Basis

**Face Value:** Rs. 1000 per Bond

**Minimum Application:** 5 Bonds (Rs. 5,000) (individually or collectively, across all Series of Bonds) & in the multiple of 1 Bond (Rs. 1,000) thereafter.

**Maximum Application:** Rs.10 Lakhs for Retail Category

**Listing:** BSE & NSE

**Allotment mode:** In Dematerialized mode and Physical mode.

**Rating:** “IND AAA” by IRRPL, “CARE AAA” by CARE , “[ICRA] AAA” by ICRA and “CRISIL AAA/Stable”

**Kotak Securities Limited is one of the Broker to the issue.**

**Lead Manager:** ICICI, Edelweiss, A.K. Capital, SBI Capital, Axis Capital

**Registrar:** Karvy Computershare Private Limited

**Prospectus Link:**

Category	Allocation	Base Issue (Amt in Crs)	Issue Size (Amt in Crs)
QIB	20%	200	2000
Corporate	20%	200	2000
Individual, HUF above Rs.10 lakh	20%	200	2000
Individual, HUF up to Rs.10 lakh	40%	400	4000
<b>Total</b>	<b>100%</b>	<b>1000</b>	<b>10000</b>

10 years		15 years	
Retail*	Others**	Retail*	Others**
7.39%	7.14%	7.60%	7.35%

*\* Retail Option for individuals if application is for 10 lacs or less*

*\*\*Others include QIBs, Corporate and HNI's*

#### Payment Details:

In case of Resident Applicants:

**"NHAH Bonds 2015 Escrow Account"**.

### Highlights of Tax Benefits

- Interest from these Bonds do not form part of total income as per provisions of Section 10(15) (iv)(h) of Income Tax Act, 1961 read along with Section 14A(1) of the Income Tax Act.
- Since the interest income on the bonds is exempt, no tax deduction at source ("TDS") is required. However interest on application money would be liable for TDS as well as would be subject to tax as per present tax laws.

### Company Brief

NHAI is an autonomous authority of the GoI under the MoRTH constituted on June 15, 1989 by an Act of Parliament titled – The National Highways Authority of India Act, 1988 (NHAI Act). NHAI was operationalised in February 1995 with the appointment of full time Chairman and other Members. The functioning of NHAI is governed by NHAI Act and rules, and regulations framed thereunder.

The main objects of NHAI are provided in NHAI Act as per which NHAI is responsible for the development, maintenance and management of the National Highway (NH) entrusted to it by the GoI and for matters connected or incidental thereto. Its functions include survey, development, maintenance and management of the NH and inter alia to construct offices or workshops, to establish and maintain hotels, restaurants and rest rooms at or near the highways entrusted to it, to regulate and control plying of vehicles, to develop and provide consultancy and construction services and to collect fees for services and benefits rendered in accordance with Section 16 of NHAI Act. It was established with a vision to meet the nation's need for the provision and maintenance of a NH network in line with global standards and to meet user's expectations in the most time bound and cost effective manner, within the strategic policy framework set by the GoI and thus promote economic well-being and quality of life of the people.

Options	Option 1	Option 2
Tenure of Bonds	10 years	15 years
Maturity/Redemption Date	10 years from Deemed Date of Allotment	15 years from Deemed Date of Allotment
Series of Bonds*	Tranche I Series 1A	Tranche I Series 2A
Coupon Rate (%) p.a.	7.14%	7.35%
Annualized Yield (%) p.a.	7.14%	7.35%
Series of Bonds*	Tranche I Series 1B	Tranche I Series 2B
Coupon Rate (%) per annum	7.39%	7.60%
Annualized Yield (%) p.a.	7.39%	7.60%
Frequency of Interest Payment	Annual	

## COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS

<b>Issuer</b>	<b>National Highways Authority of India</b>
<b>Issue Size</b>	Rs. 1000 crores with an option to retain oversubscription upto Rs. 9000 crores aggregating to total of upto Rs. 10000 crores.
<b>Interest Payment Date</b>	April 1 every year except the last interest payment along with the redemption amt.
<b>Issuance mode</b>	In dematerialized form or in physical form.
<b>Trading mode</b>	In dematerialized form only
<b>Interest on Application Monies received which are used towards Allotment of Bonds</b>	<p>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, 1961 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, <b>at the rate of 7.14% p.a. and 7.35% p.a.</b> on Tranche I Series IA and Tranche I Series IIA respectively for Allottees under Category I, Category II and Category III Portion, and at the rate of 7.39% p.a. and 7.60% p.a. on Tranche I Series IB and Tranche I Series IIB respectively for Allottees under Category IV Portion. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three Working 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.</p> <p>A tax deduction certificate will be issued for the amount of income tax so deducted.</p>
<b>Interest on Application Monies received which are liable to be refunded</b>	<p>The Company shall pay 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 Income 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, <b>at the rate of 5% per annum.</b> In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts which are liable to be refunded from three Working 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. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched/credited (in case of electronic payment) along with the Letter(s) of Refund at the sole risk of the applicant, to the sole/first applicant.</p>

	A tax deduction certificate will be issued for the amount of income tax so deducted.
<b>Record Date</b>	The record date for the purpose of Coupon/ Interest Payment or the Maturity/ Redemption Amount shall be 15 days prior to the date on which such amount is due and payable to the holders of the Bonds. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on Sunday or holiday of Depositories, the succeeding working day shall be considered as Record Date and in case of redemption of bonds the preceding Working Day shall be considered as Record Date.
<b>Deemed Date of Allotment</b>	Deemed Date of Allotment shall be the date on which the Members of the Authority or Bond Committee thereof approves the Allotment of the Bonds for Tranche-I Issue or such date as may be determined by the Members of the Board of the Issuer or Bond Committee thereof and notified to the Stock Exchange(s). All benefits relating to the Bonds including interest on Bonds (for Tranche-I Issue) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.

<b>Who Can Apply</b>	
<b>Category-I (Qualified Institutional Buyers) (“QIBs”)*:</b>	<p><b><u>Category-I (Qualified Institutional Buyers) (“QIBs”)*:</u></b></p> <ul style="list-style-type: none"> <li>• Public Financial Institutions, scheduled commercial banks, state industrial development corporations, which are authorised to invest in the Bonds;</li> <li>• Provident funds and pension funds with minimum corpus of Rs.25.00 crores, which are authorised to invest in the Bonds;</li> <li>• Insurance companies registered with the IRDA;</li> <li>• 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;</li> <li>• 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;</li> <li>• Mutual funds registered with SEBI; and</li> <li>• 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 Bonds</li> </ul>
<b>Category-II [Corporate Portion]*:</b>	<ul style="list-style-type: none"> <li>• Companies within the meaning of sub-section 20 of Section 2 of the Companies Act, 2013;</li> <li>• Statutory bodies/corporations;</li> <li>• Cooperative banks;</li> <li>• Trusts including Public/ private/ religious trusts;</li> <li>• Limited liability partnership;</li> <li>• Regional rural banks;</li> <li>• Partnership firms in the name of partners;</li> <li>• Association of Persons;</li> <li>• Societies registered under the applicable law in India and authorized to invest in Bonds; and</li> <li>• Other legal entities incorporated in India and authorised to invest in the Bonds.</li> </ul>
<b>Category-III (High Networth Individuals) (“HNIs”):</b>	<p>Investors applying for an amount aggregating to <b>above Rs.10 lakhs</b> across all Series of Bonds in Tranche I Issue:</p> <ul style="list-style-type: none"> <li>• Resident Indian individuals;</li> <li>• Hindu Undivided Families (“HUF”) through the Karta</li> </ul>
<b>Category-IV (Retail Individual Investors) (“RIIs”):</b>	<p>Investors applying for an amount aggregating <b>upto and including Rs. 10 lakhs</b> across all Series of Bonds in Tranche I Issue:</p> <ul style="list-style-type: none"> <li>• Resident Indian individuals;</li> <li>• Hindu Undivided Families through the Karta.</li> </ul>

## **Instructions specific for Applicants seeking Allotment of the Bonds in physical form**

Any Applicant who wishes to subscribe to the Bonds in **physical form** shall undertake the following steps:

**Please complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide the Depository Participant details in the Application Form.** The requirement for providing Depository Participant details shall be mandatory only for the Applicants who wish to subscribe to the Bonds in dematerialized form.

Please provide the following documents along with the Application Form:

(a) Self-attested copy of the PAN card (in case of a minor, the guardian shall also submit the self-attested Copy of his/her PAN card);

(b) Self-attested copy of your proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:

- ration card issued by the GoI; or
- valid driving license issued by any transport authority of the Republic of India; or
- electricity bill (not older than three months); or
- landline telephone bill (not older than three months); or
- valid passport issued by the GoI; or
- voter's identity card issued by the GoI; or
- passbook or latest bank statement issued by a bank operating in India; or
- registered lease and license agreement or agreement for sale or rent agreement or flat maintenance bill; or
- AADHAR letter;

(C) Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited.

**Note : "Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for payment of the Application Amount".**

*\*The Issuer shall allocate and Allot Bonds of Tranche I Series IA/Tranche I Series IB (depending upon the Category of Applicants) to all valid Applications, wherein the*

*Applicants have not indicated their choice of the relevant Bond series in their Application Form # In pursuance of CBDT Notification and for avoidance of doubts, it is clarified as under:*

*a. The coupon rates indicated under Tranche I Series IB and Tranche I Series IIB shall be payable only on the Portion of Bonds allotted to Category IV 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 Category IV.*

*b. In case the Bonds allotted against Tranche I Series IB and Tranche I Series IIB are transferred by Category IV to Category I, Category II and/or Category III, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Tranche I Series IA and Tranche I Series IIA respectively.*

*c. If the Bonds allotted against Tranche I Series IB and Tranche I Series IIB are sold/ transferred by the Category IV to investor(s) who fall under the Category IV as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;*

*d. Bonds allotted against Tranche I Series IB and Tranche I Series IIB shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under Category IV;*

*e. If on any Record Date, the original Category IV allottee(s)/ transferee(s) hold the Bonds under Tranche I Series IB and Tranche I Series IIB, Tranche I Series IA, Tranche I Series IIA for an aggregate face value amount of over ` 10 lakhs, then the coupon rate applicable to such Category IV allottee(s)/transferee(s) on Bonds under Tranche I Series IB and Tranche I Series IIB shall stand at par with coupon rate applicable on Tranche I Series IA and Tranche I Series IIA respectively;*

*f. Bonds allotted under Tranche I Series IA and Tranche I Series IIA shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;*

*g. For the purpose of classification and verification of status of the Category IV 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.*