



NATIONAL HIGHWAYS AUTHORITY OF INDIA

(An Autonomous Body under the Ministry of Road Transport & Highways, Government of India)

(Constituted on June 15, 1989 by an Act of Parliament - The National Highways Authority of India Act, 1988)

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PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER" OR "AUTHORITY") OF TAX FREE, SECURED, REDEEMABLE, NON CONVERTIBLE BONDS OF FACE VALUE OF ₹ 1,000 EACH IN THE NATURE OF DEBENTURES HAVING TAX BENEFITS UNDER SECTION 10 (15)(iv)(h) OF THE INCOME TAX ACT, 1961, AS AMENDED ("BONDS") FOR AN AMOUNT OF ₹ 50,000 LAKH ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UPTO ₹ 2,80,000 LAKHS AGGREGATING UPTO ₹ 3,30,000 LAKHS ("TRANCHE - II ISSUE") IN THE FISCAL 2016

THIS TRANCHE - II ISSUE IS BEING OFFERED BY WAY OF A PROSPECTUS TRANCHE - II WHICH INTER ALIA CONSISTS OF TERMS AND CONDITIONS CONDITIONS. OF TRANCHE - II ISSUE ("PROSPECTUS TRANCHE - II") AND SHOULD BE READ TOGETHER WITH THE "SHELF PROSPECTUS DATED DECEMBER 11, 2015 FILED WITH THE STOCK EXCHANGES AND SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"). THE SHELF PROSPECTUS TOGETHER WITH THIS PROSPECTUS TRANCHE - II SHALL CONSTITUTE THE "PROSPECTUS".

* In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and for an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 3,87,200.00 lakhs and ₹ 1,82,800.00 lakhs through private placement route on September 18, 2015 and February 18, 2016. The Issuer has also raised ₹ 10,00,000.00 lakhs through public issue vide Prospectus Tranche-I dated December 11, 2015. The Issuer was allocated an amount of ₹ 24,00,000 lakhs vide CBDT Notification, however, vide CBDT Notification No. 6/2016 F.No. 178/1/2016-ITA-1 dated February 18, 2016 the said limit has been revised to ₹ 19,00,000.00 lakhs. In view of the above the Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2015-16 shall together not exceed the limit of ₹ 19,00,000.00 lakhs.

The Issue (and, for the avoidance of doubt, each Tranche Issue) is being made under the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("SEBI Debt Regulations") and CBDT Notification 59/2015 F. No. 178/27/2015-ITA-1 dated July 6, 2015 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by item (h) of sub-clause (iv) of clause (15) of section 10 of the Income Tax Act, 1961, as amended.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to the Tranche-II Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue including the risks involved. Investors are advised to refer to section "Risk Factors" in the Shelf Prospectus and "Recent Developments" in this Prospectus Tranche-II. This Prospectus Tranche-II has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus Tranche-II read together with the Shelf Prospectus contains and will contain all information with regard to the Issuer and this Issue, which is material in the context of this Issue, that the information contained in this Prospectus Tranche-II is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus Tranche-II as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATINGS

The Bonds proposed to be issued under this Issue have been rated "IND AAA" by IRRPL vide its letter dated September 2, 2015 and revalidated said ratings vide its letter dated February 4, 2016, "CARE AAA" by CARE vide its letter dated September 3, 2015 and revalidated said ratings vide its letter dated February 5, 2016, "[ICRA] AAA" by ICRA vide its letters dated September 08, 2015 and revalidated said ratings vide its letter dated February 5, 2016 and "CRISIL AAA/Stable" by CRISIL vide its letter dated September 8, 2015 and revalidated said ratings vide its letters dated February 8, 2016 for an amount of up to ₹ 24,00,000.00 lakhs.

Instruments with these rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings. For revalidation letters, please refer to Annexure -II of the Prospectus Tranche-II and for rationale of the said ratings, please refer to Appendix - III of the Shelf Prospectus.

COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY DATE, MATURITY AMOUNT OF THE BONDS AND ELIGIBLE INVESTORS

For details relating to Interest/Coupon Rate, Coupon Payment Frequency, Redemption Date and Redemption Amount of the Bonds, please refer to the chapter "Terms of the Issue" on page 37. Please refer to page 12 for eligible investors.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated October 7, 2015 was filed with the BSE ("Designated Stock Exchange") and NSE pursuant to the provisions of the SEBI Debt Regulations for public comments for a period of 7 (seven) working days (i.e. until 5 P.M. on such seventh working day) i.e. October 14, 2015.

LISTING

The Bonds are proposed to be listed on the BSE and NSE. The Designated Stock Exchange for the Issue is BSE. We have received in-principle approval for listing from BSE and NSE vide their letters no. DCS/SJ/PI-BOND/07/15-16 dated October 14, 2015 and NSE/LIST/46407 dated October 14, 2015 respectively.

LEAD MANAGER TO THE ISSUE

				
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REGISTRAR TO THE ISSUE



TRUSTEE FOR THE BONDHOLDERS**



KARVY COMPUTERSHARE PRIVATE LIMITED
Karvy Selenium Tower, B, Plot No. 31 - 32, Gachibowli Financial District,
Nanakramguda, Hyderabad - 500 032
Toll Free No. 1-800-3454001;
Tel: +91 40 6716 2222
Facsimile: +91 40 2343 1551
Email: einward.ris@karvy.com
Investor Grievance Email: nhai.bond@karvy.com
Website: http://karisma.karvy.com;
Contact Person: Mr. M. Murlu Krishna
SEBI Registration No.: INR000000221

SBICAP TRUSTEE COMPANY LIMITED
Apeejay House, 6th Floor,
3, Dimshaw Wachha Road, Churchgate
Mumbai 400 020
Tel: +91 22 4302 5555
Facsimile: +91 22 2204 0465
Email: corporate@sbicaptrustee.com
Investor Grievance Email: corporate@sbicaptrustee.com
Website: www.sbicaptrustee.com
Contact Person/Compliance Officer: Mr. Ajit Joshi
SEBI Registration No.: IND000000536

ISSUE PROGRAMME[#]

ISSUE OPENS ON FEBRUARY 24, 2016

ISSUE CLOSURES ON MARCH 1, 2016

The Tranche-II Issue shall remain open for subscription from 10:00 AM to 5:00 PM 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 period of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the date 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.

** SBICap Trustee vide its letter No. 1964/STCL/2015-16 dated September 10, 2015 has given its consent for its appointment as the Bond Trustee to the Issue and for its name to be included in this Prospectus Tranche-II and in all the subsequent periodical communications to be sent to the holders of the Bonds issued pursuant to this Issue.

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**SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS**

This Prospectus Tranche-II uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning as provided below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

NHAI Related Terms

TERM	DESCRIPTION
“Issuer”, “NHAI”, "Authority" “We”, or “us”, “our”	National Highways Authority of India, an autonomous body under the Ministry of Road Transport & Highways, GoI, established under Section 3 of the National Highways Authority of India Act, 1988 having a perpetual succession and common seal
Board of Members/Board/ Members/Members of the Board	Members of the Authority
Head Office	Head office of National Highways Authority of India situated at G – 5 & 6, Sector 10, Dwarka, New Delhi – 110 075, India
Auditor	CAG is statutory auditor of the NHAI
SPV/SPVs/Special Purpose Vehicle	SPV/SPVs or Special Purpose Vehicle shall mean jointly or individually, all those SPVs of the Issuer as further described in the Chapter on History, Main Objects and Certain Corporate Matters in the Shelf Prospectus
Subsidiaries	SPVs wherein shareholding of more than 50% is held by NHAI, namely, (i) Ahmedabad-Vadodara Expressway Company Limited, (ii) Mumbai-JNPT Port Road Company Limited, (iii) Mormugao Port Road Company Limited, (iv) Vishakhapatnam Port Road Company Limited, (v) Calcutta-Haldia Port Road Company Limited, (vi) Cochin Port Road Company Limited, (vii) Tuticorin Port Road Company Limited, (viii) Paradip Port Road Company Limited, (ix) New Mangalore Port Road Company Limited, (x) Moradabad Toll Road Company Limited all incorporated as Public Limited Companies under the Companies Act, 1956

Issue related terms

TERM	DESCRIPTION
Allotment/Allot/Allotted	Unless the context otherwise requires, the allotment of Bonds to the successful Applicants in relation to Tranche-II Issue
Allottee(s)	Successful Applicant(s) to whom Bonds for Tranche-II Issue shall be allotted pursuant to the Issue either in full or in part.
Allotment Advice	The communication to be sent to the Allottees conveying the details of Bonds allotted to the Allottees in accordance with the Basis of Allotment.
Applicant/Investor	Any person who applies for Allotment of Bonds pursuant to the terms of the Shelf prospectus, this Prospectus Tranche-II, Abridged Prospectus and Application Form for Tranche -II Issue
Application	An application to subscribe to Bonds offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under this Prospectus Tranche-II
Application Amount	The aggregate value of the Bonds applied for by the Applicant, as indicated in the Application Form for Tranche-II Issue
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to Bonds through ASBA and Non-ASBA process and which will be considered as the application for Allotment of Bonds pursuant to the terms of the Prospectus Tranche-II.
Application Supported by Blocked Amount/ASBA/	An Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the Application

TERM	DESCRIPTION
ASBA Application	Amount in the specified bank account maintained with such SCSB.
ASBA Account	An account maintained with a SCSB which will be blocked by such SCSB to the extent of the Application Amount mentioned in the Application Form of an ASBA Applicant.
ASBA Applicant	Any applicant who applies for the Bonds through the ASBA mechanism.
Base Issue Size	₹ 50,000.00 lakhs
Basis of Allotment	The basis on which the Bonds will be allotted to successful Applicants under the Issue and which shall be described in “ Issue Procedure – Basis of Allotment ” as specified in the Prospectus(es) Tranche-II.
Bond Certificate(s)	Certificates issued to the Bondholder(s) pursuant to Allotment in case the Applicant has opted for physical Bonds or pursuant to rematerialisation of Bonds based on request from the Bondholder
Bond Committee	The committee constituted through resolution dated July 20, 2015 by the Board of Members of the Issuer.
Bondholder(s)	Any person holding the Bonds and whose name appears on the list of beneficial owners provided by the Depositories (in case of Bonds held in dematerialised form) or whose name appears in the Register of Bondholders maintained by the Issuer or by the Registrars or by any such person authorized by the Issuer in this behalf (in case of Bonds held in physical form).
Bonds	Tax free, secured, redeemable, non convertible Bonds of ₹ 1,000.00 each in the nature of debentures having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961 proposed to be issued by NHAI in accordance with the CBDT Notification and pursuant to the terms of the Shelf Prospectus and this Prospectus Tranche-II.
Category I*	<ul style="list-style-type: none"> • 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 ₹ 25.00 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. <p><i>* 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 Government Security closest to the tenor of the loan, there is no violation of sub-section (7) of section 186 of the Companies Act, 2013.</i></p>
Category II*	<ul style="list-style-type: none"> • 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;

TERM	DESCRIPTION
	<ul style="list-style-type: none"> • Partnership firms in the name of partners. • Association of persons • Societies Registered under applicable laws in India. • Other legal entities incorporated in India and authorised to invest in the Bonds <p><i>* 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 Government Security closest to the tenor of the loan, there is no violation of sub-section (7) of section 186 of the Companies Act, 2013.</i></p>
Category III	<p>The following investors applying for an amount aggregating above ₹10.00 lakhs across all series in Tranche-II Issue</p> <ul style="list-style-type: none"> • Resident Indian individuals; and • Hindu Undivided Families through the Karta
Category IV	<p>The following investors applying for an amount aggregating upto and including ₹10.00 lakhs across all series in Tranche-II Issue</p> <ul style="list-style-type: none"> • Resident Indian individuals; and • Hindu Undivided Families through the Karta
CBDT Notification/ Notification	<p>Notification No. 59/2015 F. No. 178/27/2015-ITA-I dated July 6 , 2015 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by Section 10 (15)(iv)(h) of the Income Tax Act, 1961 (43 of 1961)</p>
CBDT Notification Amendment	<p>Notification No. 6/2016 F.No. 178/1/2016-ITA-1 dated February 18, 2016 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by Section 10 (15)(iv)(h) of the Income Tax Act, 1961 (43 of 1961)</p>
CDSL Agreement	<p>Tripartite agreement dated November 22, 2013 among NHAI, Karvy Computershare Private Limited and CDSL for offering depository option to the Bondholders</p>
Collection Centres	<p>Collection Centres shall mean those branches of the Bankers to the Issue that are authorized to collect the Application Forms as per the Escrow Agreement to be entered into by us, Bankers to the Issue, Registrar and Lead Managers</p>
Consolidated Bond Certificate	<p>In case of Bonds issued in physical form/rematerialised by the Bondholder, a single certificate will be issued to the Bondholder for the aggregate face value amount for each Series of Bonds allotted to him under Tranche-II Issue</p>
Credit Rating Agencies	<p>For the present Issue, Credit Rating Agencies include IRRPL, CARE, ICRA and CRISIL.</p>
Debenture Trust Deed/Bond Trust Deed	<p>Bond Trust deed to be entered into between the Bond Trustee and NHAI</p>
Debenture Trustee/Bond Trustee/ Trustee	<p>Trustees for the Bondholders, in this case being SBICAP Trustee Company Limited</p>
Debt Listing Agreement	<p>The Listing Agreement entered into between Issuer and the relevant stock exchange(s) in connection with the listing of its debt securities .</p>
Deemed Date of Allotment	<p>Deemed Date of Allotment shall be the date on which the Members of the Board of the Issuer or Bond Committee thereof approves the Allotment of the Bonds for Tranche-II 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-II 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</p>

TERM	DESCRIPTION
Default	Defaults as listed in the section - “ Terms of the Issue ” in this Prospectus Tranche-II read with the Bond Trust Deed.
Demographic Details	The demographic details of an Applicant, such as his address, bank account details, category, PAN etc. for printing on refund orders.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications, a list of which is available at www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognized-Intermediaries or such other website as may be prescribed by the SEBI from time to time.
Designated Date	The date on which Application Amount are transferred from the Escrow Account(s) to the Public Issue Account(s) or the Refund Account, as appropriate, and the Registrar issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Account(s)
Depository(ies)	NSDL and/or the CDSL
Designated Stock Exchange/ DSE	BSE Limited
Direct Online Application	Applications made through an online interface maintained by the Stock Exchanges enabling direct application by investors to a public issue of their debt securities with an online payment facility in terms of circular (No. CIR/IMD/DF-1/20/2012) dated July 27, 2012 issued by SEBI. This facility is available only for demat account holders who wish to hold the Bonds pursuant to the Issue in dematerialised form
DP/Depository Participant	A depository participant as defined under the Depositories Act
Draft Shelf Prospectus	The draft shelf prospectus dated October 7, 2015 filed by NHAI with the Designated Stock Exchange for public comments and with SEBI for informational purposes in accordance with the provisions of SEBI Debt Regulations.
Escrow Accounts	Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants (other than ASBA Applicants) will issue cheques or drafts in respect of the Application Amount when submitting an Application for each Tranche Issue
Escrow Agreement	Agreement dated October 20, 2015 entered into by the NHAI, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for each Tranche Issue for collection of the Application Amounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Escrow Collection Bank/ Banker to the Issue	The banks which are clearing members and registered with SEBI as bankers to the Issue, with whom the Escrow Accounts and/or Public Issue Accounts and/or Refund Account have been opened by the Issuer in this case being IndusInd Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, Axis Bank Limited, State Bank of India, Syndicate Bank.
Interest Payment Date/ Coupon Payment	October 1, every year except the last interest payment along with the redemption Amount
Issue	Public issue of tax free, secured, redeemable, non convertible bonds of face value of ₹ 1,000.00 each in the nature of debentures having tax benefits under the Section 10(15)(iv)(h) of the Income Tax Act, 1961. <i>In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and for an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 3,87,200.00 lakhs and ₹ 1,82,800.00 lakhs through private placement route on September 18, 2015 and February 18, 2016. The Issuer has also raised ₹10,00,000.00 lakhs through public issue vide Prospectus Tranche-I dated December 11, 2015. The Issuer was allocated an amount of ₹24,00,000.00 lakhs vide CBDT Notification, however, vide CBDT Notification No. 6/2016 F.No. 178/1/2016-ITA-1 dated February 18, 2016 the said limit has been revised to ₹19,00,000.00 lakhs. In view of the above the Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2015-16 shall together not exceed the limit of ₹ 19,00,000.00 lakhs.</i>
Issue Period	The period between the Tranche-II Issue Opening Date and the Tranche-II Issue

TERM	DESCRIPTION
	Closing Date (inclusive of both days) and during which prospective investors can submit their Applications as specified in this Prospectus Tranche-II.
Issue Closing Date/ Tranche-II Issue Closing Date	March 1, 2016
Issue Opening Date/ Tranche-II Issue Opening Date	February 24, 2016 The Tranche-II Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M 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 period of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the date 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 with wide circulation.
Lead Brokers	SBICAP Securities Limited, A.K. Stockmart Limited, Axis Capital Limited, Edelweiss Broking Limited, ICICI Securities Limited, Just Trade Securities Limited, Kotak Securities Limited, RR Equity Brokers Private Limited, SMC Global Securities Limited and SPA Securities Limited.
Lead Broker MoU	MoU dated December 8, 2015 entered into between NHAI and Lead Brokers
Lead Managers/Lead Managers to the Issue	SBI Capital Markets Limited, A.K. Capital Services Limited, Axis Capital Limited, Edelweiss Financial Services Limited and ICICI Securities Limited
Limited Review	Limited Review means review of the financials of NHAI for year ending March 31, 2015 and half year ending on September 30, 2015 carried out by Garg Singla & Co., Chartered Accountants
Market Lot	One Bond
National Highway(s)	National highways means the highways specified in schedule of NH Act pursuant to a declaration to that affect being made by Central Government under Section 2 of NH Act
NSDL Agreement	Tripartite agreement dated November 25, 2013 among NHAI, Karvy Computershare Private Limited and NSDL, executed for offering depository services to the Bondholders
Prospectus	The Shelf Prospectus read with the Prospectus Tranche-II.
Prospectus Tranche-I.	The tranche prospectus dated December 11, 2015.
Prospectus Tranche-II	The tranche prospectus dated February 22, 2016.
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue and/ or the SCSBs on the Designated Date.
Record Date	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.
Redemption Amount/ Maturity Amount	Repayment of the face value plus any interest that may have accrued on the Redemption Date
Redemption Date/Maturity Date	For Tranche II Series IA and Tranche II Series IB the date falling 10 years from the Deemed Date of Allotment and for Tranche II Series IIA and Tranche II Series IIB the date falling 15 years from the Deemed Date of Allotment.
Refund Account	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Application Amount (excluding Application Amounts from ASBA Applicants) shall be made.
Refund Bank	IndusInd Bank Limited
Registrar to the Issue or	Registrar to the Issue, in this case being Karvy Computershare Private Limited

TERM	DESCRIPTION
Registrar	
Register of Bondholders	The register of Bondholders maintained by NHAI at its head office (or such other place as permitted by law) containing the particulars of the legal owners of the Bonds issued by NHAI held in physical form
Registrar MoU	Memorandum of understanding dated September 18, 2015 entered into between NHAI and the Registrar to the Issue
Residual Shelf Limit	In relation to each Tranche Issue, this shall be the Shelf Limit less the aggregate amount of Bonds allotted under all previous Tranche Issue(s) and amount raised through private placement, subsequent to the date of Shelf Prospectus.
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. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof.
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 as amended offering services in relation to ASBA, a list of which is available on www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognized-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Series Bondholder(s)	A holder of the Bond(s) of a particular Series issued under a Tranche-II Issue
Series of Bonds	A series of Bonds which are identical in all respects including, but not limited to terms and conditions, listing and ISIN and as further stated to be an individual Series in this Prospectus Tranche-II.
Shelf Limit	<i>The total aggregate limit of the Issue being ₹ 13,30,000.00* lakhs to be issued by way of one or more Tranche Issues.</i> * <i>In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and for an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 3,87,200.00 lakhs and ₹ 1,82,800.00 lakhs through private placement route on September 18, 2015 and February 18, 2016. The Issuer has also raised ₹ 10,00,000.00 lakhs through public issue vide Prospectus Tranche-I dated December 11, 2015. The Issuer was allocated an amount of ₹ 24,00,000.00 lakhs vide CBDT Notification, however, vide CBDT Notification No. 6/2016 F.No. 178/1/2016-ITA-I dated February 18, 2016 the said limit has been revised to ₹ 19,00,000.00 lakhs. In view of the above the Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2015-16 shall together not exceed the limit of ₹ 19,00,000.00 lakhs.</i>
Shelf Prospectus	The shelf prospectus dated December 11, 2015 filed with SEBI and Stock Exchanges
Stock Exchange(s)	BSE and NSE
Syndicate ASBA	An Application submitted by an ASBA Applicant through the Members of the Syndicate and Trading Members.
Syndicate ASBA Application Locations	Application centers at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the Members of the Syndicate and Trading Members shall accept ASBA Applications.
Syndicate or Members of the Syndicate	Collectively, the Lead Managers, the Lead Brokers for the Issue,
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate and/or Trading Members, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the Members of the Syndicate or Trading Members and a list of which is available on www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognized-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Trading Member(s)	Individuals or companies registered with SEBI as “trading members” under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right

TERM	DESCRIPTION
	to trade in stocks listed on stock exchanges, through which investors can buy or sell securities listed on stock exchanges, whose list is available on stock exchanges.
“Transaction Registration Slip” or “TRS”	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the Bonds.
Tranche Issue	Issue of Bonds as per the terms specified in respective Tranche Prospectus.
Tranche-II Issue	Public issue by National Highway Authority of India of tax free, secured, redeemable, non convertible bonds of face value of ₹ 1000 each in the nature of debentures having tax benefits under the Section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended, for an amount of ₹ 50,000.00 lakhs with an option to retain oversubscription upto ₹ 2,80,000.00 lakhs aggregating to ₹ 3,30, 000.00 lakhs, in the Fiscal 2016.
Tranche Prospectus	The tranche prospectus containing the details of Bonds including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection of the relevant Tranche Issue
Tripartite Agreements	The NSDL Agreement and the CDSL Agreement
Trustee Agreement/ Bond Trustee Agreement/ Debenture Trustee Agreement	The Agreement dated September 17, 2015 executed between Bond Trustee and the Issuer.
Working Days	All days, excluding Sundays or a holiday of commercial banks or a public holiday in New Delhi or Mumbai, except with reference to Issue Period and Record Date, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue Period, i.e. period beginning from Issue Closing Date to listing of the Bonds, Working Days shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai or a public holiday in India.

Technical and Industry related terms

TERM	DESCRIPTION
BOT	Build Operate and Transfer
CAG/C&AG	Comptroller and Auditor General of India
CGM	Chief General Manager
CMU	Corridor Management Unit
COD	Commercial Operation Date
DBFOT	Design Build Finance Operate and Transfer
DGM	Deputy General Manager
EoT	Extension of Time
EPC	Engineering Procurement & Construction
GM	General Manager
MCA	Model Concession Agreement
N.A.	Not Applicable
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Programme
NOC	No Objection Certificate
OMT	Operate Maintain and Transfer
PIU/PIUs	Project Implementation Unit(s)
PPP	Public Private Partnership

TERM	DESCRIPTION
RFP	Request for Proposal
RFQ	Request for Qualification
RO	Regional Office of Authority
ROB	Rail/Road Over Bridge
RT&H	Road Transport and Highways
Toll/User Fee	Means the charge levied on and payable for a vehicle using the project highway or a part thereof in accordance with the Fee Notification

General and Conventional terms and Abbreviations

TERM	DESCRIPTION
Act/NHAI Act	National Highways Authority of India Act, 1988, as amended
ADB	Asian Development Bank
AS	Indian Accounting Standard as issued by ICAI
BSE	BSE Limited
CARE	Credit Analysis and Research Limited
CBDT	Central Board of Direct Taxes
CCEA	Cabinet Committee on Economic Affairs
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended (to the extent applicable)
Companies Act, 2013	The Companies Act, 2013 (18 of 2013), to the extent notified <i>vide</i> notification dated September 12, 2013
CPI	Consumer Price Index
CRF Act	Central Road Fund Act, 2000
CRISIL	CRISIL Limited
Debt Application Circular	SEBI Circular No. CIR/IMD/DF-1/20/2012 dated July 27, 2012.
DP ID	Depository Participant's Identification
Depository/(ies)	NSDL and CDSL
DRR	Debenture Redemption Reserve
EPS	Earnings per Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FIDIC	Federation Internationale Des Ingenieurs – Conseils
FEDAI	Foreign Exchange Dealers Association of India
FEMA	Foreign Exchange Management Act, 1999
FI	Financial Institution
FY/ Financial Year/ Fiscal	12 months period commencing on April 1 of the immediately preceding calendar year and ended on March 31 of that year
GoI/Government/Central Government/Union of India	Government of India
IAS	Indian Administrative Services
ICAI	Institute of Chartered Accountants of India
IRRPL	India Rating & Research Private Limited
Indian GAAP	Generally accepted accounting principles in India
Income Tax Act/IT Act	The Income Tax Act, 1961, as amended
IT	Information Technology
ISIN	International Securities Identification Number
JBIC	Japanese Board of Industry and Commerce
JV	Joint Venture

TERM	DESCRIPTION
Km/km	Kilometers
MoU	Memorandum of Understanding
MoF	Ministry of Finance, Government of India
MoRTH	Ministry of Road Transport and Highways
NAV	Net Asset Value
NECS	National Electronic Clearing Service
NEFT	National Electronic Funds Transfer
NH Act	National Highways Act, 1956
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit before Tax
PFI/Public Financial Institution	Public Financial Institution, as defined under sub-section 72 of Section 2 of the Companies Act, 2013
PSU	Public Sector Undertaking
₹/Rs./Rupees	Indian Rupees
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
RBI Regulations	Rules, regulations, circulars or notifications issued by RBI
Retd.	Retired
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SCRA	The Securities Contract (Regulation) Act, 1956, as amended
SCRR	The Securities Contract (Regulation) Rules, 1957, as amended
SEBI Act, 1992	The Securities and Exchange Board of India Act, 1992, as amended
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended
TDS	Tax Deduction at Source
UNCITRAL	United Nation Commission on International Trade Law
\$/USD	United States Dollar
WPI	Wholesale Price Index

PRESENTATION OF FINANCIAL INFORMATION AND MARKET DATA

NHAI prepares its financial statements in Rupees in accordance with NHAI Act. Industry and market share data in this Prospectus Tranche-II are derived from the Government sources and by the Authority where applicable. Indian economic data in this Prospectus Tranche-II is derived from data of industry publications and governmental sources and other sources. Certain financial and statistical figures have been rounded to the nearest tenth of a decimal place.

Unless stated otherwise, the financial information used in this Prospectus Tranche-II is derived from NHAI's unconsolidated audited financial statements as of March 31 for the years ended 2014, 2013, 2012, 2011 and 2010 and limited review for year ending March 31, 2015 and half year ended September 30, 2015 as disclosed to Stock Exchanges, prepared in accordance with applicable regulations, included in this Prospectus Tranche-II. The financial year of NHAI commences on April 1 and ends on March 31 of the next year, so all references to particular "Financial year", "Fiscal year" and "Fiscal" or "FY", unless stated otherwise, are to the 12 months period commencing on April 1 of the immediately preceding calendar year and ended on March 31 of that year.

Market and Industry Data

Market and industry data used in this Prospectus Tranche-II, has been obtained from industry publications and governmental sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable. Although NHAI believes that market data used in this Prospectus Tranche-II is reliable, it has not been independently verified and hence their accuracy and completeness cannot be guaranteed.

Exchange Rate

For the purpose of conversion of figures appearing in USD and Euro in this Prospectus Tranche-II, other than the financial information of the Issuer, the exchange rates for the previous five Fiscal as on March 31 for USD and Euro into Rupees are as follows:

Currency	Exchange Rates (in ₹)					
	March 31, 2010	March 31, 2011	March 31, 2012 [^]	March 31, 2013 [^]	March 31, 2014 [^]	March 31, 2015
USD*	45.14	44.65	51.16	54.39	60.09	62.59
Euro*	60.56	63.24	68.34	69.54	82.58	67.51

* Source: www.rbi.org.in

[^] Where ever March 31 was a trading holiday/sunday, the exchange rate prevailing on the last working day has been taken.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Prospectus Tranche-II that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Prospectus Tranche-II that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Growth prospects of the Indian infrastructure sector and related policy developments;
- General, political, economic, social and business conditions in Indian and other global markets;
- Our ability to successfully implement our strategy, growth and expansion plans;
- Availability of adequate debt and Government funding at reasonable terms;
- Performance of the Indian capital markets;
- Changes in laws and regulations applicable to infrastructure industry in India, including the Government’s budgetary allocation for the same.; and
- Other factors discussed in this Prospectus Tranche-II, including under “**Risk Factors**” on page 12 of the Shelf Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the chapter “**Risk Factors**” and “**Our Business**” on page 12 and 74 respectively, of the Shelf Prospectus. The forward-looking statements contained in this Prospectus Tranche-II are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II - INTRODUCTION SUMMARY OF THE ISSUE

Issuer was authorised to raise ₹ 24,00,000.00 lakhs by the issue of Bonds (having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961) by the Issuer during the Fiscal 2016 under the CBDT Notification, however vide CBDT Notification Amendment the allocated limit was revised to ₹19,00,000.00 lakhs, The Issuer proposes to raise amount of upto ₹ 50,000.00 lakh with an option to retain oversubscription upto ₹ 2,80,000.00 lakhs aggregating upto ₹ 3,30,000.00 lakhs in the fiscal 2016 through this Tranche-II Issue. However, Issuer shall ensure that total amount raised through public issue and private placement shall not exceed ₹ 19,00,000.00 lakhs during Fiscal 2016.

The following is a summary of the Issue. The summary should be read in conjunction with, and is qualified in its entirety by as detailed in "*Issue Structure*" and "*Terms of the Issue*" of this Prospectus Tranche-II.

Common Terms of the Bonds

Issuer	National Highways Authority of India
Type of Instrument	Public Issue of Tax Free, Secured, Redeemable, Non Convertible Bonds of face value of ₹ 1,000 each in the nature of Debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended.
Nature of Instrument	Tax free, secured, redeemable, non-convertible bonds in the nature of debentures.
Nature of Indebtedness/ 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 Bondholders shall rank pari passu inter se to the claims of other secured creditors of NHAI having the same security.
Mode of Issue	Public Issue.
Eligible Investors	<p>Category I*</p> <ul style="list-style-type: none"> • 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 ₹ 25.00 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 Bonds. <p><i>* 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 sub-section (7) of section 186 of the Companies Act, 2013.</i></p> <p>Category II*</p> <ul style="list-style-type: none"> • Companies within the meaning of section 2(20) of the Companies Act, 2013 • Statutory bodies/corporations;

	<ul style="list-style-type: none"> • 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 <p>* 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 Government Security closest to the tenor of the loan, there is no violation of sub-section (7) of section 186 of the Companies Act, 2013.</p> <p>Category III</p> <p>The following investors applying for an amount aggregating above ₹ 10.00 lakhs across all series in Tranche-II Issue</p> <ul style="list-style-type: none"> • Resident Indian individuals; and • Hindu Undivided Families through the Karta. <p>Category IV</p> <p>The following investors applying for an amount aggregating up to and including ₹ 10.00 lakhs across all series in Tranche-II Issue</p> <ul style="list-style-type: none"> • Resident Indian individuals; and • Hindu Undivided Families through the Karta.
Listing	The Bonds are proposed to be listed on BSE and NSE within 12 Working Days from the Issue Closing Date.
Put/Call	Not Applicable
Rating of the Instrument	The Bonds proposed to be issued under this Issue have been rated “IND AAA” by IRRPL vide its dated September 2, 2015 and have been revalidated said ratings vide its letters dated February 4, 2016 “CARE AAA” by CARE vide its letter dated September 3, 2015 and revalidated said ratings vide its letter dated February 5, 2016, “[ICRA] AAA” by ICRA vide its letter dated September 08, 2015 and revalidated said ratings vide its letter dated February 5, 2016 and “CRISIL AAA/Stable” by CRISIL vide its letters dated September 8, 2015 and revalidated said ratings the said rating vide its letter dated February 8, 2016 for an amount of up to ₹ 24,00,000.00 lakhs.
Issue Size and Option to Retain Oversubscription	₹ 50,000.00 lakhs with an option to retain over subscription upto ₹ 2,80,000.00 lakhs aggregating upto ₹ 3,30,000.00 lakhs.
Objects of the Issue	Refer page 25 of this Prospectus Tranche-II
Details of the utilization of the Proceeds	As specified in the “ <i>Objects of the Issue</i> ” on page 25 of this Prospectus Tranche-II.
Step Up/Step Down Coupon Rate	Not Applicable.
Day Count Basis	Actual / Actual. For further details please refer to “ <i>Terms of the Issue</i> ”.
Interest on Application Money	See “ <i>Terms of the Issue-Interest on Application Money</i> ” on page 44 of this Prospectus Tranche-II.
Default Interest Rate	As specified in the Bond Trust Deed to be executed between the NHAI and the Trustee for the Bondholders.
Issue Price	₹ 1,000.00 for each bond.
Face Value	₹ 1,000.00 for each bond.

Issue Opening Date	February 24, 2016
Issue Closing Date	March 1, 2016 The Tranche-II Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M 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 period of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the date 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 with wide circulation.
Pay-in Date	Application Date (Full Application Amount is payable on Application. In case of ASBA Applications full application money will be blocked.)
Deemed Date of Allotment	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-II 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-II 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.
Trading mode of the Instrument	Compulsorily in dematerialized form**
Issuance mode of the Instrument	Dematerialized form or physical form as specified by an Applicant in the Application Form.
Settlement mode of the Instrument	<ol style="list-style-type: none"> 1. Direct credit 2. National Electronic Clearing System (“NECS”) 3. Real Time Gross Settlement (“RTGS”) 4. National Electronic Fund Transfer (“NEFT”) 5. Cheques/Pay Order/ Demand Draft <p>For further details in respect of the aforesaid modes, refer to section titled “<i>Terms of the Issue– Mode of Payment</i>” on page 47 of this Prospectus Tranche-II.</p>
Depositories	NSDL and CDSL
Working Day Convention	All days, excluding Sundays or a holiday of commercial banks or a public holiday in Delhi or Mumbai, except with reference to Issue Period and Record Date, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue Period, i.e. period beginning from Issue Closing Date to listing of the Bonds, Working Days shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai or a public holiday in India.
Record Date	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.
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. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof.
Transaction Documents	The Shelf Prospectus, the Prospectus Tranche-II read with any notices, corrigenda, addenda thereto, the Bond Trust Deed and other security documents,

	if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by the Issuer with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Bond Trust Deed, the Bond Trustee Agreement, the Escrow Agreement, the MoU with the Registrar and the MoU with the Lead Managers, NSDL Agreement, CDSL Agreement and the Lead Broker Agreement. Refer to section titled “ <i>Material Contracts and Documents for Inspection</i> ” on page 96 of this Prospectus Tranche-II.
Conditions Precedent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedents to disbursement.
Condition Subsequent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement.
Events of Default	As provided in Bond Trust Deed to be executed between the Issuer and the Bond Trustee.
Provisions related to Cross Default Clause	As provided in Bond Trust Deed to be executed between the Issuer and the Bond Trustee.
Registrar	Karvy Computershare Private Limited
Mode of Application Money	1. At par cheques 2. Demand Drafts 3. ASBA
Market Lot/Trading Lot	One Bond
Bond Trustee	SBICAP Trustee Company Limited
Role and Responsibilities of Debenture Trustee	The Bond Trustee for the Issue is SBICAP Trustee Company Limited. The role and responsibilities of the Bond Trustee are mentioned in the Bond Trustee Agreement.
Governing Law and Jurisdiction	The laws of the Republic of India

*** NHAI will make public issue of the Bonds in the dematerialised form as well as physical form. However, in terms of Section 8 (1) of the Depositories Act, NHAI, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialised form.*

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

The terms of each Series of Bonds are set out below:

Options	Series of Bonds* Category I, II & III [#]	
	Tranche II Series IA	Tranche -II Series IIA
Coupon Rate (%) p.a.	7.04	7.39
Annualized Yield (%)	7.04	7.39
Options	Series of Bonds Category IV [#]	
	Tranche II Series IB	Tranche II Series IIB
Coupon Rate (%) p.a.	7.29	7.69
Annualized Yield (%)	7.29	7.69
Common Terms	Series of Bonds Category I,II, III or IV	
Tenor	10 years	15 years
Redemption Date	At the end of 10 years from the Deemed	At the end of 15 years from the Deemed

	Date of Allotment	Date of Allotment
Redemption Amount (₹/Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date	
Redemption Premium/ Discount	Not applicable	
Frequency of Interest Payment	Annual	
Minimum Application Size and thereafter in multiple of	5 bonds (₹ 5,000), individually or collectively across all Series of Bonds and in multiples of 1 Bond (₹ 1,000) thereafter.	
Face Value (₹/Bond)	₹ 1,000.00	
Issue Price (₹/Bond)	₹ 1,000.00	
Mode of Interest Payment	<i>For various modes of interest payment, see “Terms of the Issue – Mode of Payment” on page 47 of this Prospectus Tranche-II.</i>	
Interest Payment Date/ Coupon Payment Date	<i>October 1, every year except the last interest payment along with the redemption Amount</i>	
Coupon Reset Process	N.A.	
Coupon Type	Fixed	
Interest on Application Money	See “ <i>Terms of the Issue - Interest on Application Money</i> ” on page 44 of this Prospectus Tranche-II.	
Discount at which Bonds are issued and effective yield as a result of such discount	Not applicable	

*The Issuer shall allocate and Allot Bonds of Tranche II Series IA/Tranche II 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 II Series IB and Tranche II 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 II Series IB and Tranche II 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 II Series IA and Tranche II Series IIA respectively.
- c. If the Bonds allotted against Tranche II Series IB and Tranche II 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 II Series IB and Tranche II 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 Allottees(s)/ transferee(s) hold the Bonds under Tranche II Series IB and Tranche II Series IIB, Tranche II Series IA, Tranche II 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 II Series IB and Tranche II Series IIB shall stand at par with coupon rate applicable on Tranche II Series IA and Tranche II Series IIA respectively;
- f. Bonds allotted under Tranche II Series IA and Tranche II 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.

Terms of Payment

The entire face value per Bond is payable on Application (except in case of ASBA Applicants). In case of ASBA Applicants, the entire amount of face value of Bonds applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of Bonds than applied for, the Issuer shall refund the amount paid on application to the Applicant, in accordance with the terms of this Prospectus Tranche-II.

GENERAL INFORMATION

NHAI, an autonomous body under the Ministry of Road Transport & Highways, GoI, established under Section 3 of the NHAI Act on June 15, 1989 and having a perpetual succession and common seal.

Head Office of NHAI

G - 5 & 6, Sector 10
Dwarka, New Delhi – 110075
Tel.: +91 11 25074100/25074200
Fascimile: +91 11 2509 3507
Website: www.nhai.org

Compliance Officer*

Mr. S.K. Chauhan

Manager (Finance & Accounts)
National Highways Authority of India
Head Office, G - 5 & 6, Sector 10
Dwarka, New Delhi – 110 075
Tel.: +91 11 2507 4100/4200,
Fascimile: +91 11 2509 3515
E-mail: taxfreebonds@nhai.org

** SEBI has notified SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, which have come into force on December 2, 2015. The said regulations require a qualified company secretary to be appointed as Compliance Officer. NHAI shall be taking necessary steps in respect of the same.*

Investors may contact the Registrar or the Compliance Officer to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, bond certificates (for applicants who have applied for bonds in physical form) credit of allotted Bonds in the respective beneficiary account or refund orders, etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of Bonds applied for, Series of Bonds applied for, amount paid on application, Depository Participant, DP ID, Client ID and the Collection Centre of the Members of the Syndicate where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for, number of Bonds applied for and amount blocked on Application.

All grievances arising out of Applications for the Bonds made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the relevant Stock Exchange.

Member (Finance)*

Shri Satish Chandra, IAS

Member (Finance)
National Highways Authority of India
Head Office
G – 5 & 6, Sector 10, Dwarka
New Delhi – 110075
Tel.: +91 11 25074100, 25074200
Fascimile: + 91 11 25093542
E-mail: memberfinance@nhai.org

** The Issuer does not have a designated Chief Financial Officer. The finance function is headed by Shri Satish Chandra who is the Member (Finance) of the Issuer, whose particulars are given above.*

Lead Managers to the Issue

SBI Capital Markets Limited

202, Maker Tower 'E',
Cuffe Parade,
Mumbai 400 005
Tel.: + 9122 2217 8300
Facsimile: +9122 2218 8332
E-mail: NHAItaxfree2015@sbicaps.com
Investor Grievance E-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Mr. Sambit Rath/ Ms. Kavita Tanwani
Compliance Officer: Mr. Bhaskar Chakraborty
SEBI Regn. No.: INM000003531

A. K. Capital Services Limited

30-39 Free Press House, 3rd Floor, Free Press Journal Marg
215, Nariman Point,
Mumbai 400021
Tel.: +9122 6754 6500 / 6634 9300;
Facsimile: +9122 6610 0594
E-mail: nhaitfbonds15@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akcapindia.com
Contact Person: Ms. Shilpa Pandey
Compliance Officer: Ms. Kanchan Singh
SEBI Regn. No.: INM000010411

Axis Capital Limited

Axis House, 1st Floor, C-2
Wadia International Center
P. B. Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel.: +91 22 4325 2183
Facsimile: +91 22 4325 3000
E-mail: nhaitaxfree2015@axiscap.in
Investor Grievance E-mail: complaints@axiscap.in
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
Website: www.axiscapital.co.in
SEBI Regn. No.: INM000012029

Edelweiss Financial Services Limited

Floor, Edelweiss House
Off CST Road, Kalina, Mumbai 400 098
Tel.: +9122 4086 3535
Facsimile: +9122 4086 3610
E-mail: nhaitf2015@edelweissfin.com
Investor Grievance Email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Mr. Lokesh Singhi
Compliance Officer: Mr. B. Renganathan
SEBI Regn. No.: INM0000010650

ICICI Securities Limited

H.T. Parekh Marg, Churchgate
Mumbai 400 020
Tel.: +91 22 2288 2460
Facsimile: +91 22 2282 6580
E-mail: nhai.taxfreebonds@icicisecurities.com
Investor Grievance E-mail: customercare@icicisecurities.com

Website: www.icicisecurities.com
Contact Person: Mr. Ayush Jain/Mr. Govind Khetan
Compliance Officer: Mr. Subir Saha
SEBI Regn. No.: INM000011179

Legal Advisors to the Issuer

M.V. KINI, Law Firm

“Kini House”
6/39 Jungpura-B
New Delhi-100014
Tel.: +91 11 2437 1038/39/40
Facsimile: +91 11 2437 9484
Website: www.mvkini.com

Bond Trustee

SBICAP TRUSTEE COMPANY LIMITED*

Apeejay House, 6th Floor, 3, Dinshaw Wachha Road,
Churchgate, Mumbai 400 020
Tel.: +91 22 4302 5555
Facsimile: +91 22 2204 0465
E-mail: corporate@sbicaptrustee.com
Investor Grievance E-mail: corporate@sbicaptrustee.com
Contact Person/Compliance Officer: Ajit Joshi
Website: www.sbicaptrustee.com
SEBI Regn. No.: IND000000536

*** SBICAP Trustee Company Limited has given its consent *vide* letter no. 0123/2015-16/CL-1342 dated September 10, 2015 to the Issuer for its appointment under regulation 4(4) of SEBI Debt Regulations and for its name to be included in this Prospectus Tranche-II and in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to this Issue.**

All the rights and remedies of the Bondholders under this Issue shall vest in and shall be exercised by the appointed Bond Trustee for this Issue without having it referred to the Series Bondholders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Bond Trustee so appointed by the Issuer for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by the Issuer to the Series Bondholders/Bond Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge the Issuer *pro tanto* from any liability to the Series Bondholders. For further details, please see section “**Terms of the Issue**” of this Prospectus Tranche-II.

Statutory Auditors

As per Section 23 of the NHAI Act, the accounts of the Authority shall be maintained and audited in such manner as may, in consultation with the Comptroller and Auditor General of India, be prescribed and the Authority shall furnish, to the Central Government before such date as may be prescribed, its audited copy of accounts together with the auditors report thereon.

Further, in terms of Section 23 of the NHAI Act, Comptroller and Auditor General of India is the permanent auditor of NHAI. Therefore, there has been no change in the auditor of NHAI in last three years.

Independent Chartered Accountants of NHAI for the Issue

Garg Singla & Co.

Chartered Accountants

A-658, Sector 19, Noida
Tel.: 0120- 4320658, 2524065
E-mail: gargsinglaandco@gmail.com
Website: www.caashokakshay.com
Contact Person: Mr. Ashok Garg, FCA
Firm Regn. No.: FRN 004340N

Bankers to NHAI

Canara Bank

Capital Market Services Branch,
Jeevan Bharti Building, Sansad Marg,
New Delhi- 110001.

Tel.: + 91 11 23356864

Facsimile: + 91 11 23719542

E-mail: cb2471@canarabank.com

Contact Person: Ashok Kumar

Website: canarabank.com

Syndicate Bank

Transport Bhawan
No. 1, Parliament Street,
New Delhi-110001

Tel.: + 9111 2371 7573

Facsimile: + 91 11 2331 9671

E-mail: br.9062@syndicatebank.co.in

Contact Person: Mr. Sunil Kumar Sobti

Website: www.syndicatebank.in

Registrar to the Issue

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot No. 31-32 Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032

Tel.: +91 40 6716 2222

Facsimile: +91 40 2343 1551

E-mail: einward.ris@karvy.com

Investor Grievance E-mail: nhai.bond@karvy.com

Website: http://karisma.karvy.com;

Contact Person: Mr. M. Murli Krishna

SEBI Regn. No.: INR000000221

Escrow Collection Banks/Bankers to the Issue

<p>1. IndusInd Bank Limited Cash Management Services, PNA House, 4th Floor, Plot No57 & 57/1, Road No.17, Near SRL, MIDC Andheri (East) Mumbai-400093 Tel.: +91 22 6106 9228 Facsimile: +91 22 6106 9315 E-mail: sanjay.vasarkar@indusind.com Contact Person: Mr. Sanjay Vasarkar SEBI Reg. No.: INBI00000002</p>	<p>2. HDFC Bank Limited FIG - OPS Department, Lodha, I Think Techno Campus, O-3, Level Next to Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai - 400042 Tel.: + 91 22 30752928 Facsimile: + 91 22 25799801 Email: uday.dixit@hdfcbank.com, figdelhi@hdfcbank.com, anchal.garg@hdfcbank.com, sameer.chowdhary@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Uday Dixit SEBI Regn. No.: INBI00000063</p>
<p>3. ICICI Bank Limited Capital Markets Division, 1st Floor 122, Mistry Bhavan DinshawVaccha Road Backbay Reclamation, Churchgate Mumbai – 400 020 Tel.:+91 22 22859907 Facsimile: +91 22 2261 1138 Contact Person: Rishav Bagrecha SEBI Regn. No.: INBI00000004</p>	<p>4. IDBI BANK LIMITED, 4th Floor, Indian Red Cross Building, 1 Red cross road, New Delhi-110001 Tel.: + 91 11 6628 1122 Facsimile: + 91 11 2375 2733 Email: am.ingle@idbi.co.in Website: www.idbibank.com Contact Person: Mr. Ajit M Ingle SEBI Regn. No.: INBI00000076</p>

<p>5. AXIS BANK LIMITED C3/21, Janakpuri, New Delhi-110 058 Tel.: 09582802072/ 022-71315877/78 Facsimile: +91 11- 4151 5449 E-mail: janakpuri.operationshead@axisbank.com; iponfo.mum@axisbank.com Contact Person: Ms. Parul Mahajan/ Mr. Aviral Mathur SEBI Regn. No.: INBI00000017</p>	<p>6. STATE BANK OF INDIA Capital Markets Branch, Videocon Heritage Building Charanjit Rai Marg, Off D. N. Road Fort, Mumbai – 400 001 Tel.: +91 22 22094932, +91 22 22094927 Facsimile: +91 22 - 22094921 E-mail: nib.11777@sbi.co.in, Sbi.11777@sbi.co.in Website: www.sbi.co.in Contact Person: Mr. R. Subramaniam – Chief Manager & COO, Mrs. Leena Kamat – Assistant Manager SEBI Regn. No.: INBI00000038</p>
<p>7. SYNDICATE BANK Transport Bhawan No. 1, Parliament Street, New Delhi- 110001, Tel: + 91 11 2371 7573 Facsimile: +91 11 2331 9671 E-mail: br.9062@syndicatebank.co.in Website: www.syndicatebank.in Contact Person: Sh. Sunil Kumar Sobti SEBI Regn. No.: INBI00000035</p>	

Refund Bank

IndusInd Bank Limited

Cash Management Services,
PNA House, 4th Floor,
Plot No57 & 57/1, Road No.17,
Near SRL, MIDC Andheri (East)
Mumbai-400093
Tel.: +91 22 6106 9228
Facsimile: +91 22 6106 9315
E-mail: sanjay.vasarkar@indusind.com
Contact Person: Mr. Sanjay Vasarkar
SEBI Reg. No.: INBI00000002

Lead Brokers for marketing of the Issue

<p>SBICAP Securities Limited Marathon Futurex, 12th Floor, A& B-Wing, N.M. Joshi Marg, Lower Parel, Mumbai- 400 013 Tel.: + 91 22 4227 3300/093246 34624 Facsimile: + 91 22 4227 3390 E-mail: archana.dedhia@sbicapsec.com Investor Grievance Email: complaints@sbicapsec.com Website: www.sbimart.com Contact Person: Ms. Archana Dedhia Compliance Officer: Ms. Dhanashri Kenkre SEBI Reg. No.: NSE-INB231052938 BSE-INB11053031</p>	<p>A. K. Stockmart Private Limited 30-39, Free Press House, Free Press Journal Marg 215, Nariman Point Mumbai-400 021 Tel: + 91 22 6754 6500 Facsimile: + 91 22 6754 4666 Email: ankit@akgroup.co.in Investor Grievance Email: stockmart@akgroup.co.in Website: www.akcapindia.com Contact Person: Mr. Ankit Gupta/Mr. Sanjay Shah Compliance Officer: Mr. Ankit Gupta SEBI Reg. No.: INBI231269532 INB01126 9538</p>
<p>Edelweiss Broking Limited Unit No. 801-804, 8th Floor, Abhishree Avenue, Nehru Nagar, Ambawadi, Ahmedabad-380 015 Tel.: + 91 22 6747 1341</p>	<p>Just Trade Securities Limited Bajaj House 97, Nehru Place, New Delhi-110019 Tel.: + 91 11 4169 3000 Facsimile: + 91 11 6660 8888</p>

<p>Facsimile: + 91 22 6747 1347 E-mail: Amit.dalvi@edelweissfin.com, Prakash.boricha@edelweissfin.com Investor Grievance E-mail: helpdesk@edelweiss.in Website: www.edelweissfin.com/www.edelweiss.in Contact Person: Mr. Amit Dalvi/Mr. Prakash Boricha Compliance Officer: Mr. Dharendra Rautela SEBI Reg. No.: INZ000005231</p>	<p>E-mail: info@justtrade.in Investor Grievance E-mail: cutomerservice@justtrade.in Website: www.justtrade.in Contact Person: Mr. Mohit Mittal Compliance Officer: Mr. Jaipal Singh Khurana SEBI Reg. No.: NSE-INB231269334 BSE- INB011269330</p>
<p>Kotak Securities Limited Nirlon House, 3rd Floor, Dr. Annie Besant Road, Nr. Old Passport Office, Worli, Mumbai-400 030 Tel.: + 91 22 6740 9708 Facsimile: + 91 22 6661 7041 E-mail: umesh.gupta@kotak.com Investor Grievance E-mail: ipo.redressal@kotak.com Website: www.kotak.com Contact Person: Mr. Umesh Gupta Compliance Officer: Mr. Jatin Sanghani SEBI Reg. No.: INB230808130 INB010808153</p>	<p>RR Equity Brokers Private Limited 47, M. M. Road, Rani Jhansi Marg, Jhandewalan, New Delhi- 110055 Tel.: + 91 11 2363 6362/63 Facsimile: + 91 11 2363 6746 E-mail: Jeetesh@rrfcl.com Investor Grievance Email: investors@rrfcl.com Website: www.rrfinance.com/www.rrfcl.com Contact Person: Mr. Jeetesh Kumar Compliance Officer: Mr. Rajesh Sharma SEBI Reg. No.: NSE- INB231219636 BSE- INB011219632</p>
<p>SMC GLOBAL SECURITIES LIMITED 17, Netaji Subhash Marg, Opp. Golcha Cinema Daryaganj Delhi – 110 002 Tel.: 0 98186 20470, 098100 59041 Facsimile: + 91 11 2326 3297 E-mail: mkg@smcindiaonline.com, neerajkhanna@smcindiaonline.com; Investor Grievance Email: neerajkhanna@smcindiaonline.com Website: www.smctradeonline.com Contact Person: Mr. Mahesh Gupta/Mr. Neeraj Khanna Compliance Officer: Mr. Alok Garg SEBI Reg. No.: INB23/07714-31</p>	<p>SPA Securities Limited 25, C Block, Community Centre Janak Puri New Delhi-110 058 Tel.: + 91 11 4567 5500 Facsimile: +91 11 2553 2644 Email: ishwar@spacapital.com Investor Grievance Email: grievance@spagroupindia.com Website: http://www.spasecurities.com Contact Person: Mr. Ishwar Sharma Compliance Officer: Ms. Swati Maheswari SEBI Reg. No.: BSE- INB011178234 NSE-INB231178238</p>

Axis Capital Limited and ICICI Securities are also acting as Lead Brokers

Credit Rating Agencies

INDIA RATINGS AND RESEARCH PRIVATE LIMITED

Wockhardt Towers, 4th Floor, Bandra Kurla Complex
Bandra East,
Mumbai- 400051
New Delhi-110 001
Tel.: +91 22 4000 1700
Facsimile: +91 22 4000 1701
Website: www.indiaratings.co.in
Contact Person: Shrikant Dev, Compliance Officer
E-mail: shrikant.dev@indiaratings.co.in
Investor Grievance E-mail: investor.services@indiaratings.co.in
SEBI Reg. No.: IN/CRA/002/1999

CREDIT ANALYSIS AND RESEARCH LIMITED

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110055
Tel.: +91 11 4533 3201
Facsimile: +91 11 4533 3238

E-mail: jatin.babbar@careratings.com
Website: www.careratings.com
Contact Person: Mr. Jatin Babbar
SEBI Reg. No.: IN/CRA/004/1999

ICRA Limited

Address: Building No. 8, 2nd Floor, Tower A
DLF Cyber City, Phase –II
Gurgaon- 122002
Tel.: +91 124 4545 310;
Facsimile: +91 124 4050 424
E-mail: vivek@icraindia.com
Website: www.icra.in;
Contact Person: Mr. Vivek Mathur
SEBI Reg. No.: IN/CRA/008/2015

CRISIL Limited

Crisil House, Central Avenue,
Hiranandani Business Park, Powai
Mumbai – 400076, India
Tel.: +91 22 3342 3000
Facsimile: +91 22 3342 3050
E-mail: rohit.chugh@crisil.com
Website: www.crisil.com
Contact Person: Rohit Chugh
SEBI Reg. No.: IN/CRA/001/1999

Credit Rating and Rationale

IRRPL vide its letter dated September 2, 2015 has assigned a credit rating of “IND AAA” and revalidated the said rating vide its letter dated February 4, 2016, CARE vide its letter no. CARE/DRO/RL/2015-16/1615 dated September 3, 2015 has assigned a credit rating of “CARE AAA” and revalidated the said rating vide its letter dated February 5, 2016 and ICRA vide its letter dated September 08, 2015 has assigned a credit rating of “ICRA AAA” with stable outlook and revalidated the said rating vide its letter dated February 5, 2016 and CRISIL vide its letter dated September 8, 2015 has assigned a credit rating of “CRISIL AAA/Stable” and revalidated the said rating vide its letter dated letter dated February 8, 2016. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Instruments with these ratings are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings. For details in relation to revalidation of credit ratings, please refer to Annexure-II of this Prospectus Tranche-II, for rationale for the credit rating by IRRPL, CARE, ICRA and CRISIL, please refer Appendix – III of Shelf Prospectus.

Expert Opinion

Except the report on Financial Statements of NHAI and its subsidiaries, Limited Review Report for year ending March 31, 2015 and Limited Review Report for half year ending September 30, 2015 and Statement of Tax Benefits of NHAI dated October 7, 2015 issued by Garg Singla & Co., Independent Chartered Accountants of NHAI for the Issue, NHAI has not obtained any other expert opinion.

Minimum Subscription for the Issue

The SEBI Circular bearing reference no. CIR/IMD/DF/12/2014 dated 17 June, 2014 provides that the issuers issuing tax-free bonds, as specified by CBDT, shall be exempted from requirement of specifying the minimum subscription limit. Accordingly no minimum subscription limit has been specified for the present Issue.

Issue programme

ISSUE PROGRAMME*	
ISSUE OPENS ON	ISSUE CLOSES ON
February 24, 2016	March 1, 2016

Applications shall be accepted only between 10.00 A.M. and 5.00 P.M. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the Collection Centres of the Members of the Syndicate or Trading Members at the Syndicate ASBA Application Locations and the Designated Branches of SCSBs as mentioned on the Application Form. On the Issue Closing Date, Applications shall be accepted only between 10.00 A.M. and 3.00 P.M. and shall be uploaded until 5.00 P.M. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Application Forms on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, in any case, no later than 3.00 P.M. on the Issue Closing Date. All times mentioned in this Prospectus Tranche-II are Indian Standard Times. Applicants are cautioned that in the event a large number of Application Forms are received on the Issue Closing Date, some Application Forms may not be uploaded due to lack of sufficient time. Such Application Forms that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither the Issuer nor the Lead Managers, Lead Brokers or Trading Members of the Stock Exchanges are liable for any failure in uploading the Application Form due to failure in any software/hardware system or otherwise.

* *The subscription list for the Tranche-II Issue shall remain open for subscription, from 10:00 A.M. to 5:00 P.M. 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 with wide circulation.*

OBJECTS OF THE ISSUE

Issuer was authorised by CBDT Notification, to raise Bonds (having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961) during the Fiscal 2016 not exceeding ₹ 24,00,000.00 lakhs, however the said limit was revised to ₹ 19,00,000.00 vide CBDT Notification Amendment. The Board of Members of the Issuer has approved the issue of Bonds under one or more tranches prior to March 31, 2016 by its resolution dated July 20, 2015. In pursuance of CBDT Notification, the Issuer has raised ₹ 3,87,200.00 lakhs and ₹ 1,82,800.00 lakhs through private placement of bonds and ₹10,00,000.00 lakhs through public issue of Bonds vide Prospectus Tranche-I dated December 11, 2015. Issuer proposes to raise an amount of ₹ 50,000.00 lakh with an option to retain oversubscription upto ₹ 2,80,000.00 lakhs aggregating upto ₹ 3,30,000.00 lakhs in the fiscal 2016 through this Tranche – II Issue.

Utilisation of Issue Proceeds

The objects of NHAI as specified in NHAI Act permits it to undertake its existing activities as well as the activities for which the funds are being raised through the Issue. NHAI intends to deploy the Issue proceeds towards part financing of the various projects being implemented by NHAI under the NHDP and other National Highway projects as approved by the GoI.

The funds raised through Bonds will be utilised for the part financing of various on-going projects under the NHDP and also various special projects and future projects to be awarded under different modes.

It is pertinent to note that as per our financial plan, a sum of ₹ 11, 23,620 lakhs is expected to be incurred on 180 projects which are already awarded upto March 31, 2014.

Additionally, ₹ 32,75,172 lakhs is required for the projects which were estimated to commence after April 1, 2014 onwards.

The funds raised through tax free bonds will be incurred towards the following expenditure:

1. On projects of 3066.92 Kms length consisting of 35 projects awarded during 2014-15,
2. Additional ancillary work already awarded up to March 31, 2014 and also
3. Other EPC projects, Hybrid EPC Projects awarded/ to be awarded in 2015-16
4. The funds raised through the said Bonds will also be utilised for land acquisition of BoT Projects, EPC Projects and also towards VGF (viability gap funding) Grants.
5. Any other activity to achieve the mandate of NHAI i.e. to develop, maintain and manage the National Highways entrusted to NHAI.

Note: Actual utilization of the Issue Proceeds towards the Objects of the issue will depend on project execution, bidding activity and will be at the sole discretion of the members of the Board and based on any directives of MoRTH, Government of India

Further, in accordance with the SEBI Debt Regulations, NHAI will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management as NHAI. Further, NHAI is a statutory authority and, as such, we do not have any identifiable 'group' companies or 'companies under the same management' though we do have shareholding interest in certain Special Purpose Vehicles which are engaged in area specific development of port roads.

Interim Use of Proceeds

The Members of the Authority, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, the Authority intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or Bond Committee thereof from time to time.

Monitoring of Utilization of Funds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. Members of the Authority shall monitor the utilisation of the proceeds of the Issue. For the relevant fiscal years commencing from Fiscal 2016 we shall disclose in our financial statements, the utilization of the proceeds of the Issue under a separate head along with any details in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. We shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security as stated in this Prospectus Tranche-II in the chapter “*Terms of the Issue*” on page 37 of this Prospectus Tranche-II and upon the listing of the Bonds.

Proposed Issue Expenses

A portion of the Issue proceeds will be used towards Issue expenses. The following are the Issue expenses*:

(₹ in lakhs, except for percentage)			
Particulars	Amount	Percentage of proceeds of the Issue (in %)	Percentage of total expenses of the Issue (in %)
Registrar to the Issue	0.19	0.0001	0.0113
Advertising and marketing	0.98	0.0003	0.0590
Lead Managers Fees, Selling/Brokerage commission, SCSB processing fee	1,386.00	0.4200	83.3851
Stock Exchanges Fee	25.00	0.0076	1.5041
Printing and Stationery costs including cost & incentive on E-Forms	50.00	0.0152	3.0081
Other Miscellaneous expenses	200.00	0.0606	12.0325
Total Issue expenses	1,662.17	0.5037	100.0000

NHAI shall pay processing fees to the SCSBs for ASBA forms procured by Members of the Syndicate/Trading Members and submitted to SCSBs for blocking the application amount of the Applicant, at the rate of ₹ 15 per (inclusive of service tax) Application Form procured. However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA processing fee.

We shall utilise the Issue proceeds only on execution of documents for creation of Security and listing of Bonds as stated in this Prospectus Tranche-II and on the listing of the Bonds

Benefit / interest accruing to Members out of the object of the Issue

Members of NHAI are not interested in the Objects of the Issue.

**As specified in the CBDT Notification, for the purpose of this Issue, the issue expenses including brokerage shall not exceed 0.65% of the Issue Size.*

STATEMENT OF TAX BENEFITS

Under the current tax laws, the following possible tax benefits, inter alia, will be available to the Bondholder. This is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Bond, under the current tax laws presently in force in India. The benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Bondholder is advised to consider in his own case the tax implications in respect of subscription to the Bond after consulting his tax advisor as alternate views are possible. Interpretation of provisions where under the contents of this statement of tax benefit is formulated may be considered differently by income tax authority, government, tribunals or court. We are not liable to the Bondholder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. INCOME TAX

1. Interest from Bond do not form part of Total Income.

- a) In exercise of power conferred by item (h) of sub clause (iv) of clause (15) of Section 10 of the Income Tax Act, 1961 (43 of 1961) (I.T. Act) the Central Government vide Notification 59/2015 under F. No. 178/27/2015-ITA-I dated July 6, 2015 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, authorizes National Highway Authority of India (NHAI) to issue through a Public/Private Issue, during the Financial Year 2015-16, tax free, secured, redeemable, non-convertible bonds for the aggregate amount not exceeding ₹ 24,00,000.00 lakhs subject to the conditions as prescribed in the said notification.
- (i) It shall be mandatory for the subscribers of such bonds to furnish their permanent account number to the issuer.
 - (ii) There shall be ceiling on the coupon rates based on the reference Government security (G-Sec) Rate:
 - (iii) The reference G-sec rate shall be the average of the base yield of G-sec for equivalent maturity reported by Fixed Income Money Market and Derivative Association of India (FIMMDA) on the daily basis (working day) prevailing for two weeks ending on the Friday immediately preceding the filing of the final prospectus with the Exchange or Registrar of Companies (ROC) in case of public issue and the issue opening date in case of private placements.
 - (iv) The ceiling coupon rate for AAA rated issuers shall be the reference G-sec rate less 55 basis points in case of Retail Individual Investor and reference G-sec less 80 basis points in case of other investor segments, like Qualified Institutional Buyers (QIB's), Corporates and High Networth Individuals.
 - (v) In case the rating of the issuer entity is AA+, the ceiling rate shall be 10 basis points above the ceiling rate for AAA rated entities as given in clause (iv).
 - (vi) In case the rating of the issuer entity is AA or AA-, the ceiling rate shall be 20 basis points above the ceiling rate for AAA rated entities as given in clause (iv).
 - (vii) These ceiling rates shall apply for annual payment of interest and in case the schedule of interest payment is altered to semi-annual, the interest rates shall be reduced by 15 basis points.
 - (viii) The higher rate of interest, applicable to retail individual investors, shall not be available in case the bonds are transferred by Retail individual investors to non retail investors.
- b) Section 10(15)(iv)(h) of the I.T. Act provides that in computing the total income of a previous year of an assessee, interest payable by any public sector company to such assessee in respect of such bonds or debentures and subject to such conditions, including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may, by notification in the Official Gazette, specify in this behalf, shall not be included;

Further, as per Section 14A(1) of the I.T. Act, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to said interest, being exempt.

Section 2(36A) of the of the I.T. Act defines “Public Sector Company” as any corporation established by or under any Central, State, Provincial Act or a Government company as defined under section 617 of the Companies Act, 1956.

- c) Accordingly, pursuant to the aforesaid notification, interest from bond will be exempt from levy of income tax.
- d) Since the interest income on these bonds is exempt, no deduction of tax at source (viz., TDS) is required. However interest on application money would be liable for TDS as well as tax as per present tax laws.

2. CAPITAL GAIN

- a) Under Section 2(29A) of the I.T. Act, read with section 2(42A) of the I.T. Act, a listed Bond is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

Under Section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the bonds from the sale consideration.

However as per third proviso to Section 48 of Income tax act, 1961 benefits of indexation of cost of acquisition under second proviso of Section 48 of Income tax Act, 1961 is not available in case of bonds and debenture, except capital indexed bonds. Thus, long term capital gain tax can be considered at a rate of 10% on listed bonds without indexation.

Securities Transaction Tax (“STT”) is a tax being levied on all transactions in specified securities traded on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the Bonds.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax i.e. ₹ 2,50,000.00 in case of resident individual/HUF, ₹ 3,00,000.00 in case of resident senior citizens of 60 or more years of age (on any day of the previous year) and ₹500,000.00 in case of resident super senior citizens of 80 years or more of age (on any day of the previous year), the long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and at the option of assessee the tax on the balance of such long-term capital gains shall be computed at the rate of 10% in accordance with and the proviso to sub-section (1) of section 112 of the I.T. Act read with CBDT Circular 721 dated September 13, 1995.

Surcharge @ 10% of income tax if the total income exceeds 1 crore rupees in case of assessee other than a company and 2% education cess and 1% secondary and higher education cess on the total income tax is payable by the assessee.

- b) Short-term capital gains on the transfer of listed bonds, where bonds are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provision of the I.T. Act.

The provisions related to minimum amount not chargeable to tax, surcharge and education cess described at para (a) above would also apply to such short-term capital gains.

- c) Under Section 54 EC of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gains arising to the bondholders on transfer of their bonds in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds

are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of Section 54 EC of the I.T. Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under Section 80C of the I.T. Act.

For purpose of availing exemption from tax on Capital gains, the investment made in the notified bonds by an assessee in any financial year cannot exceed ₹ 50.00 lakhs.

- d) As per the provisions of Section 54F of the I.T. Act and subject to conditions specified therein, any long-term capital gains (not being residential house) arising to Bondholder who is an individual or Hindu Undivided Family, are exempt from capital gains tax if the entire net sale consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sale consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

Provided that the said Bondholder should not own more than one residential house other than the new asset, on the date of such transfer or purchase of any residential house, within a period of one year after the date of such transfer or construct any residential house, other than the new asset, within a period of three years after the date of such transfer on which the income is chargeable under "Income from House Property". If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Bondholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

- e) Under Section 195 of I.T. Act, the income tax shall be deducted from sum payable to Non-Residents on long term capital gain and short term capital gain arising on sale and purchase of bonds at the rate specified in the Finance Act of the relevant year or the rate or rates of the income tax specified in an agreement entered into by the Central Government under section 90 of the I.T. Act, or an agreement notified by the Central Government under section 90A of the I.T. Act, as the case may be.
- f) The income by way of short term capital gains or long term capital gains (not covered under Section 10(38) of the I.T. Act) realized by Foreign Financial Institutions on sale of security in the Company would be taxed at the following rates as per Section 115AD of the I.T. Act.
- Short term capital gains- 30% (plus applicable surcharge and education cess)
 - Long term capital gains- 10% without cost of indexation (plus applicable surcharge and education cess)

- g) Income by way of interest on certain bonds and Government securities.

As per section 90(2) of the I.T. Act, the provisions of the Act would not prevail over the provision of the tax treaty applicable to the non-resident to the extent such tax treaty provisions are more beneficial to the non-resident. Thus, a non resident can opt to be governed by the beneficial provisions of an application tax treaty.

- h) However under section 196D of the I.T. Act, no deduction of tax shall be made from income arising by way of capital gain to Foreign Institutional Investors.

3. Bonds held as Stock in Trade

In case the Bonds are held as stock in trade, the income on transfer of bonds would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

4. Taxation on gift

As per section 56(2)(vii)(c) of the I.T. Act, in case where individual or Hindu undivided Family receives bond from any person on or after 1st October, 2009

- A. without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such bonds/debentures or;
- B. for a consideration which is less than the aggregate fair market value of the Bond by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such property as exceeds such consideration; shall be taxable as the income of the recipient.

Provided further that this clause shall not apply to any sum of money or any property received-

- a) from any relative; or
- b) on the occasion of the marriage of the individual; or
- c) under a will or by way of inheritance; or
- d) in contemplation of death of the payer or donor, as the case may be; or
- e) from any local authority as defined in the Explanation to clause (20) of section 10 of the I.T. Act; or
- f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the I.T. Act; or
- g) from any trust or institution registered under section 12AA of the I.T. Act.

B. PROPOSALS MADE IN DIRECT TAX CODE

The Hon'ble Finance Minister has presented the Direct Tax Code Bill, 2010 ("DTC Bill") on August 30, 2010. The DTC Bill is likely to be presented before the Indian Parliament in future. Accordingly, it is currently unclear what effect the Direct Tax Code would have on the investors.

Disclaimer: - Please note that our conclusions are based on the completeness and the accuracy of the above stated facts and assumptions. If any of the foregoing is not entirely complete or accurate, it is imperative that we be informed immediately, as the inaccuracy and incompleteness could have a material effect on our conclusions. We are relying on the relevant provisions of the Income Tax Act, Income Tax Rules, Service Tax Provisions, Finance Act, Notifications, Circulars and administrative interpretation thereof, which are subject to change by subsequent legislative, regulatory, administrative or judicial decisions. Any such change could have an effect on the validity of our conclusions. Unless you specifically request otherwise, we will not update our advice for subsequent changes or modifications to the law and the regulations or to the judicial and administrative interpretations thereof. While we believe that our views above reflect reasonable interpretations of the various provisions, the same are not binding on any tax or other authority and consequently, the same should not be taken as assurance that the tax or other authorities will agree with our views.

This certificate has been issued as per rate of tax prescribed by Finance Act, 2015 and the same may change with the enactment of next Finance Act.

**For Garg Singla & Co.
Chartered Accountants**

Ashok Garg
Partner
M. No. 083058
Firm Regn. No. 004340N

Place: Noida

Dated: October 7, 2015

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The CBDT, Department of Revenue, Ministry of Finance, GoI vide its Notification 59/2015 F. No.178/27/2015-ITA-I dated July 6, 2015 authorised NHAI to issue Bonds for an amount not exceeding ₹ 24,00,000.00 lakhs in one or more tranche(s) in the financial year 2015-16.

At the meeting of the Members of the Board, held on July 20, 2015, the Members of the NHAI approved the issue of the Bonds for an amount not exceeding ₹ 24,00,000.00 lakhs in one or more tranche(s) in the financial year 2015-16.

** In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and for an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 3,87,200.00 lakhs and ₹1,82,800.00 lakhs through private placement route on September 18, 2015 and February 18, 2016. The Issuer has also raised ₹1,000,000.00 lakhs through public issue vide Prospectus Tranche-I dated December 11, 2015. The Issuer was allocated an amount of ₹24,00,000 lakhs vide CBDT Notification, however, vide CBDT Notification No. 6/2016 F.No. 178/1/2016-ITA-1 dated February 18, 2016 the said limit has been revised to ₹19,00,000.00 lakhs. In view of the above the Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2015-16 shall together not exceed the limit of ₹ 19,00,000.00 lakhs.*

Consents

Consents in writing from the Members of the Board, the Compliance officer, the Lead Managers, the Registrar to the Issue, the Legal Advisor to the Issue, Independent Chartered Accountants of NHAI for the Issue, the Bankers to the Issuer, Credit Rating Agencies, Lead Brokers, Escrow Collection Banks, Refund Bank and the Bond Trustee to act in their respective capacities, have been obtained.

Expert Opinion

Except the report on Financial Statements of NHAI and its subsidiaries, Limited Review Report for year ending March 31, 2015 and Limited Review Report for half year ending September 30, 2015 and Statement of Tax Benefits dated October 7, 2015 issued by Garg Singla & Co., Chartered Accountants, Independent Chartered Accountants of NHAI, NHAI has not obtained any other expert opinion.

Common form of Transfer

NHAI undertakes that there shall be a common form of transfer for the Bonds issued in physical form and all applicable laws shall be duly complied with in respect of all transfer of the Bonds and registration thereof. Bonds held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Minimum Subscription

The SEBI Circular bearing reference no CIR/IMD/DF/12/2014 dated 17 June, 2014 provides that the issuers issuing tax-free bonds, as specified by CBDT, shall be exempted from requirement of specifying the minimum subscription limit. Accordingly, no minimum subscription limit has been specified for the present Issue.

No Reservation or Discount

Pursuant to the CBDT Notification, at least 70.00% of the bonds issued for raising funds through tax free bonds during fiscal 2016 shall be raised through public issue, of which 40.00% shall be earmarked for Retail Individual Investors. There is no discount being offered in the Issue, to any category of Applicants.

Previous Public or Right Issues

The Issuer had made public issue of tax free secured redeemable non-convertible bonds of face value of ₹ 1,000.00 each in the nature of debentures having tax benefits under Section 10 (15)(iv)(h) of the Income Tax

Act, 1961, as amended for an amount of ₹ 5,00,000.00 lakhs with an option to retain oversubscription upto an aggregate amount of ₹ 10,00,000.00 lakhs through a shelf prospectus dated December 13, 2011 and prospectus tranche I dated December 22, 2011. The opening date of the issue was December 28, 2011 and was scheduled to close for subscription on January 11, 2012, with NHAI having the discretion to close the Issue early by giving an advertisement on or prior to such early closing, in a leading national daily. The authorized bond committee of NHAI decided for an early closure of the subscription list of the Issue i.e. January 05, 2012. The tax free bonds under the issue were allotted on January 25, 2012. Dispatch of refunds pursuant to the issue of bonds was made on January 30, 2012 and trading at BSE and NSE commenced on February 8, 2012. Pursuant to the said public issue of tax free bonds, the Issuer had raised an amount aggregating to ₹ 10,00,000.00 lakhs.

Proceeds from the said public issue has been utilised towards part financing of various projects being implemented by NHAI.

The Issuer had made public issue of tax free secured redeemable non-convertible bonds of face value of ₹ 1,000.00 each in the nature of debentures having tax benefits under Section 10 (15)(iv)(h) of the Income Tax Act, 1961, as amended for an amount of ₹ 3,69,840.00 lakhs through a shelf prospectus dated January 9, 2014 and prospectus tranche I dated January 9, 2014. The opening date of the issue was January 15, 2014 and was scheduled to close for subscription on February 5, 2014, with NHAI having the discretion to close the Issue early/extension by giving an advertisement on or prior to such early closing, in a leading national daily. The Authority exercised the option of early closure and bond committee vide its resolution dated January 24, 2014 decided to close the Issue on January 27, 2014. The tax free bonds under the issue were allotted on February 5, 2014. Dispatch of refunds pursuant to the issue of bonds was made on February 6, 2014 and trading at BSE and NSE commenced on February 10, 2014.

Proceeds from the said public issue has been utilised towards part financing of various projects being implemented by NHAI.

Commission or brokerage on previous outstanding issues

NHAI incurred an aggregate amount of ₹ 10,799.84 lakhs including service tax on account of brokerage and selling commission in relation to the public issue of tax free bonds in Fiscal 2012. NHAI incurred an aggregate amount of ₹ 2,202.75 lakhs including service tax on account of brokerage and selling commission in relation to the public issue of tax free bonds in Fiscal 2014. Further NHAI, incurred an aggregate amount of ₹ 136.54 lakhs including service tax on account of brokerage and selling commission in relation to the 54 EC bonds issue in Fiscal 2016.

Change in Statutory Auditors of NHAI during the last three financial years

There is no change in the Statutory Auditors of NHAI during the last three financial years.

Enquiries, Inspections or Investigations

Other than as disclosed in the section titled “*Outstanding Litigations and Material Developments*” on page 116 of the Shelf Prospectus, there are no litigation pending the Issuer or its subsidiaries.

Revaluation of assets

NHAI has not revalued its assets in the last five years.

Prohibition by SEBI/Eligibility of NHAI to come out with the Issue

NHAI has 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.

Utilization of Proceeds

NHAI shall utilize the Issue proceeds towards part financing of the various projects being implemented by NHAI under the NHDP and other National Highways projects as approved by the GoI. NHAI shall be utilizing the proceeds of the Issue towards 180 projects awarded upto March 31, 2014, projects awarded after April 1, 2014, EPC projects to be awarded during 2015-16 and other ancillary objects. The issue proceeds

may also be utilized towards cost of land acquisition for EPC projects as well BOT projects. Actual utilization of the Issue Proceeds towards the Objects of the Issue will depend on project execution, bidding activity and will be at the sole discretion of the members of the Board and based on any directives of MoRTH, Government of India. NHAI shall not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management and also not to its Subsidiaries. For more information, refer to “*Objects of the Issue*” on page 25 of this Prospectus Tranche-II.

Statement by the Members of the Board:

- i) All monies received pursuant to Tranche-II Issue of the Bonds to the public shall be transferred to a separate bank account maintained with a Scheduled Bank and shall not be utilised for any purpose other than
 - a. for adjustment against allotment of securities where the securities have been permitted to be dealt with in the stock exchange or stock exchanges specified in the Prospectus Tranche-II.
 - b. the repayment of monies within the time specified by the Securities and Exchange Board, received from applicants in pursuance of the prospectus, where the Issuer is for any other reason unable to allot securities;
- ii) Details of all monies utilised out of Tranche-II Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies were utilised; and
- iii) Details of all unutilised monies out of Tranche-II Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating securities or other forms of financial assets the form in which such unutilised monies have been invested.
- iv) The funds raised by us from previous bonds issues have been utilised for our business as stated in the respective offer documents.
- v) That nothing in this Prospectus Tranche-II is contrary to Securities Contract Regulation Act, 1956, Securities and Exchange Board of India Act, 1992 and rules and regulations made thereunder.
- vi) That the allotment letters shall be issued or application money shall be refunded within fifteen days from the closure of the issue or such lesser time as may be specified by SEBI or else the application money shall be refunded to the applicants forthwith, failing which the interest shall be due to be paid to the applicants at the rate of fifteen percent per annum for the delayed period.

DISCLAIMER OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS, SBI CAPITAL MARKETS LIMITED, A.K. CAPITAL SERVICES LIMITED, AXIS CAPITAL LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED AND ICICI SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE

LEAD MERCHANT BANKERS SBI CAPITAL MARKETS LIMITED, A.K. CAPITAL SERVICES LIMITED, AXIS CAPITAL LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED AND ICICI SECURITIES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 22, 2016 WHICH READS AS FOLLOWS:

- 1. WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR MEMBERS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE TRANCHE-II ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE BONDS OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE WILL BE PUBLISHED.**
- 3. WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008.**
- 4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 2013 (TO THE EXTENT APPLICABLE), SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**
- 5. WE CONFIRM THAT NO COMMENTS/COMPLAINTS WERE RECEIVED ON THE DRAFT OFFER DOCUMENT FILED ON THE WEBSITE OF BSE LIMITED (DESIGNATED STOCK EXCHANGE) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED.**

DISCLAIMER CLAUSE OF BSE

BSE LIMITED (“THE EXCHANGE”) HAS GIVEN VIDE ITS LETTER DATED OCTOBER 14, 2015, PERMISSION TO THIS 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 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:

- a) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
- b) WARRANT THAT THIS ISSUER’S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
- c) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES 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 FOR ANY OTHER REASON WHATSOEVER.

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 REF.: NSE/LIST/46407 DATED OCTOBER 14, 2015 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 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 OR 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 CLAIMS 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.

Jurisdiction

Exclusive jurisdiction for the purpose of Issue is with the competent court of New Delhi, India.

Track record of past public issues handled by the Lead Managers

The details of the track record of the Lead Managers to the Issue, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on the respective websites of the Lead Managers to the Issue.

Listing

Each Series of Bonds will be listed on BSE and NSE as specified in this Prospectus Tranche-II. For the Issue, NHAI shall obtain in-principle approvals for listing of Bonds from BSE and NSE in accordance with SEBI Debt Regulation.

If the permissions for listing and dealing in and for an official quotation of the Series of Bonds under this Tranche-II Issue are not granted by the Stock Exchange(s), NHAI shall forthwith repay, without interest, all such moneys received from the Applicants in pursuance of the Prospectus Tranche-II. If such money is not repaid within specified period as per relevant law, then NHAI and every Member/officer who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money with interest as per the applicable laws.

NHAI shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange(s) mentioned above are taken within twelve Working Days from the Issue Closing Date.

Dividend

No dividends are paid by NHAI.

Mechanism for redressal of investor grievances

Karvy Computershare Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. All grievances relating to the Issue should be addressed to the Registrar to the Issue and/or the Compliance Officer giving full details of the applicant, number of Bonds applied for, amount paid on application and the bank branch or collection centre where the application was submitted etc.

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant's Depository Participant ID ("**DP ID**"), Client ID and PAN, number of Bonds applied for, date of the Application Form, name and address of the Member of the Syndicate or Trading Members of the Stock Exchanges or Designated Branch of the SCSB, as the case may be, where the Application was submitted, and cheque/draft number and issuing bank, or, with respect to ASBA Applications, the ASBA Account number in which an amount equivalent to the Application Amount was blocked. Applicants may contact our Compliance Officer and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non receipt of Allotment Advice, refunds, interest on Application Amounts or refund or credit of Bonds in the respective beneficiary accounts, as the case may be. Grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB.

SECTION III – ISSUE RELATED INFORMATION TERMS OF THE ISSUE

The Bonds being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, NHAI Act, CBDT Notification, the terms of the, Shelf Prospectus, this Prospectus Tranche-II, the Application Form, the terms and conditions of the Bond Trustee Agreement and the Bond Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the GoI /BSE/NSE, 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 Bonds.

1) Authority for the Issue

The GoI, by virtue of power conferred upon it under Section 10(15)(iv)(h) of the Income Tax Act, 1961, has issued CBDT Notification authorising the Issuer to issue the tax free Bonds and allocating an aggregate amount of ₹ 24,00,000.00* lakhs during the Financial Year 2015-16.

The Board of Members of the Issuer has approved the issue of Bonds under one or more tranches prior to March 31, 2016 by its resolution dated July 20, 2015. However, the said limit of ₹24,000 crores was revised to ₹19,00,000.00 lakhs vide CBDT Notification Amendment dated February 18, 2016. The Issuer raised ₹ 3,87,200.00 lakhs and ₹ 1,82,800.00 vide private placement on September 18, 2015 and February 18, 2016. The Issuer also raised ₹ 10,00,000.00 lakhs through public Issue vide Prospectus Tranche-I dated December 11, 2015. Issuer proposes to raise an amount of ₹ 50,000.00 lakhs with an option to retain oversubscription upto ₹ 2,80,000.00 lakhs aggregating upto ₹ 3,30,000.00 lakhs the Fiscal 2016.

** In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and for an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 3,87,200.00 lakhs and ₹182800.00 lakhs through private placement route on September 18, 2015 and February 18, 2016. The Issuer has also raised ₹1000000.00 lakhs through public issue vide Prospectus Tranche-I dated December11, 2015.. The Issuer was allocated an amount of ₹24,00,000 lakhs vide CBDT Notification, however, vide CBDT Notification No. 6/2016 F.No. 178/1/2016-ITA-1 dated February 18, 2016 the said limit has been revised to ₹19,00,000 lakhs. In view of the above the Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2015-16 shall together not exceed the limit of ₹ 19,00,000.00 lakhs.*

2) Issue and Status of Bonds

- 2.1. Public Issue of 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 for an amount of ₹ 50,000.00 lakhs with an option to retain oversubscription upto ₹ 2,80,000.00 lakhs aggregating upto ₹ 3,30,000.00 lakhs the Fiscal 2016.
- 2.2. The Bonds are secured pursuant to a Bond Trust Deed and underlying security documents. The Bondholders are entitled to the benefit of the Bond Trust Deed and are bound by and are deemed to have notice of all the provisions of the Bond Trust Deed. The Issuer is issuing the Bonds in accordance with the CBDT Notification and approval of MoRTH vide its letter dated August 31, 2015.
- 2.3. The securities are issued in the form of tax-free, secured, redeemable, non-convertible bonds in the nature of debenture. The Bonds shall rank pari passu inter-se, and shall be secured by way of first pari passu 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. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof.

Ranking

The claims of the Bondholders shall be superior to the claims of any unsecured creditors and

subject to applicable statutory and/or regulatory requirements. Further, the claims of the Bondholders shall rank pari passu inter se to the claims of other secured creditors of NHAI having the same security.

3. **Form, Face Value, Title and Listing etc.**

3.1.1. **Form of Allotment**

The Allotment of the Bonds shall be in dematerialized form as well as physical form. The Issuer has made depository arrangements with CDSL and NSDL for the issuance of the Bonds in dematerialized form, pursuant to the tripartite agreement dated November 22, 2013 among the Issuer, CDSL and the Registrar to the Issue and the tripartite agreement dated November 25, 2013 among the Issuer, NSDL and the Registrar to the Issue (collectively, “Tripartite Agreements”).

The Issuer shall take necessary steps to credit the Depository Participant account of the Applicants with the number of Bonds allotted in dematerialized form. The Bondholders holding the Bonds in dematerialised form shall deal with the Bonds in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

3.1.2. The Bondholders may rematerialize the Bonds issued in dematerialized form, at any time after Allotment, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

3.1.3. In case of Bonds issued in physical form, whether on Allotment or on rematerialization of Bonds Allotted in dematerialized form, the Issuer will issue one certificate for each Series of the Bonds to the Bondholder for the aggregate amount of the Bonds that are held by such Bondholder (each such certificate, a “**Consolidated Bond Certificate**”). In respect of the Consolidated Bond Certificate(s), the Issuer will, on receipt of a request from the Bondholder within 30 days of such request, split such Consolidated Bond Certificate(s) into smaller denominations in accordance with the applicable regulations/rules/act, subject to a minimum denomination of one Bond. No fees will be charged for splitting any Consolidated Bond Certificate(s) and any stamp duty, if payable, will be paid by the Bondholder. The request to split a Consolidated Bond Certificate shall be accompanied by the original Consolidated Bond Certificate(s) which will, on issuance of the split Consolidated Bond Certificate(s), be cancelled by the Issuer.

3.1.4. **Manner of allotment**

3.1.4.1 Allotment of the Bonds will be in dematerialised form or in physical form. In terms of Bonds issued in dematerialised form, the Issuer will take requisite steps to credit the demat accounts of all Bondholders who have applied for the Bonds in dematerialised form within 12 Working Days from Issue Closing Date.

3.1.4.2 The Issuer may also issue Letters of Allotment to all Bondholders who have applied for the Bonds in physical form within the timelines as per applicable laws. Subsequent to the payment of the consolidated stamp duty on the Bonds/Bond Trust Deed as the case may be, and upon the issuance of the order from the Collector evidencing the payment of such consolidated stamp duty, if any, the Issuer and the Registrar shall dispatch Consolidated Bond Certificates to all Bondholders holding Letters of Allotment (in terms of the Register of Bondholders as maintained by the Issuer/Registrar), no later than six months from the date of Allotment. Upon receipt by Bondholders of such Consolidated Bond Certificates as dispatched by the Registrar and/or the Issuer, the Letters of Allotment shall stand cancelled without any further action. Prospective Bondholders should note that once Consolidated Bond Certificates have been duly dispatched to all Bondholders who had applied for Bonds in physical form, the Issuer shall stand discharged of any liabilities arising out of any fraudulent transfer of the Bonds purported to be effected through Letters of Allotment.

3.2. **Face Value**

The face value of each Bond is ₹ 1,000.00.

3.3. **Title**

3.3.1 In case of:

- i) Bonds held in the dematerialized form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and
- ii) Bonds held in physical form, the person for the time being appearing in the Register of Bondholders as Bondholder,

shall be treated as Bondholders for all purposes by the Issuer, the Bond Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated Bond Certificate issued in respect of the Bonds and no person will be liable for so treating the Bondholder.

3.3.2 No transfer of title of a Bond will be valid unless and until entered on the Register of Bondholders or the register of beneficial owners, maintained by the Depositories and/or the Issuer or the Registrar to the Issue prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be. In such cases, claims, if any, by the purchasers of the Bonds will need to be settled with the seller of the Bonds and not with the Issuer or the Registrar to the Issue.

3.4. **Listing**

The Bonds will be listed on BSE and NSE. BSE and NSE have given their in-principle listing approval by its letters no. DCS/SJ/PI-BOND/07/15-16 dated October 14, 2015 and NSE/LIST/46407 dated October 14, 2015 respectively. The Designated Stock Exchange for the Issue is BSE.

If the permission to list and trade the Bonds is not granted by NSE and/or BSE, the Issuer shall forthwith repay, without interest, all such moneys received from the Applicant in pursuance of the Prospectus Tranche-II.

The Issuer shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and/or NSE will be taken within 12 Working Days from the Issue Closing Date.

3.5. **Market Lot**

3.5.1. The Bonds shall be allotted in physical as well as dematerialized form. As per the SEBI Debt Regulations, the trading of the Bonds shall be in dematerialised form only. Since, the trading of Bonds is in dematerialized form, tradable lot is one Bond (“**Market Lot**”). For details of Allotment, please refer “*Issue Related Information – Issue Structure*” beginning on page 53 of this Prospectus Tranche-II.

3.6. **Procedure for Rematerialisation of Bonds**

Bondholders who wish to hold the Bonds in physical form, after having opted for Allotment in dematerialised form may do so by submitting a request to their Depository Participant, in accordance with the applicable procedure stipulated by the Depository Participant.

4. **Transfer of the Bonds, Issue of Consolidated Bond Certificates etc.**

4.1. **Register of Bondholders**

The Issuer shall maintain at its head office or such other place as permitted under the applicable law, a Register of Bondholders containing such particulars of the legal owners of the Bonds. Further, the register of beneficial owners maintained by Depositories for any Bond in dematerialized form under Section 11 of the Depositories Act shall also be deemed to be a Register of Bondholders for this purpose.

4.2. **Transfers**

4.2.1 *Transfer of Bonds held in dematerialized form:*

In respect of Bonds held in the dematerialized form, transfers of the Bonds may be affected, only through the Depositories where such Bonds are held, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time. The Bondholder shall give delivery instructions containing details of the prospective purchaser's Depository Participant's account to his Depository Participant. If a prospective purchaser does not have a Depository Participant account, the Bondholder may rematerialize his or her Bonds and transfer them in a manner as specified in 4.2.2 below.

4.2.2 *Transfer of Bonds in physical form:*

The Bonds may be transferred by way of a duly executed transfer deed or other suitable instrument of transfer as may be prescribed by the Issuer for the registration of transfer of Bonds. Purchasers of Bonds are advised to send the Consolidated Bond Certificate to the Issuer or to such persons as may be notified by the Issuer from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialized form, the Bonds may be dematerialized by the purchaser through his or her Depository Participant in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

The Issuer will register the transfer of Bonds, provided the Bond Certificate with the details of name, address, occupation, if any, and signature of the transferee on the reverse of the Bond Certificate is delivered to the address of the Registrar mentioned herein, by registered post or by hand delivery. The Issuer shall on being satisfied and subject to the provisions of the charter documents register the transfer of such Bonds in its books.

The buyer(s) should ensure that the transfer formalities are completed prior to the Record Date, failing which the interest and/or Maturity Amount for the Bonds shall be paid to the person whose name appears in the register of Bondholders maintained by the Depositories. In such cases, any claims shall be settled inter se between the parties and no claim or action shall be brought against the Issuer or the Lead Managers or the Registrar to the Issue.

4.3. **Formalities Free of Charge**

Registration of a transfer of Bonds and issuance of new Consolidated Bond Certificates will be effected without charge by or on behalf of the Issuer, but on payment (or the giving of such indemnity as the Issuer may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and the Issuer being satisfied that the requirements concerning transfers of Bonds, have been complied with.

5. **Application Amount**

The Bonds are being issued at par and full amount of face value per Bond is payable on application. In case of ASBA Applicants, the full amount of face value of Bonds applied for will be blocked in the relevant ASBA Account maintained with the SCSB. Eligible Applicants can apply for any amount of the Bonds subject to a minimum application size as specified in the Prospectus Tranche-II, across any of the Series of Bonds or a combination thereof. The Applicants will be allotted the Bonds in

accordance with the Basis of Allotment finalized by the Board of Members/Bond Committee.

6. Deemed Date of Allotment

Deemed Date of Allotment shall be the date on which the Members of the Board of the Issuer or Bond Committee thereof approves the Allotment of the Bonds for Tranche-II Issue or such date as may be determined by the Members of NHAI or Bond Committee thereof and notified to the Stock Exchange(s). All benefits relating to the Bonds including interest on Bonds (for Tranche-II 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.

7. Subscription

7.1 Period of Subscription

The Tranche-II Issue shall remain open for the period mentioned below:

Issue Opens on	February 24, 2016
Issue Closes on*	March 1, 2016

* Applications shall be accepted only between 10.00 A.M. and 5.00 P.M. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the Collection Centres or with the Members of the Syndicate or Trading Members at the Syndicate ASBA Application Locations and the Designated Branches of SCSBs as mentioned on the Application Form. On the Issue Closing Date, Applications shall be accepted only between 10.00 A.M. and 3.00 P.M. and shall be uploaded until 5.00 P.M. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, in any case, no later than 3.00 P.M. on the Issue Closing Date. All times mentioned in this Prospectus Tranche-II is Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, some Application Forms may not be uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither the Issuer nor the Lead Managers, Lead Brokers or Trading Members of the Stock Exchanges is liable for any failure in uploading the Applications due to failure in any software/hardware system or otherwise.

* The Tranche-II Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M. 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 period of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the date 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 with wide circulation.

7.2 Underwriting

The Issue is not underwritten.

7.3 Minimum Subscription

The SEBI Circular bearing reference no. CIR/IMD/DF/12/2014 dated 17 June, 2014 provides that the issuers issuing tax-free bonds, as specified by CBDT, shall be exempted requirement of specifying the from the minimum subscription limit. Accordingly, no minimum subscription limit has been specified for the present Issue.

7.4 Arrangers

There are no arrangers for the Issue.

8. Interest

8.1. Interest

For Bondholders falling under Category I, II and III, the Bonds under Tranche II Series IA and Tranche II Series IIA shall carry interest at the coupon rate of 7.04% p.a. and 7.39% p.a. respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable on the "Interest Payment Date", to the Bondholders as of the relevant Record Date. The effective yield to Category I, II and III Bondholders would be 7.04% p.a. and 7.39% p.a. for the Tranche II Series IA and Tranche II Series IIA respectively.

For Bondholders falling under Category IV, the Bonds under Tranche II Series IB and Tranche II Series IIB shall carry interest at the coupon rate of 7.29% p.a. and 7.69% p.a. respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable on the "Interest Payment Date", to the Bondholders as of the relevant Record Date. The effective yield to Category IV Bondholders would be 7.29% p.a. and 7.69% p.a. for the Tranche II Series IB and Tranche II Series IIB respectively.

The coupon rates indicated under Tranche II Series IB and Tranche II 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.

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

If the Bonds allotted against Tranche II Series IB and Tranche II Series IIB are sold/ transferred by 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;

Bonds allotted against Tranche II Series IB and Tranche II 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;

If on any Record Date, the original Category IV allottee(s)/ transferee(s) hold the Bonds under Tranche II Series IB and Tranche II Series IIB, Tranche II Series IA and Tranche II 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 II Series IB and Tranche II Series IIB shall stand at par with coupon rate applicable on Tranche II Series IA and Tranche II Series IIA respectively;

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

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 Tranche -II Issue shall be clubbed and taken together on the basis of PAN.

8.2. Day Count Convention

Interest on the Bonds shall be computed on an actual/ actual basis i.e. on the principal outstanding on the Bonds as per the SEBI Circular bearing no. CIR/IMD/DF/18/2013 dated October 29, 2013.

Please refer to the following details pertaining to the cash flows of the Company in accordance with the SEBI circular bearing number CIR/IMD/DF/18/2013 dated October 29, 2013:

Cash Flow Series

Set forth below is an illustration for guidance in respect of the day count convention and effect of holidays on payments. For the purpose of this Illustration, we have considered effect of holidays on cash flows only for Tranche II Series IA and Tranche II Series IB Bonds. The effect of holidays on

cash flows for the other Series of Bonds shall be clear. INVESTORS SHOULD NOTE THAT THIS EXAMPLE IS SOLELY FOR ILLUSTRATIVE PURPOSES AND IS NOT SPECIFIC TO THE ISSUE.

Face value per Bond	₹ 1,000.00
Deemed date of Allotment (assumed)	March 12, 2016
Frequency of Interest payment	Annual
Interest payment date	First Interest on October 1, 2016 and subsequently on October 1 every year except the last interest payment along with the redemption amount which will happen on Redemption Date
Day count convention	Actual/Actual

Illustration I

TrancheII Series IA	
Coupon Rate	7.04 %
Tenor (No. of Years)	10
Aggregate Investment	₹ 1,00,000
Redemption Date/Maturity Date	March 12, 2026

Cash Flow	Payout date	No. of days in coupon period	Amount (in ₹)
1 st Coupon/Interest Payment date	Saturday, October 01, 2016	203	3,915
2 nd Coupon/Interest Payment date	Monday, October 02, 2017	366	7,059
3 rd Coupon/Interest Payment date	Monday, October 01, 2018	364	7,021
4 th Coupon/Interest Payment date	Tuesday, October 01, 2019	365	7,040
5 th Coupon/Interest Payment date	Thursday, October 01, 2020	366	7,040
6 th Coupon/Interest Payment date	Friday, October 01, 2021	365	7,040
7 th Coupon/Interest Payment date	Saturday, October 01, 2022	365	7,040
8 th Coupon/Interest Payment date	Monday, October 02, 2023	366	7,059
9 th Coupon/Interest Payment date	Tuesday, October 01, 2024	365	7,021
10 th Coupon/Interest Payment date	Wednesday, October 01, 2025	365	7,040
11 th Coupon/Interest Payment date	Thursday, March 12, 2026	162	3,125
Redemption of Principal	Thursday, March 12, 2026	10 years	1,00,000
Total cash flows			1,70,400

Illustration II

Tranche II Series IB	
Coupon Rate	7.29 %
Tenor (No. of Years)	10
Aggregate Investment	₹ 1,00,000
Redemption Date/Maturity Date	March 12, 2026

Cash Flow	Payout date	No. of days in coupon period	Amount (in ₹)
1st Coupon/Interest Payment date	Saturday, October 01, 2016	203	4,054
2nd Coupon/Interest Payment date	Monday, October 02, 2017	366	7,310
3rd Coupon/Interest Payment date	Monday, October 01, 2018	364	7,270
4th Coupon/Interest Payment date	Tuesday, October 01, 2019	365	7,290
5th Coupon/Interest Payment date	Thursday, October 01, 2020	366	7,290
6th Coupon/Interest Payment date	Friday, October 01, 2021	365	7,290

Cash Flow	Payout date	No. of days in coupon period	Amount (in ₹)
7th Coupon/Interest Payment date	Saturday, October 01, 2022	365	7290
8th Coupon/Interest Payment date	Monday, October 02, 2023	366	7,310
9th Coupon/Interest Payment date	Tuesday, October 01, 2024	365	7,270
10th Coupon/Interest Payment date	Wednesday, October 01, 2025	365	7,290
11th Coupon/Interest Payment date	Thursday, March 12, 2026	162	3,236
Redemption of Principal	Thursday, March 12, 2026	10 years	1,00,000
Total Cash Flows			172900

Notes:

1. If the interest payment date falls on non working day, the next working day will be the effective interest payment date.
2. For the purpose of illustration, it is assumed that only Sundays are non Working Days
3. In case the date of payment of redemption amount falls on a Sunday or a public holiday, the preceeding Business Day will be considered as the effective date for payment of redemption proceeds.
4. The 5th and 9th coupon payment has been calculated based on a year consisting of 366 days.
5. An additional day of interest for 2nd and 8th cash flow has been paid and the 3rd and 9th cash flow has been adjusted by paying interest for one less day
6. The Deemed Date of Allotment is assumed to be March 12, 2016; and
7. For Cash Flows under Series IB, it is assumed that on all the Record Dates, the Bondholder falls in the Retail Individual Investor Category/Category IV and the Coupon rate remains unchanged at 7.29% per annum.

8.3. Interest on Application Money

8.3.1 Interest on application monies received which are used towards allotment of Bonds

We 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, at the rate of 7.04% p.a. and 7.39% p.a. on Tranche II Series IA and Tranche II Series IIA respectively for Allottees under Category I, Category II and Category III Portion, and at the rate of 7.29% p.a. and 7.69% p.a. on Tranche II Series IB and Tranche II 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.

A tax deduction certificate will be issued for the amount of income tax so deducted.

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 applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment at the sole risk of the applicant, to the sole/first applicant.

8.3.2 Interest on application monies received which are liable to be refunded

We 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, at the rate of 5% per annum. 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.

A tax deduction certificate will be issued for the amount of income tax so deducted.

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. Please refer to “*Rejection of Application*” at page 79 of this Prospectus Tranche-II.

9. **Redemption**

- 9.1 The face value of the Bonds will be redeemed at par, on the respective Maturity Dates of each of the Bond Series as set out in the Prospectus Tranche-II.

If the due date for redemption, also being the last due date for payment of Coupon/ Interest on the Bonds falls on a day that is not a Working Day, the Maturity/Redemption amount shall be paid on the immediately preceding Working Day along with coupon/ interest accrued on the Bonds until but excluding the date of such payment.

9.2 **Procedure for Redemption by Bondholders**

The procedure for redemption is set out below:

9.2.1 ***Bonds held in electronic form:***

No action is required on the part of Bondholders at the time of maturity of the Bonds. On the Maturity Date, Maturity Amounts would be paid by cheque /pay order / electronic mode to those Bond holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories’ records on the Maturity Date fixed for the purpose of payment of Maturity Amounts. These Bonds may be simultaneously extinguished to the extent of the Maturity Amounts paid through appropriate debit corporate action upon payment of the corresponding Maturity Amounts of the Bonds. It may be noted that in the entire process mentioned above, no action is required on the part of Bond holders.

Our liability to the Bond holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the Maturity Date in all events and when we dispatch the Maturity Amounts to the Bond holder(s). Further, we will not be liable to pay any interest, income or compensation of any kind from the date of payment of Maturity Amounts of the Bond(s)

9.2.2 ***Bonds held in physical form:***

No action will ordinarily be required on the part of the Bondholder at the time of redemption, and the Maturity Amount will be paid to those Bondholders whose names appear in the Register of Bondholders maintained by the Issuer/Registrar to the Issue or the Depositories on the Record Date fixed for the purpose of redemption without there being a requirement for the surrender of the physical Consolidated Bond Certificate(s). However, the Issuer may require the Consolidated Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Consolidated Bond Certificate(s)) to be surrendered for redemption on Maturity Date and sent by the Bondholders by registered post with acknowledgment due or by hand delivery to the Registrar to the Issue or the Issuer or to such persons at such addresses as may be notified by the Issuer from time to time. Bondholders may be requested to surrender the Consolidated Bond Certificate(s) in the manner stated

above, not more than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment. The Issuer shall stand discharged of any liabilities arising out of any fraudulent transfer of the Bonds or non-registration of transfer of Bonds with the Issuer.

10. Payments

10.1 Payment of Interest on Bonds

Payment of interest on the Bonds will be made to those Bondholders whose name appears first in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date. Whilst the Issuer will use the electronic mode for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, the Issuer proposes to use other modes of payment to make payments to the Bondholders, including through the dispatch of cheques through courier or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date.

10.2 Record Date

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.

10.3 Effect of holidays on payments

If the date of payment of coupon/ interest rate specified does not fall on a Working Day, the coupon payment shall be made on the immediately succeeding Working Day along with the interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next coupon/ Interest Payment Date. If the Redemption Date/ Maturity Date (also being the last Coupon/ Interest Payment Date) of any Series of Bonds falls on a day which is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with the interest accrued on the Bonds until but excluding the date of such payment.

10.4. Whilst the Issuer will use the electronic mode for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, the Issuer proposes to use other modes of payment to make payments to the Bondholders, including through the dispatch of cheques through courier, or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date. In the case of payment on maturity being made on surrender of the Consolidated Bond Certificate(s), the Issuer will make payments or issue payment instructions to the Bondholders within 30 days from the date of receipt of the duly discharged Consolidated Bond Certificate(s). the Issuer shall pay interest as per applicable law., over and above the coupon rate of the relevant Bonds, in the event that such payments are delayed beyond a period of eight days after the Issuer becomes liable to pay such amounts (except if such delays are on account of delay in postal channels of the country).

10.5 Issuer's liability to the Bondholders including for payment or otherwise shall stand extinguished from the Maturity Date or on dispatch of the amounts paid by way of principal and/or interest to the Bondholders. Further, the Issuer will not be liable to pay any interest, income or compensation of any kind accruing subsequent to the Maturity Date.

11. Manner and Mode of Payment

11.1 Manner of Payment:

All payments to be made by the Issuer to the Bondholders shall be made in any of the following manners:

11.1.1 *For Bonds applied or held in electronic form:*

The bank details will be obtained from the Depositories for payments. Investors who have applied or who are holding the Bond in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of the payments to investors at their sole risk and neither the Lead Managers nor the Issuer shall have any responsibility and undertake any liability for such delays on part of the investors.

11.1.2 *For Bonds held in physical form*

The bank details will be obtained by the Registrar to the Issue from the Application Form or cancelled cheque copy attached for effecting payments.

In case of Applications other than those made through the ASBA process, the unutilised portion of the Application Amounts will be refunded to the Applicant within 12 (twelve) Working Days of the Issue Closure Date through any of the following modes:

11.2 Modes of Payment

The mode of interest/refund/redemption payments shall be undertaken in the following order of preference: All payments to be made by the Issuer to the Bondholders shall be made through any of the following modes:

11.2.1 *Direct Credit*

Applicants having bank accounts with the Refund Bank, as per the demographic details received from the Depositories shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by the Issuer.

11.2.2 *NECS*

Through NECS for Applicants having an account at any of the centers notified by the RBI. This mode of payment will be subject to availability of complete bank account details including the Magnetic Ink Character Recognition (“MICR”) code as appearing on a cheque leaf, from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

The Issuer shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as the Issuer has initiated the process in time.

11.2.3 *Real Time Gross Settlement (“RTGS”)*

Applicants having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose payment amount exceeds ₹ 2.00 lakhs shall be eligible to receive refund through RTGS, provided the demographic details downloaded from the Depositories contain the nine digit MICR code of the Applicant’s bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code (“IFSC”). Charges, if any, levied by the Applicant’s bank receiving the credit would be borne by the Applicant.

11.2.4 *National Electronic Fund Transfer (“NEFT”)*

Payment of refund shall be undertaken through NEFT wherever the Applicants’ bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of

that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Applicants have registered their MICR number and their bank account number while opening and operating the beneficiary account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to the Applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrar to the Issue. In the event NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed in this section.

11.2.5 *Cheques or Demand drafts*

By cheques or demand drafts made in the name of the Bondholders whose names appear in the Register of Bondholders as maintained by the Registrar to the Issue and/or the Issuer and/or as provided by the Depositories. All Cheques or demand drafts as the case may be, shall be sent by registered/speed post at the Bondholder's sole risk.

11.2.6 For all other Applicants (not being ASBA Applicants), refund orders will be dispatched through speed post/ registered post, at Applicants' own risk. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Applicants and payable at par at places where Application are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

The Issuer shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as the Issuer has initiated the process in time.

11.3 **Printing of Bank Particulars**

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be provided for printing on the orders/warrants. Applications without these details are liable to be rejected. However, in relation to Applications for dematerialised Bonds, these particulars will be taken directly from the Depositories. In case of Bonds held in physical form either on account of rematerialisation or transfer, the Bondholders are advised to submit their bank account details with the Registrar to the Issue before the Record Date, failing which the amounts will be dispatched to the postal address of the Bondholders. Bank account particulars will be printed on the orders/warrants which can then be deposited only in the account specified.

12. **Special Tax Benefit**

The Director General of Income Tax (Exemption), Department of Revenue, Ministry of Finance, GoI in its order dated February 13, 2009 vide order no. DGIT(E)/10(23C)(iv)/2009 under Section 10 (23C) (iv) of the Income Tax Act, 1961 has granted exemption to the Issuer.

13. **Taxation**

The Bonds are tax free in nature and the interest on the Bonds will not form part of the total income. For further details, please refer to chapter "**Statement of Tax Benefits**" on page 27 of this Prospectus Tranche-II.

14. **Security**

The Bonds shall rank *pari passu inter-se*, and shall be secured by way of first pari passu 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. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof.

15. **Events of Default**

15.1 The Bond Trustee at its discretion may, or if so requested in writing by the holders of not less

than 75% in principal amount of the Bonds then outstanding or if so directed by a Special Resolution shall (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to the Issuer specifying that the Bonds and/or any particular Series of Bonds, in whole but not in part are and have become due and repayable at the early redemption amount on such date as may be specified in such notice *inter alia* if any of the events listed in 15.2 below occur.

- 15.2 The complete list of events of default shall be as specified in the Bond Trust Deed.
- 15.3 The early redemption amount payable on the occurrence of an Event of Default shall be as detailed in the Bond Trust Deed.
- 15.4 If an Event of Default occurs which is continuing, the Bond Trustee may with the consent of the Bondholders, obtained in accordance with the provisions of the Bond Trust Deed, and with a prior written notice to the Issuer, take action in terms of the Bond Trust Deed.
- 15.5 In case of default in the redemption of Bonds, in addition to the payment of interest and all other monies payable hereunder on the respective due dates, the Issuer shall also pay interest on the defaulted amounts.

16. **Bondholder's Rights, Nomination Etc.**

16.1 **Rights of Bondholders**

Some of the significant rights available to the Bondholders are as follows:

- a) The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders, provided that nothing in such consent or resolution shall be operative against the Issuer, where such consent or resolution modifies or varies the terms and conditions governing the Bonds, if modification, variation or abrogation is not acceptable to the Issuer.
- b) The registered Bondholder or in case of joint-holders, the person whose name stands first in the Register of Bondholders shall be entitled to vote in respect of such Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder shall be entitled to one vote on a show of hands and on a poll, his or her voting rights shall be in proportion to the outstanding nominal value of Bonds held by him or her on every resolution placed before such meeting of the Bondholders.
- c) Bonds may be rolled over with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders after providing at least 21 days prior notice for such roll-over and in accordance with the SEBI Debt Regulations. The Issuer shall redeem the Bonds of all the Bondholders, who have not given their positive consent to the roll-over.

The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be as per the terms of the Shelf Prospectus, Prospectus Tranche-II and Bond Trust Deed to be executed between the Issuer with the Bond Trustee.

Special Resolution for the purpose of this section is a resolution passed at a meeting of Bondholders of at least three-fourths of the outstanding amount of the Bonds, present and voting.

16.3 **Succession**

Where Bonds are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Bondholder(s) in accordance with the applicable laws. It will be sufficient for the Issuer to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death,

provided that a third person may call on the Issuer to register his name as successor of the deceased Bondholder after obtaining evidence such as probate of a will for the purpose of proving his title to the Bonds. In the event of demise of the sole or first holder of the Bonds, the Issuer will recognize the executors or administrator of the deceased Bondholders, or the holder of the succession certificate or other legal representative as having title to the Bonds only if such executor or administrator obtains and produces probate of will or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The Members of Board of the Issuer in their absolute discretion may, in any case, dispense with production of probate of will or letter of administration or succession certificate or other legal representation.

16.4 **Nomination Facility to Bondholder**

16.4.1 The sole Bondholder or first Bondholder, along with other joint Bondholders (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 Bond. A person, being a nominee, becoming entitled to the Bond by reason of the death of the Bondholders, shall be entitled to the same rights to which he will be entitled if he was the registered holder of the Bond. Where the nominee is a minor, the Bondholders may make a nomination to appoint any person to become entitled to the Bond(s), in the event of his death, during the minority. A nomination shall stand rescinded on sale or transfer or alienation of a Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the Bondholders. Fresh nominations can be made only in the prescribed form available on request at Issuer's administrative office or at such other addresses as may be notified by the Issuer.

16.4.2 The Bondholders are advised to provide the specimen signature of the nominee to the Issuer to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

16.4.3 Any person who becomes a nominee under any applicable laws shall on the production of such evidence as may be required by Issuer's Board, as the case may be, elect either:

- (a) to register himself or herself as the holder of the Bonds; or
- (b) to make such transfer of the Bonds, as the deceased holder could have made.

16.4.4 Notwithstanding anything stated above, Applicants who are allotted bonds in dematerialized form need not make a separate nomination with the Issuer. Nominations registered with the respective Depository Participant of the Bondholder will prevail. If the Bondholders require changing their nomination, they are requested to inform their respective Depository Participant. For Applicants who opt to hold the Bonds in physical form, the Applicants are required to fill in the details for 'nominees' as provided in the Application Form.

16.4.5 Further, the Issuer's Board or the Bond Committee as the case may be, may at any time give notice requiring any nominee of the deceased holder to choose either to be registered himself or herself or to transfer the Bonds, and if the notice is not complied with, within a period of 90 days, the Issuer's Board or the Bond Committee, as the case may be, may thereafter withhold payment of all interests or other monies payable in respect of the Bonds, until the requirements of the notice have been complied with.

17. **Trustee**

17.1 The Issuer has appointed SBICAP Trustee Company Limited to act as the Bond Trustee for the Bondholders. The Issuer intends to enter into a Bond Trust Deed with the Bond Trustee, the terms of which will govern the appointment and functioning of the Bond Trustee and shall specify the powers, authorities and obligations of the Bond Trustee. Under the terms of the Bond Trust Deed, the Issuer will covenant with the Bond Trustee that it will pay the Bondholders the principal

amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds on the rate specified under the respective Tranche Prospectus under which allotment has been made.

17.2 The Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Bond Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Bond Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by the Issuer to the Bond Trustee on behalf of the Bondholders shall discharge the Issuer *pro tanto* to the Bondholders. All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Bond Trustee without reference to the Bondholders. No Bondholder shall be entitled to proceed directly against the Issuer unless the Bond Trustee, having become so bound to proceed, failed to do so.

17.3 The Bond Trustee will protect the interest of the Bondholders in the event of default by the Issuer in regard to timely payment of interest and repayment of principal and they will take necessary action at the Issuer's cost. Further, the Bond Trustee shall ensure that the assets of the Issuer are sufficient to discharge the principal amount and the interest thereon at all time under this Issue.

18. **Miscellaneous**

18.1 **Loan against Bonds**

The Bonds can be pledged or hypothecated for obtaining loans in accordance with the lending policies of the lending institution.

18.2 **Lien**

The Issuer shall have the right of set-off and lien, present as well as future on the moneys due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues by the Bondholder to the Issuer.

18.3 **Lien on Pledge of Bonds**

Subject to applicable laws, the Issuer, at its discretion, may note a lien on pledge of Bonds if such pledge of Bond is accepted by any bank, institution or others for any loan provided to the Bondholder against pledge of such Bonds as part of the funding.

18.4 **Joint-holders**

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to applicable laws.

18.5 **Sharing of Information**

The Issuer may, at its option, use its own, as well as exchange, share or part with any financial or other information about the Bondholders available with the Issuer, its SPVs and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its SPVs and affiliates nor their agents shall be liable for use of the aforesaid information.

18.6 **Notices**

All notices to the Bondholders required to be given by the Issuer or the Bond Trustee shall be published in one national daily newspaper having wide circulation and/or, will be sent by post/courier to the registered Bondholders from time to time.

18.7 Issue of Duplicate Consolidated Bond Certificate(s)

If any Consolidated Bond Certificate is mutilated or defaced it may be replaced by the Issuer against the surrender of such Consolidated Bond Certificates, provided that where the Consolidated Bond Certificates are mutilated or defaced, they will be replaced only if the certificate numbers and the distinctive numbers are legible.

If any Consolidated Bond Certificate is destroyed, stolen or lost then on production of proof thereof to the Issuer's satisfaction and on furnishing such indemnity/security and/or documents as we may deem adequate, duplicate Consolidated Bond Certificate(s) shall be issued.

The above requirement may be modified from time to time as per applicable law and practice.

18.8 Future Borrowings

The Issuer shall be entitled at any time in the future during the term of the Bonds or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or bonds or any other securities in any form, manner, ranking and denomination whatsoever and to any eligible persons whatsoever, subject to applicable consent, approvals or permission that may be required under any statutory/regulatory/contractual requirement and to change its capital structure, on such terms and conditions as the Issuer may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Bond Trustee in this connection.

18.9 Jurisdiction

The Bonds, the Trust Deed, the Tripartite Agreement and other relevant documents shall be governed by and construed in accordance with the laws of India. For the purpose of this Issue and any matter related to or ancillary to the Issue the Courts of New Delhi, India shall have exclusive jurisdiction.

ISSUE STRUCTURE

The GoI, by virtue of power conferred upon it under Section 10(15)(iv)(h) of the Income Tax Act, 1961, has issued CBDT Notification authorising the Issuer to issue the tax free Bonds and allocated an aggregate amount of ₹ 24,00,000.00* lakhs during the Financial Year 2015-16 to Issuer. However, vide CBDT Notification Amendment, the allocated limit was revised to ₹19,00,000.00 lakhs.

The Board of Members of the Issuer has approved the issue of Bonds under one or more tranches prior to March 31, 2016 by its resolution dated July 20, 2015. The Issuer raised ₹ 3,87,200.00 lakhs and ₹ 1,82,800.00 lakhs vide private placement on September 18, 2015 and February 18, 2016. The Issuer also raised ₹ 1000000.00 lakhs through public Issue of Bonds through Tranche-I. Further, vide CBDT Notification Amendment the allocated limit was revised to ₹19 00 000 lakhs. Issuer proposes to raise an amount of ₹ 50,000.00 lakhs with an option to retain oversubscription upto ₹ 2,80,000.00 lakhs aggregating upto ₹ 3,30,000.00 lakhs the Fiscal 2016.

** In pursuance of CBDT Notification, the Issuer is authorised to raise a minimum of 70% of the allocated limit by way of public issue and for an amount not exceeding 30% of the allocated limit through private placement. Accordingly, the Issuer has issued and allotted tax free bonds of ₹ 3,87,200.00 lakhs and ₹1,82,800.00 lakhs through private placement route on September 18, 2015 and February 18, 2016. The Issuer has also raised ₹1000000.00 lakhs through public issue vide Prospectus Tranche-I dated December11, 2015. The Issuer was allocated an amount of ₹ 24,00,000.00 lakhs vide CBDT Notification, however, vide CBDT Notification No. 6/2016 F.No. 178/1/2016-ITA-1 dated February 18, 2016 the said limit has been revised to ₹19,00,000.00 lakhs. In view of the above the Issuer shall ensure that Bonds issued through public issue route and private placement route in the Fiscal 2015-16 shall together not exceed the limit of ₹ 19,00,000.00 lakhs.*

The following are the key terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in “**Terms of the Issue**” on page 37 of this Prospectus Tranche-II.

Common Terms of the Bonds

Issuer	National Highways Authority of India
Type of Instrument	Public Issue of Tax Free Secured Redeemable Non Convertible Bonds of face value of ₹ 1000.00 each in the nature of Debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended.
Nature of Instrument	Tax free, secured, redeemable, non-convertible bonds in the nature of debentures.
Nature of Indebtedness/ 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 Bondholders shall rank pari passu inter se to the claims of other secured creditors of NHAI having the same security.
Mode of Issue	Public Issue.
Eligible Investors	<p>Category I*</p> <ul style="list-style-type: none"> • 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 ₹ 25.00 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 Bonds. <p><i>* 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</i></p>

	<p><i>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 Government Security closest to the tenor of the loan, there is no violation of sub-section (7) of section 186 of the Companies Act, 2013.</i></p> <p>Category II*</p> <ul style="list-style-type: none"> • 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; and • 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 <p><i>* 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 Government Security closest to the tenor of the loan, there is no violation of sub-section (7) of section 186 of the Companies Act, 2013.</i></p> <p>Category III</p> <p>The following investors applying for an amount aggregating above ₹ 10.00 lakhs across all series in Tranche-II Issue</p> <ul style="list-style-type: none"> • Resident Indian individuals; and • Hindu Undivided Families through the Karta. <p>Category IV</p> <p>The following investors applying for an amount aggregating to upto and including ₹ 10.00 lakhs across all series in Tranche-II Issue</p> <ul style="list-style-type: none"> • Resident Indian individuals; and • Hindu Undivided Families through the Karta.
Listing	The Bonds are proposed to be listed on BSE and NSE within 12 Working Days from the Issue Closing Date.
Put/Call	Not Applicable
Rating of the Instrument	The Bonds proposed to be issued under this Issue have been rated “IND AAA” by IRRPL vide its dated September 2, 2015 and have been revalidated said ratings vide its letter dated February 4, 2016, “CARE AAA” by CARE vide its letter dated September 3, 2015 and revalidated said ratings vide its letter dated February 5, 2016, “[ICRA] AAA” by ICRA vide its letter dated September 08, 2015 and revalidated said ratings vide its letter dated February 5, 2016 and “CRISIL AAA/Stable” by CRISIL vide its letter dated September 8, 2015 and revalidated said ratings the said rating vide its letter dated February 8, 2016 for an amount of upto ₹ 24,00,000.00 lakhs.
Issue Size and Option to Retain Oversubscription	₹ 50,000.00 lakhs with an option to retain over subscription upto ₹ 2, 80,000.00 lakhs aggregating upto ₹ 3, 30, 000.00 lakhs.
Objects of the Issue	Refer page 25 of this Prospectus Tranche-II
Details of the utilization of the Proceeds	As specified in the Objects of the Issue on page 25 of this Prospectus Tranche-II.
Step Up/Step Down Coupon Rate	N.A.

Day Count Basis	Actual / Actual. For further details please refer to “ <i>Terms of the Issue</i> ”.
Interest on Application Money	See “ <i>Terms of the Issue - Interest on Application Money</i> ” on page 44 of this Prospectus Tranche-II.
Default Interest Rate	As specified in the Bond Trust Deed to be executed between the NHAI and the Trustee for the Bondholders.
Issue Price	₹ 1,000.00 For each bond.
Face Value	₹ 1,000.00 For each bond.
Issue Opening Date	February 24, 2016
Issue Closing Date	March 1, 2016 The Tranche-II Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M 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 period of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before the date 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 with wide circulation.
Pay-in Date	Application Date (Full Application Amount is payable on Application. In case of ASBA Applications full application money will be blocked.)
Deemed Date of Allotment	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-II 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-II 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.
Trading mode of the Instrument	Compulsorily in dematerialized form**
Issuance mode of the Instrument	Dematerialized form or physical form as specified by an Applicant in the Application Form.
Settlement mode of the Instrument	1. Direct credit 2. National Electronic Clearing System (“NECS”) 3. Real Time Gross Settlement (“RTGS”) 4. National Electronic Fund Transfer (“NEFT”) 5. Cheques/Pay Order/ Demand Draft For further details in respect of the aforesaid modes, refer to section titled “ <i>Terms of the Issue – Mode of Payment</i> ” on page 47 of this Prospectus Tranche-II.
Depositories	NSDL and CDSL
Working Day Convention	All days, excluding Sundays or a holiday of commercial banks or a public holiday in Delhi or Mumbai, except with reference to Issue Period and Record Date, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue Period, i.e. period beginning from Issue Closing Date to listing of the Bonds, Working Days shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai or a public holiday in India.
Record Date	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.

Security	The Bonds shall rank pari passu inter-se, and shall be secured by way of first pari passu 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 due thereon in respect of the Bonds at any time. The mode of creation of security requires prior approval and authorization from the Government of India. The Issuer has received the no-objection certificate from the Government of India in respect thereof.
Transaction Documents	The Shelf Prospectus, the Prospectus Tranche-II read with any notices, corrigenda, addenda thereto, the Bond Trust Deed and other security documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by the Issuer with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Bond Trust Deed, the Bond Trustee Agreement, the Escrow Agreement, the MoU with the Registrar and the MoU with the Lead Managers, NSDL Agreement, CDSL Agreement and the Lead Broker MoU. Refer to section titled “ <i>Material Contracts and Documents for Inspection</i> ” on page 96 of this Prospectus Tranche-II.
Conditions Precedent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent to disbursement.
Condition Subsequent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement.
Events of Default	As provided in Bond Trust Deed to be executed between the Issuer and the Bond Trustee.
Provisions related to Cross Default Clause	As provided in Bond Trust Deed to be executed between the Issuer and the Bond Trustee.
Registrar	Karvy Computershare Private Limited
Mode of Application Money	1. At par cheques 2. Demand Drafts 3. ASBA
Market Lot/Trading Lot	One Bond
Bond Trustee	SBICAP Trustee Company Limited
Role and Responsibilities of Debenture Trustee	The Bond Trustee for the Issue is SBICAP Trustee Company Limited. The role and responsibilities of the Bond Trustee are mentioned in the Bond Trustee Agreement.
Governing Law and Jurisdiction	The laws of the Republic of India

*** NHAI will make public issue of the Bonds in the dematerialised form as well as physical form. However, in terms of Section 8 (1) of the Depositories Act, NHAI, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialised form.*

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

The terms of each Series of Bonds are set out below:

Options	Series of Bonds* Category I, II & III [#]	
	Tranche II Series IA	Tranche II Series IIA
Coupon Rate (%) p.a.	7.04	7.39
Annualized Yield (%)	7.04	7.39
Options	Series of Bonds Category IV [#]	
	Tranche II Series IB	Tranche II Series IIB

Coupon Rate (%) p.a.	7.29	7.69
Annualized Yield (%)	7.29	7.69
Common Terms	Series of Bonds Category I, II, III & IV[#]	
Tenor	10 Years	15 Years
Redemption Date	At the end of 10 Years from the Deemed Date of Allotment	At the end of 15 Years from the Deemed Date of Allotment
Redemption Amount (₹/Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date	
Redemption Premium/Discount	Not applicable	
Frequency of Interest Payment	Annual	
Minimum Application Size and thereafter in multiple of	5 bonds (₹ 5,000), individually or collectively across all Series of Bonds and in multiples of 1 Bond (₹1,000) thereafter.	
Face Value (₹/Bond)	₹ 1,000.00	
Issue Price (₹/Bond)	₹ 1,000.00	
Mode of Interest Payment	<i>For various modes of interest payment, see “Terms of the Issue – Mode of Payment” on page 47 of this Prospectus Tranche-II.</i>	
Interest Payment Date/ Coupon Payment Date	October 1, every year except the last interest payment along with the redemption Amount	
Coupon Reset Process	N.A.	
Coupon Type	Fixed	
Interest on Application Money	See <i>Terms of the Issue-Interest on Application Money</i> ” on page 44 of this Prospectus Tranche-II.	
Discount at which Bonds are issued and effective yield as a result of such discount	Not applicable	

* The Issuer shall allocate and Allot Bonds of Tranche II Series IA/Tranche II 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 II Series IB and Tranche II 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 II Series IB and Tranche II 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 II Series IA and Tranche II Series IIA respectively.
- c. If the Bonds allotted against Tranche II Series IB and Tranche II 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 II Series IB and Tranche II 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 II Series IB and Tranche II Series IIB, Tranche II Series IA and Tranche II Series IIA for an aggregate face value amount of over ₹10.00 lakhs, then the coupon rate applicable to such Category IV allottee(s)/transferee(s) on Bonds under Tranche II Series IB and Tranche II Series IIB shall stand at par with coupon rate applicable on Tranche II Series IA and Tranche II Series IIA respectively;
- f. Bonds allotted under Tranche II Series IA and Tranche II 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.

Terms of Payment

The entire face value per Bond is payable on Application (except in case of ASBA Applicants). In case of ASBA Applicants, the entire amount of face value of Bonds applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of Bonds than applied for, the Issuer shall refund the amount paid on application to the Applicant, in accordance with the terms of this Prospectus Tranche-II.

ISSUE PROCEDURE

This section applies to all Applicants. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involves application procedures that are different from the procedure applicable to all other Applicants. However, there is a common Application Form for all Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs in the relevant ASBA Accounts.

ASBA Applicants should note that they may submit their ASBA Applications to the Members of the Syndicate or Trading Members only at the Syndicate ASBA Application Locations, or directly to the Designated Branches of the SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members (at the application centres of the Members of the Syndicate as will be mentioned in the Application Form) or make online Applications using the online payment gateway of the Stock Exchanges.

The Issuer and the Lead Managers would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus Tranche-II Applicants are advised to make their independent investigations and ensure that their Applications does not exceed the investment limits or maximum number of Bonds that can be held by them under applicable law or as specified in Shelf Prospectus and this Prospectus Tranche-II.

THE PROVISIONS CONTAINED IN THIS SECTION HAVE BEEN PREPARED ON THE BASIS OF CIRCULAR No. CIR/IMD/DF-1/20/2012 DATED JULY 27, 2012 ISSUED BY SEBI. THE FOLLOWING ISSUE PROCEDURE IS SUBJECT TO THE RELEVANT STOCK EXCHANGE PUTTING IN PLACE THE NECESSARY SYSTEMS AND INFRASTRUCTURE REQUIRED IN RELATION TO SUBMISSION OF DIRECT ONLINE APPLICATIONS* THROUGH THE ONLINE PLATFORM AND ONLINE PAYMENT FACILITY TO BE OFFERED BY THE RELEVANT STOCK EXCHANGES AND ACCORDINGLY IS SUBJECT TO ANY FURTHER CLARIFICATIONS, NOTIFICATIONS, DIRECTIONS, INSTRUCTIONS AND/ OR CORRESPONDENCE THAT MAY BE ISSUED BY THE RELEVANT STOCK EXCHANGE AND/ OR SEBI. SPECIFIC ATTENTION IS DRAWN TO THE CIRCULAR NO. CIR/IMD/DF/18/2013 DATED OCTOBER 29, 2013 ISSUED BY SEBI, WHICH AMENDS THE PROVISIONS OF CIRCULAR NO. CIR/IMD/DF-1/20/2012 DATED JULY 27, 2012 TO THE EXTENT THAT IT PROVIDES FOR ALLOTMENT IN PUBLIC ISSUES OF DEBT SECURITIES TO BE MADE ON THE BASIS OF DATE OF UPLOAD OF EACH APPLICATION INTO THE ELECTRONIC BOOK OF THE STOCK EXCHANGES, AS OPPOSED TO THE DATE AND TIME OF UPLOAD OF EACH SUCH APPLICATION.

*** IT MAY BE NOTED THAT DIRECT ONLINE APPLICATION IS CURRENTLY NOT AVAILABLE DUE TO NON-AVAILABILITY OF INFRASTRUCTURE WITH STOCK EXCHANGES, HOWEVER, AS SOON AS IT BECOMES AVAILABLE BY STOCK EXCHANGES, SAME WILL BE AVAILABLE TO INVESTORS.**

PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGE(S) WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY STOCK EXCHANGE/(S) WILL NEED TO APPROACH STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY STOCK EXCHANGE(S).

The Members of the Syndicate and the Issuer shall not be responsible or liable for any errors or omissions on the part of Trading Members in connection with the responsibility of Trading Members in relation to collection and upload of Application Forms in respect of this Issue on the electronic application platform provided by Stock Exchanges. Further, Stock Exchanges will be responsible for addressing Investor grievances arising from Applications through Trading Members.

Availability of Prospectus and Application Forms

Please note that there is a single Application Form for ASBA Applicants as well as non-ASBA Applicants who are persons resident in India and authorized to invest in this Issue.

The copies of Prospectus Tranche-II, Abridged Prospectus containing the salient features of the Prospectus Tranche-II together with Application Forms may be obtained from our Head Office, Lead Managers to the Issue, Lead Brokers for marketing of the Issue, the Registrar to the Issue and the Designated Branches of the SCSBs. Additionally the Shelf and Prospectus Tranche-II and the Application Forms will be available for download on the websites of Stock Exchanges at www.bseindia.com and www.nseindia.com. A unique application number (“UAN”) will be generated for every Application Form downloaded from the websites of the Stock Exchange(s).

In addition, Application Forms would also be made available to all the recognised stock exchanges. Further, Application Forms will also be provided to Trading Members at their request.

We may provide Application Forms for being filled and downloaded at such websites as we may deem fit. The Issuer may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, online demat account portals may also provide the facility of submitting the Application Forms online to their account holders’.

Who can apply:

The following categories of persons are eligible to apply in the Issue:

Category I*:

- 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 ₹ 25.00 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 Bonds.

Category II*:

- 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:

The following investors applying for and amount aggregating above ₹ 10.00 lakhs across all Series in Tranche-II Issue

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

Category IV:

The following investors applying for and amount aggregating to upto and including ₹ 10.00 lakhs across all Series in Tranche-II Issue

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

Note: Participation of any of the aforementioned 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.

** 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 Government Security closest to the tenor of the loan, there is no violation of sub-section (7) of section 186 of the Companies Act, 2013*

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

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. The Issuer, 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 this Prospectus Tranche-II.

Methods of Application

An eligible Investor desirous of applying in the Issue can make Applications by one of the following methods:

1. Applications through the ASBA process; and
2. Non-ASBA Applications.

Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by Investors to a public issue of their debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the Debt Application Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. In the event that the Stock Exchanges put in necessary systems, infrastructure and processes in place so as to enable the adoption of the Direct Online Application Mechanism prior to the Issue Opening Date, we shall offer eligible Investors desirous of applying in the Issue the option to make Applications through the Direct Online Application Mechanism.

If such systems, infrastructures or processes are put in place by the Stock Exchanges prior to the filing of the Prospectus Tranche-II, the methods and procedure for relating to the Direct Online Application Mechanism shall be suitably updated in the Prospectus Tranche-II, as the case may be. However, if such systems, infrastructures or processes are put in place by the Stock Exchanges after filing of this Prospectus Tranche-II but prior to the Issue Opening Date, the methods and procedure for relating to the Direct Online Application Mechanism shall be widely disseminated by us through a public notice in a reputed national daily newspaper.

Applications through the ASBA process

Please note that application through ASBA is optional for all categories of Applicants.

Applicants who wish to apply through the ASBA process by filling in physical Application Form will have to select the ASBA mechanism in Application Form and provide necessary details. Applicants can submit their Applications through the ASBA process by submitting the Application Forms to the Designated Branch of the SCSB with whom the ASBA Account is maintained or through the Members of the Syndicate or Trading Members (ASBA Applications through the Members of the Syndicate and Trading Members shall hereinafter be referred to as the “**Syndicate ASBA**”), prior to or on the Issue Closing Date. **ASBA Applications through the Members of the Syndicate and Trading Members is permitted only at the Syndicate ASBA Application Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat)**. Kindly note that Application Forms submitted by ASBA Applicants to Members of the Syndicate and the Trading Members at the Syndicate ASBA Application Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Member of the Syndicate or the Trading Members to deposit the Application Form (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

Members of the Syndicate and Trading Members shall, upon receipt of Application Forms from ASBA Applicants, upload the details of these Application Forms to the online platform of the Stock Exchanges and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained in accordance with the Debt Application Circular. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form. ASBA Applications in electronic mode will only be available with such SCSBs who provide such an electronic facility. In case of ASBA Applications in such electronic form, the ASBA Applicant shall submit the Application Form with instruction to block the Application Amount either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA Account held with SCSB, as would be made available by the concerned SCSB.

In case of ASBA Application in physical mode, the ASBA Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB. The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the bidding platform of the stock exchange(s). If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the bidding platform of the stock exchange(s). If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the bidding platform of the stock exchange(s). The Designated Branch of the SCSBs shall stamp the Application Form.

Applications are liable to be rejected, wherein the SCSBs are not able to block the funds for Application Forms which have been uploaded by the Member of the Syndicate or Trading Members of the Designated Stock Exchange due to any reason.

The Issuer, its Members, affiliates, associates and their respective directors/members and officers, Lead Managers, Syndicate members, Trading members and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by SCSBs and Trading Members, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Trading Members in relation to the Issue should be made by Applicants directly to Stock Exchanges.

ASBA Applicants must note that:

- (a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Members of the Syndicate or Trading Members of the stock exchange(s) at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the stock exchange(s) at least one day prior to the Issue Opening Date. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the abridged Prospectus is made available on their websites.
- (b) The Designated Branches of the SCSBs shall accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept

ASBA Applications from the Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please refer to “**General Information**” on page 17 of this Prospectus Tranche-II.

- (c) In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Members of the Syndicate or Trading Members of the stock exchange(s), as the case maybe, if not, the same shall be rejected. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs, if not, the same are liable to be rejected.

Please note that you cannot apply for the Bonds through the ASBA process if you wish to be Allotted the Bonds in physical form.

Non-ASBA Applications

- (i) ***Non- ASBA Applications for Allotment of the Bonds in dematerialised form***

Applicants must use the Application Form, which will be serially numbered, bearing the stamp of the relevant Members of the Syndicate or Trading Member of the stock exchange(s), as the case may be, from whom such Application Form is obtained. Applicants may submit duly filled in Application Forms either in physical or downloaded Application Forms to the Members of the Syndicate or the Trading Members accompanied by account payee cheques/ demand drafts prior to or on the Issue Closing Date. Accordingly, Applicants may download Application Forms and submit the completed Application Forms together with cheques/demand drafts to the Members of the Syndicate or Trading Member of the Stock Exchange(s) at centres mentioned in the Application Form. The Members of the Syndicate and Trading Members shall, upload the non-ASBA Application on the online platform of Stock Exchanges, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and returning it to the Applicant. This acknowledgment slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant should preserve this and should provide the same for any cancellation/withdrawal of their Application or any grievances relating to their Applications.

Upon uploading the Application on the online platform of Stock Exchanges, the Members of the Syndicate and Trading Members will submit the Application Forms, along with the payment instruments to the Escrow Collection Banks, which will realise the payment instrument, and send the Application details to the Registrar. The Members of the Syndicate/ Trading Members are requested to note that all payment instruments are required to be banked with only the banking branches of the Escrow Collection Banks, details of which will be available at the websites of the BSE and NSE at www.bseindia.com and www.nseindia.com, respectively. Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located in Syndicate ASBA Locations which have at least one banking branch of the Escrow Collection Banks. The Registrar shall match the Application details as received from the online platform of Stock Exchanges with the Application Amount details received from the Escrow Collection Banks for reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of Stock Exchanges will prevail. Upon Allotment, the Registrar will credit the Bonds in the demat accounts of the successful Applicants as mentioned in the Application Form.

Please note that neither the Issuer nor the Members of the Syndicate or the Registrar shall be responsible for redressal of any grievances that Applicants may have in regard to the non-ASBA Applications made to the Trading Members, including, without limitation, relating to non-upload of the Applications data. All grievances against Trading Members in relation to the Issue should be made by Applicants to the relevant Stock Exchange.

- (ii) ***Non-ASBA Applications for Allotment of the Bonds in physical form***

Applicants can also apply for Allotment of the Bonds in physical form by submitting duly filled in Application Forms to the Members of the Syndicate or the Trading Members, along with the accompanying account payee cheques or demand drafts representing the full Application Amount and KYC documents as specified in the sections titled “***Applications by various Applicant Categories***” and “***Additional instructions specific for Applicants seeking Allotment of the Bonds in physical form***” at pages 64 and 75, respectively. The Members of the Syndicate and Trading Members shall, upon submission of the Application Forms to them, verify and check the KYC documents submitted by such Applicants and upload details of the Application on the online platform of Stock Exchanges, following which they shall acknowledge the uploading of the Application Form by stamping the

acknowledgment slip with the date and time and returning it to the Applicant. This acknowledgment slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant shall preserve this and should provide the same for any cancellation/withdrawal of their Application or queries relating to non-Allotment of Bonds in the Issue.

Upon uploading of the Application details, the Members of the Syndicate and Trading Members will submit the Application Forms, along with the payment instruments to the Escrow Collection Banks, which will realise the payment instrument, and send the Application Form and the KYC documents to the Registrar. The Registrar shall check the KYC documents submitted and match Application details as received from the online platform of Stock Exchanges with the Application Amount details received from the Escrow Collection Banks for reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of Stock Exchanges will prevail. The Members of the Syndicate/ Trading Members are requested to note that all Applicants are required to be banked with only the banking branches of Escrow Collection Banks, details of which will be available at the websites of the BSE and NSE at www.bseindia.com and www.nseindia.com, respectively. Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located at Syndicate ASBA Locations which have at least one banking branch of the Escrow Collection Banks. Upon Allotment, the Registrar will dispatch Bond Certificates to the successful Applicants to their addresses as provided in the Application Form. **Please note that, in the event that KYC documents of an Applicant are not in order, the Registrar will withhold the dispatch of Bond Certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar at the earliest.**

Please note that in such an event, any delay by the Applicant to provide complete KYC documents to the Registrar will be at the Applicant's sole risk and neither the Issuer, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the Bond Certificates are withheld by the Registrar. Further, the Issuer will not be liable for any delays in payment of interest on the Bonds allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the Bonds.

Members of the Syndicate or Trading Members are also required to ensure that the Applicants are competent to contract under the Indian Contract Act, 1872 including minors applying through guardians, at the time of acceptance of the Application Forms.

Please note that allotment of bonds in physical form can be done only if applicant does not hold any Demat account.

To supplement the foregoing, the mode and manner of Application and submission of Application Forms is provided in the following table.

Mode of Application	To whom the Application Form has to be submitted
ASBA Applications	i) to the Members of the Syndicate only at the Syndicate ASBA Application Locations; or ii) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or iii) to Trading Members only at the Syndicate ASBA Application Locations.
Non-ASBA Applications	i) to the Members of the Syndicate; or ii) to Trading Members.

Applications cannot be made by:

- a) 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);
- b) Persons Resident Outside India, Foreign nationals (including Non-resident Indians, Foreign Institutional Investors, Foreign Portfolio Investors and Qualified Foreign Investors) and other foreign entities;

- c) Overseas Corporate Bodies;
- d) Indian Venture Capital Funds;
- e) Foreign Venture Capital Investors;
- f) Persons ineligible to contract under applicable statutory/ regulatory requirements;
- g) Any category of investor other than the Investors mentioned under Categories I, II, III and IV.

In case of Applications for Allotment of the Bonds in dematerialised form, the Registrar shall verify the above and the category of Investors on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of Stock Exchanges by the Members of the Syndicate, SCSBs or the Trading Members, as the case may be.

Applications by various Applicant Categories

Applications by Mutual Funds

In terms of SEBI (Mutual Fund) Regulation, 1996, as amended, 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.

SEBI in its Board Meeting held on January 11, 2016 has decided to revise the above limits to 10% of its NAV in debt instruments extendable to 12% with approval of trustee. The said limits will stand revised on issue of the Notification in this respect.

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 authorised signatories. Failing this, the Issuer reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Application by Commercial Banks, Co-operative Banks and Regional Rural Banks

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. Applications made by for Allotment of the Bonds must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) certificate of registration/ incorporation (iii) a resolution of the board of directors of such Applicant authorising investments; and (iv) specimen signature of authorized persons of such Applicant. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

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; and (iv) Specimen signatures of authorised signatories. Failing this, the Issuer reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

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. Failing this, the Issuer reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Further, any trusts applying for Bonds 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 bonds, (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 bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Applications by Alternative Investments Funds

Applications made by an Alternative Investments Fund eligible to invest in accordance with the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, must be accompanied by certified true copies of: (i) Charter document; (ii) the SEBI registration certificate of such Alternative Investment Fund; (iii) a resolution authorising the investment and containing operating instructions; and (iv) specimen signatures of authorised persons. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof. Alternative Investment Funds applying for Allotment of the Bonds shall at all times comply with the conditions for categories as per their SEBI registration certificate and the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, as amended.

Applications by Public Financial Institutions authorized to invest in the Bonds

Applications by Public Financial Institutions must be accompanied by certified true copies of (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications made by companies and bodies corporate registered under applicable laws in India

Applications made by companies and bodies corporate must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, 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, the Issuer reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, the Issuer, in consultation with the Lead Manager, reserves the right to reject such Applications.

The Issuer, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that the Issuer and the Lead Managers may deem fit.

Applications by provident funds and pension funds which are authorized to invest in the Bonds

Applications by provident funds and pension funds which are authorised to invest in the Bonds, must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (iii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Funds

Application made by a National Investment Fund must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Application Size

Applications are required to be for a minimum of 5 Bonds and multiples of 1 Bond thereafter.

Applications for Allotment of Bonds in the dematerialised form

As per the provisions of the Depositories Act, the Bonds can be held in dematerialised form, i.e., they shall be fungible and be represented by a statement issued through electronic mode. In this context, the Tripartite Agreements have been executed between NHAI, the Registrar to the Issue and the respective Depositories (CDSL/NSDL) for offering depository option to the Bondholders, for issue and holding the Bonds in dematerialized form.

- a) All Applicants can seek Allotment in dematerialised mode or in physical form. Applications made for receiving Allotment in the dematerialised form without relevant details of his or her depository account are liable to be rejected.
- b) An Applicant applying for the Bonds must have at least one beneficiary account with either of the Depository Participants of either of the Depositories, prior to making the Application.
- c) The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) in the Application Form.
- d) Allotment to an Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- e) Names in the Application Form should be identical to those appearing in the account details in the Depositories. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depositories.
- f) If incomplete or incorrect details are given under the heading 'Applicant's Depository Account Details', in the Application Form, it is liable to be rejected.
- g) The Applicant is responsible for the correctness of his or her demographic details given in the Application Form vis-à-vis those with his or her Depository Participant.
- h) Bonds in electronic form can be traded only on the stock exchange having electronic connectivity with the Depositories. BSE and NSE, where the Bonds are proposed to be listed, has electronic connectivity with the Depositories.

- i) The trading of the Bonds shall be in dematerialised form only.

Allottees will have the option to re-materialise the Bonds so Allotted as per the provisions of the Depositories Act.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Investments by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form.
- (b) With respect to Investments by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Application Form.
- (c) With respect to Investments made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issue.

PAYMENT INSTRUCTIONS

Payment mechanism for ASBA Applicants

An ASBA Applicant shall specify details of the ASBA Account in the Application Form. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) at the Specified Cities will be uploaded onto the electronic platform of the Stock Exchange(s) and deposited with the relevant branch of the SCSB at the specified city named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). The relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, at the Specified Cities or to the Designated Branches of SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount will remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount to the Public Issue Account(s), or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved and upon receipt of intimation from the Registrar, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 12 (twelve) Working Days of the Tranche –II Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be.

Payment mechanism for non ASBA Applicants

The Issuer shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Applicants (except for ASBA Applicants) shall draw cheques or demand drafts. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form. Cheques or demand drafts for the Application Amount received from Applicants would be deposited by the Members of the Syndicate and Trading Members, as the case may be, in the Escrow Accounts.

The Escrow Collection Banks will act in terms of this Prospectus Tranche-II and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until the creation of security for the Bonds. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of the Bonds

from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account maintained with the Bankers to the Issue, provided that the sums received in respect of the Issue will be kept in the Escrow Account and the Issuer will have access to such funds only after creation of security for the Bonds. The amount representing the Applications that have been rejected shall be transferred to the Refund Account. Payments of refund to the Applicants shall be made from the Refund Account as per the terms of the Escrow Agreement and the tranche prospectus(es).

Accordingly, the Issuer shall open and maintain an escrow account with the Escrow Collection Bank(s) in connection with all application monies received from the Applicant, (“**Escrow Account**”). All application monies received from the Applicants shall be deposited in the Escrow Account maintained with each Escrow Collection Bank. Upon creation of security as disclosed in the Bond Trust Deed, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Public Issue Account.

Payment into Escrow Account

Each Applicant (except ASBA Applicant) shall draw a cheque or demand draft for the Application Amount as per the following terms:

- a) The payment instruments from all Applicants shall be payable into the Escrow Accounts drawn in favour of “NHAI Bonds 2015 Escrow Account”.
- b) All Applicants would be required to pay the full Application Amount for the number of Bonds applied for, at the time of the submission of the Application Form.
- c) The Applicants shall, with the submission of the Application Form, draw a payment instrument for the full Application Amount in favour of the Escrow Account and submit the same to Bankers to the Issue. If the payment is not made favoring the Escrow Account along with the Application Form, the Application shall be rejected.
- d) The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.
- e) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue. The Escrow Collection Bank shall also transfer all amounts payable to Applicants whose Applications have not been allotted Bonds to the Refund Account.
- f) Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Application Form is submitted. 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.
- g) Cash/stock invest/money orders/postal orders will not be accepted.

Applicants should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Issuer, the Lead Managers, the Escrow Collection Banks and the Registrar to facilitate collections from the Applicants.

The Escrow Collection Banks will act in terms of the Prospectus Tranche-II and the Escrow Agreement. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein. It is mandatory for the Issuer to keep the proceeds of the Issue in an escrow account until the documents for creation of security as stated in this Prospectus Tranche-II are executed.

Submission of Application Forms

All Application Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the designated collection banks during the Issue Period.

No separate receipts shall be issued for the money payable on the submission of Application Form. However, the collection banks will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

Applications shall be deemed to have been received by us only when submitted to Bankers to the Issue at their designated branches as detailed above and not otherwise.

Additional information for Applicants

1. Application Forms submitted by Applicants (except for Applicants applying for the Bonds in physical form) whose beneficiary accounts are inactive shall be rejected.
2. For ASBA Applicants, no separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Members of the Syndicate or the SCSB or the Trading Member, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.
3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Members of the Syndicate/ Trading Member or the relevant Designated Branch, they are liable to be rejected.

Applicants are advised not to submit Application Forms to Escrow Collection Banks (unless such Escrow Collection Bank is also an SCSB) and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Pre-Issue Advertisement

The Issuer will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI Debt Regulations. Material updates, if any, between the date of filing of the Prospectus Tranche-II with the Stock Exchanges and the date of release of this statutory advertisement will be included in the statutory advertisement.

Instructions for completing the Application Form

- (a) Applications must be made in the prescribed Application Form.
- (b) Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Prospectus Tranche-II and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Members of the Syndicate, or the Trading Members, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms.
- (c) Applications are required to be for a minimum of such Bonds and in multiples of such Bonds thereafter as specified in the Prospectus Tranche-II.
- (d) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- (e) Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialized form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.
- (f) Applicants applying for Allotment in dematerialised form must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchanges by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application

Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the Bonds.

- (g) ASBA Applicants utilising physical Application Forms must ensure that the Application Forms are completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Prospectus Tranche-II and in the Application Form.
- (h) If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.
- (i) All Applicants are required to tick the relevant column in the “Category of Investor” box in the Application Form.
- (j) Applications for all the Series of the Bonds may be made in a single Application Form only.
- (k) All Applicants are required to tick the relevant box of the “Mode of Application” in the Application Form, choosing either the ASBA or Non-ASBA mechanism.
- (l) ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch; otherwise the Application is liable to be rejected.
- (m) It shall be mandatory for subscribers to the Issue to furnish their Permanent Account Number and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction.
- (n) Where minor applicant is applying through guardian, it shall be mandatory to mention the PAN of the minor in the Application.

We shall allocate and Allot Bonds of Tranche II Series IA/Tranche II Series IB(depending upon the Category of Applicants) maturity to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Series of Bonds applied for.

Applicants’ PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE BONDS IN DEMATERIALIZED FORM SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM ARE EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF PERSON WHOSE NAME APPEARS FIRST IN THE DEPOSITORY ACCOUNT AND SIGNATURE OF ONLY THIS PERSON WOULD BE REQUIRED IN THE APPLICATION FORM. THIS APPLICANT WOULD BE DEEMED TO HAVE SIGNED ON BEHALF OF JOINT HOLDERS AND WOULD BE REQUIRED TO GIVE CONFIRMATION TO THIS EFFECT IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID and PAN provided by them in the Application Form, the Registrar will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds (for non-ASBA Applicants), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants’ sole risk, and neither the Members of the Syndicate nor the Trading Members, nor the Registrar, nor the Escrow Collection Banks, nor the SCSBs, nor the Issuer shall have any responsibility and undertake any liability for the same.

Applicants applying for Allotment of the Bonds in dematerialized form may note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic

Application system of Stock Exchanges by the Members of the Syndicate, the Trading Members or the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and the Issuer, and the Members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar except in relation to the Issue.

By signing the Application Form, Applicants applying for the Bonds in dematerialised form would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders/Allotment Advice would be mailed at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants 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 (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders. Further, please note that any such delay shall be at such Applicants' sole risk and neither the Issuer, Escrow Collection Banks, Registrar nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus Tranche-II, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, the Issuer in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the 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, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

Electronic registration of Applications

- (a) The Members of the Syndicate, SCSBs and Trading Members will register the Applications using the online facilities of Stock Exchanges. The Lead Managers, the Issuer, and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs and Trading Members, (ii) the Applications uploaded by the SCSBs and the Trading Members, (iii) the Applications accepted but not uploaded by the SCSBs or the Trading Members, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (v) with respect to ASBA Applications accepted and uploaded by Members of the Syndicate at the Syndicate ASBA Application Locations for which the Application Amounts are not blocked by the SCSBs.
- (b) The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of the Members of the Syndicate, Trading Members and their authorised agents and the SCSBs during the Issue Period. On the Issue Closing Date, the Members of the Syndicate, Trading Members and the Designated Branches shall upload Applications till such time as may be permitted by Stock Exchanges. This information will be available with the Members of the Syndicate and Trading Members on a regular basis. Applicants are cautioned that a high inflow of Applications on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for Allotment. Applicants are therefore advised to submit their Applications well in advance of the closing time of acceptance of Applications on the Tranche-II Issue Closing Date.
- (c) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand for the Bonds, as available on the websites of Stock Exchanges, would be made available at the Application centres as provided in the Application Form during the Issue Period.

- (d) At the time of registering each Application, the Members of the Syndicate, SCSBs and Trading Members, as the case may be, shall enter the details of the Applicant, such as the Application Form number, PAN (of the first Applicant, in case of more than one Applicant), Applicant category, DP ID, Client ID, number and Series(s) of Bonds applied, Application Amounts, details of payment instruments (for non – ASBA Applications), Bank code for the SCSB where the ASBA Account is maintained (for ASBA Applications), Bank account number (for ASBA Applications) and any other details that may be prescribed by the online uploading platform of the Stock Exchanges.
- (e) A system generated TRS will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the TRS from the SCSBs, Members of the Syndicate or the Trading Members, as the case may be. The registration of the Applications by the SCSBs, Members of the Syndicate or Trading Members does not guarantee that the Bonds shall be allocated/ Allotted by the Issuer. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (f) The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Issuer, and/or the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Issuer, the management or any scheme or project of the Issuer; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus Tranche-II; nor does it warrant that the Bonds will be listed or will continue to be listed on the Stock Exchanges.
- (g) In case of apparent data entry error by either the Members of the Syndicate or the Trading Members, in entering the Application Form number in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Stock Exchanges.
- (h) Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for Allotment.

General Instructions

Do's

- **Check if you are eligible to apply as per the terms of the Shelf Prospectus, Prospectus Tranche-II, Abridged Prospectus and applicable law;**
- **Read all the instructions carefully and complete the Application Form;**
- If the Allotment of the Bonds is sought in dematerialized form, ensure that the details about Depository Participant and beneficiary account are correct and the beneficiary account is active;
- Applications are required to be in single or joint names (not more than three);
- In case of an 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. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;
- Ensure that Applications are submitted to the Members of the Syndicate, Trading Members or the Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date;
- Ensure that the Application Forms (for non-ASBA Applicants) are submitted at the collection centres provided in the Application Forms, bearing the stamp of a Member of the Syndicate or a Trading Members of the Stock Exchange, as the case may be;

- Ensure that the Applicant's names (for Applications for the Bonds in dematerialised form) given in the Application Form is exactly the same as the names 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 the first named applicant whose name appears in the Application Form has signed the Application Form;
- Ensure that you have funds equal to or more than the Application Amount in your ASBA Account before submitting the Application Form for ASBA Applications;
- Ensure that you mention your PAN in the Application Form. In case of joint applicants, the PAN of all the Applicants should be mentioned, and for HUFs, PAN of the HUF should be provided. For minor applicants, applying through the guardian, it is mandatory to mention the PAN of the minor applicant. Any Application Form without the PAN is liable to be rejected. In case of Applications for Allotment in physical form, Applicants should submit a self-certified copy of their PAN card as part of the KYC documents. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;
- Ensure that the Demographic Details (for Applications for the Bonds in dematerialised form) as provided in the Application Form are updated, true and correct in all respects;
- Ensure that you request for and receive a TRS for all your Applications and an acknowledgement as a proof of having been accepted;
- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the Bonds;
- Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
- **Applicants (other than ASBA Applicants) are requested to write their names and Application number on the reverse of the instruments by which the payments are made;**
- All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and
- Tick the Series of Bonds in the Application Form that you wish to apply for.

Don'ts

- Do not apply for lower than the minimum Application size;
- Do not pay the Application amount in cash, by money order, postal order, stock invest;
- Do not send the Application Forms by post; instead submit the same to the Members of the Syndicate and Trading Members or the SCSBs (as the case may be) only;
- Do not submit Application Forms to the Escrow Collection Banks (unless such Escrow Collection Bank is also an SCSB);
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
- Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar;

- Do not fill up the Application Form such that the Bonds applied for exceeds the Issue size and/or investment limit or maximum number of Bonds that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
- Do not submit an Application in case you are not eligible to acquire the Bonds under applicable law or your relevant constitutional documents or otherwise;
- Do not submit the Application Forms without the Application Amount for number of Bonds applied for; and
- Do not apply if you are not competent to contract under the Indian Contract Act, 1872 or if you are otherwise ineligible to acquire Bonds under applicable law or your relevant constitutional documents or otherwise.
- Do not make an application of the Bonds on multiple copies taken of a single form.

Additional instructions specific for ASBA Applicants

Do's

- Before submitting the physical Application Form with the Member of the Syndicate at the Syndicate ASBA Application Locations ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that centre;
- Ensure that you tick the ASBA option in the Application Form and give the correct details of your ASBA Account including bank account number/ bank name and branch.
- For ASBA Applicants applying through Syndicate ASBA, ensure that your Application Form is submitted to the Members of the Syndicate at the Syndicate ASBA Application Locations or the Trading Members and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to the Issuer, the Registrar;
- For ASBA Applicants applying through the SCSBs, ensure that your Application Form is submitted at a Designated Branch of the SCSB where the ASBA Account is maintained, and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to the Issuer, the Registrar or the Members of the Syndicate or Trading Members;
- Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;
- Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch, or to the Members of the Syndicate at the Syndicate ASBA Application Locations, or to the Trading Members, as the case may be;
- Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB *via* the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and
- Ensure that you receive an acknowledgement from the Designated Branch or the concerned member of the Syndicate, or the Trading Member, as the case may be, for the submission of the Application Form;
- In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose

of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Don'ts

- Do not make payment of the Application Amounts in any mode other than through blocking of the Application Amounts in the ASBA Accounts;
- Do not submit the Application Form with a Member of the Syndicate or Trading Member at a location other than the Syndicate ASBA Application Locations;
- Do not send your physical Application Form by post. Instead submit the same with a Designated Branch or a member of the Syndicate at the Syndicate ASBA Application Locations, or a Trading Member, as the case may be; and
- Do not submit more than five Application Forms per ASBA Account.

Applications shall be accepted only between 10.00 A.M. and 5.00 P.M. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the Syndicate ASBA Application Location or with the Members of the Syndicate or Trading Members and the Designated Branches of SCSBs as mentioned on the Application Form. On the Issue Closing Date, Applications shall be accepted only between 10.00 A.M. and 3.00 P.M. and shall be uploaded until 5.00 P.M. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 P.M. on the Issue Closing Date. All times mentioned in this Prospectus Tranche-II are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither the Issuer nor the Lead Managers, Lead Brokers or Trading Members are liable for any failure in uploading the Applications due to failure in any software/hardware system or otherwise.

Additional 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 dematerialised 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 leave and license agreement or agreement for sale or rent agreement or flat maintenance bill; or
- AADHAR letter issued by Unique Identification Authority of India (UIDAI).
- 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.

In absence of the cancelled cheque, the Issuer may reject the Application or it may consider the bank details as given on the Application Form at its sole discretion. In such case the Issuer, Lead Managers and Registrar shall not be liable for any delays/ errors in payment of refund and/ or interest.

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers nor the Issuer shall have any responsibility and undertake any liability for the same. Applications for Allotment of the Bonds in physical form, which are not accompanied with the aforesaid documents, may be rejected at the sole discretion of the Issuer

In relation to the issuance of the Bonds in physical form, please note the following:

1. An Applicant has the option to seek Allotment of Bonds in either dematerialised or physical mode. No partial Application for the Bonds shall be permitted and is liable to be rejected.
2. In case of Bonds that are being issued in physical form, the Issuer will issue one certificate to the holders of the Bonds for the aggregate amount of the Bonds for each of the Series of Bonds that are applied for (each such certificate a “**Consolidated Bond Certificate**”).
3. **Any Applicant who provides the Depository Participant details in the Application Form shall be Allotted the Bonds in dematerialised form only. Such Applicant shall not be Allotted the Bonds in physical form.**
4. The Issuer shall dispatch the Consolidated Bond Certificate to the address of the Applicant provided in the Application Form.

All terms and conditions disclosed in relation to the Bonds held in physical form pursuant to rematerialisation shall be applicable *mutatis mutandis* to the Bonds issued in physical form.

Consolidated list of documents required for various categories

For the sake of simplicity we hereby provide the details of documents required to be submitted by various categories of Applicants (who have applied for Allotment of the Bonds in dematerialised form) while submitting the Application Form:

Type of Investors	Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
Public Financial Institutions, commercial banks authorized to invest in the Bonds, companies within the meaning of Section 2(20) of the Companies Act, 2013 and bodies corporate registered under the applicable laws in India and authorized to invest in the Bonds; and State Industrial Development Corporations	The Application must be accompanied by certified true copies of: <ul style="list-style-type: none"> • Any Act/ Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Insurance companies registered with the IRDA	The Application must be accompanied by certified copies of <ul style="list-style-type: none"> • Any Act/Rules under which they are incorporated • Registration documents (i.e. IRDA registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person

Type of Investors	Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
Provident Funds, Pension Funds and National Investment Fund	<p>The Application must be accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • Any Act/Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Mutual Funds	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • SEBI registration Certificate and trust deed (SEBI Registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Applicants through a power of attorney under Category I	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • A certified copy of the power of attorney or the relevant resolution or authority, as the case may be • A certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged along with the Application Form. • Specimen signature of power of attorney holder/ authorized signatory as per the relevant resolution.
HUF through the Karta under Categories III and IV	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • Self-attested copy of PAN card of HUF. • Bank details of HUF i.e. copy of passbook/bank statement/cancelled cheque indicating HUF status of the applicant. • Self-attested copy of proof of Address of karta, identity proof of karta.
Power of Attorney under Category II and Category III	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • A certified copy of the power of attorney has to be lodge with the Application Form.
Partnership firms in the name of the partners and limited Liability partnerships	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • Partnership deed; • Any documents evidencing registration thereof under applicable statutory/regulatory requirements, if any; • Resolution authorizing investment and containing operating instructions; and • Specimen signature of authorized person.
Trusts	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • The registered instrument for creation of such trust. • A power of attorney, if any, in favor of one or more trustees thereof. • Such other documents evidencing registration thereof under applicable statutory/regulatory requirement

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. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be assumed to have given confirmation to this effect in the Application Form.

B. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the Bonds for the same or different Series of Bonds, subject to a minimum Application size of ₹ 5,000 (5 Bonds) and in multiples of ₹ 1,000 (1 Bond) 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, multiple Applications by the same Applicant belonging to Category IV aggregating to a value exceeding ₹ 10,00,000.00 shall be grouped in Category III, for the purpose of determining the basis of allotment to such Applicant. 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 an HUF and/or as joint Applicant (second or third applicant), shall not be deemed to be a multiple Application.

For the purposes of Allotment of Bonds 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. 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

We have made depository arrangements with NSDL and CDSL for issue and holding of the Bonds in dematerialised form. In this context:

- (i) The tripartite agreement dated November 22, 2013 was entered amongst the Issuer, the Registrar and CDSL and the tripartite agreement dated November 25, 2013 was entered amongst the Issuer, the Registrar and NSDL, for offering depository option to the Applicants.
- (ii) It may be noted that Bonds in electronic form can be traded only on stock exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges has connectivity with NSDL and CDSL.
- (iii) Interest or other benefits with respect to the Bonds held in dematerialised form would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- (iv) The trading of the Bonds shall be in dematerialized form only.

For further information relating to Applications for Allotment of the Bonds in dematerialised form, see the sections titled “*Methods of Application*” and “*General Instructions*” on pages 60 and 72, respectively.

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 our Compliance Officer as well as the contact persons of the Issuer/ Lead Managers or the Registrar in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of Allotment Advice/ credit of Bonds in depository's beneficiary account/ refund orders, etc., Please note that Applicants who have applied for the Bonds through Trading Members should contact the Stock Exchanges in case of any Post-Issue related problems, such as non-receipt of Allotment Advice/ credit of Bonds in depository's beneficiary account/ refund orders, etc.

Rejection of Applications

The Issuer 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 would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of Bonds applied for being less than the minimum Application size; Signature of sole Applicant missing, or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository).
- Applications submitted without payment of the Application Amount;
- Applications submitted without payment of the full Application Amount. However, in cases where the Application Amount paid, exceeds the number of Bonds applied for, the Applicant may be given allotment provided the number of Bonds applied for is greater than or equal to the minimum Application Size as specified in this Prospectus Tranche-II;
- In case of Applicants applying for Allotment in physical form, date of birth of the sole/ first Applicant not mentioned in the Application Form;
- Investor Category in the Application Form not being ticked;
- In case of Applications for Allotment in physical form, bank account details not provided in the Application Form;
- Applications by persons not competent to contract under the Indian Contract Act, 1872 including a minor without the name of a guardian;
- In case of partnership firms, Application Form submitted in the name of the partnership firm;
- Applications by stock invest or accompanied by cash/money order/postal order;
- Applications made without mentioning the PAN of the Applicant;
- GIR number mentioned in the Application Form instead of PAN;
- 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 submitted directly to the Escrow Collection Banks (if such Escrow Collection Bank is not an SCSB);
- ASBA Applications submitted to the Members of Syndicate or a Trading Members at locations other than the Syndicate ASBA Application Locations or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), to the Issuer or the Registrar to the Issue;
- If the Application Amount is paid through a non-CTS-2010 cheque which does not get cleared within 6 Working Days from the Tranche-II Issue Closing Date;
- For Applications for Allotment in dematerialised form, DP ID, Client ID and PAN mentioned in the Application Form do not match with the Depository Participant ID, Client ID and PAN available in the records with the depositories;

- Submission of more than five ASBA Forms per ASBA Account;
- In case of Applicants applying for the Bonds in physical form, if the address of the Applicant is not provided in the Application Form;
- Copy of KYC documents not provided in case of option to hold Bonds in physical form;
- Application Forms from ASBA Applicants not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
- ASBA Applications not having details of the ASBA Account to be blocked;
- Applications (except for ASBA Applications) where clear funds are not available in Escrow Accounts as per final certificates from Escrow Collection Banks;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by Applicants seeking Allotment in dematerialised form whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Non- ASBA Applications accompanied by more than one payment instrument;
- Applications not uploaded on the terminals of the Stock Exchange;
- Applications for Allotment of Bonds in dematerialised form providing an inoperative demat account number;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted along with the Application Form;
- With respect to ASBA Applications, the ASBA Account not having credit balance to meet the Application Amounts or no confirmation is received from the SCSB for blocking of funds; and
- Applications by non-resident investors;
- Application Forms submitted to the Members of the Syndicate or Trading Members of the Stock Exchange(s) does not bear the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchange(s), as the case may be. ASBA Applications submitted directly to the Designated Branches of SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or Member of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be.
- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds.
- Applications by Applicants not permitted to subscribe to the Issue;

The collecting bank shall not be responsible for rejection of the Application on any of the technical grounds mentioned above.

In terms of the RBI circular (No.DPSS.CO.CHD.No./133/04.07.05/2013-14) dated July 16, 2013, non-CTS cheques would be processed in three CTS centres thrice a week until April 30, 2014, twice a week until October 31, 2014 and once a week from November 1, 2014 onwards. In order to enable listing and trading of Bonds within 12 Working Days of the Bid/Offer Closing Date, 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.

Application Forms received after the closure of the Issue shall be rejected.

In the event, if any Bond(s) applied for is/are not Allotted, the Application monies in respect of such Bonds will be refunded, as may be permitted under the provisions of applicable laws.

Basis of Allotment

(a) Allotments in the first instance:

- i) Applicants belonging to the Category I, in the first instance, will be allocated Bonds upto 20% of the Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges);
- ii) Applicants belonging to the Category II, in the first instance, will be allocated Bonds upto 20% of Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges);
- iii) Applicants belonging to the Category III, in the first instance, will be allocated Bonds upto 20% of Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges);
- iv) Applicants belonging to the Category IV, in the first instance, will be allocated Bonds upto 40% of Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges).

(b) Under subscription

If there is any under subscription in any Portion (while other Portions are oversubscribed), priority in Allotments will be given in the following order (in decreasing order of priority):

- i) Category IV Portion;
- ii) Category III Portion;
- iii) Category II Portion; and
- iv) Category I Portion.

Within each Portion, priority in Allotment will be given on a first-come-first-serve basis, based on the date of the upload of each Application into the electronic Application platform of the Stock Exchanges.

- (c) For all Portions, all Applications uploaded on the same day on the electronic Application platform of the relevant stock exchanges would be treated at par with each other.
- (d) Minimum allotments of one Bond would be made in case of each valid Application.
- (e) **Allotments in case of oversubscription:**

In case of an oversubscription in any of the Portions, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis in each portion, i.e. full Allotment of Bonds 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 Bonds to the Applicants on the date of oversubscription (based on the date of upload of each Application on the electronic Application platform of the relevant stock exchanges, in each Portion). The method of proportionate allotment is as described below:

1. Allotments to the applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer,
2. If the process of rounding off to the nearest integer results in the actual allocation of Bonds being higher than the Issue size, not all applicants will be allotted the number of Bonds 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;
3. In the event, there are more than one Applicant whose entitlement remains equal after the manner of distribution referred to above, NHA I will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

- (f) Applicants applying for more than one Series of Bonds:

If an Applicant has applied for more than one Series of Bonds, and in case such Applicant is entitled to allocation of only a part of the aggregate number of Bonds applied for, the Series-wise allocation of

Bonds to such Applicants shall be in proportion to the number of Bonds with respect to each Series, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate, in consultation with the Lead Managers and the Designated Stock Exchange.

All decisions pertaining to the basis of allotment of Bonds pursuant to the Issue shall be taken by the Issuer consultation with the Lead Managers, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus Tranche – II. Any other queries/issues in connection with the Applications will be appropriately dealt with and decided upon by NHAI in consultation with the Lead Managers. NHAI shall allocate and allot Tranche II Series IA/Tranche II 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.

NHAI has the discretion to close the Issue early irrespective of whether any of the Portion(s) are fully subscribed or not. NHAI shall allot Bonds with respect to the Applications received till 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.

Investor Withdrawals and Pre-closure

Withdrawal of Applications during the Issue Period

Withdrawal of ASBA Applications

ASBA Applicants can withdraw their ASBA Applications during the Issue Period by submitting a request for the same to Members of the Syndicate or Trading Members of the stock exchange(s) or the Designated Branch, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Members of the Syndicate or Trading Members of the stock exchange(s) at the specified cities, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the bidding platform of the stock exchange(s). In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the bidding platform of the stock exchange(s) and unblocking of the funds in the ASBA Account directly.

Withdrawal of Non-ASBA Applications

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, through whom the Application had been placed. Upon receipt of the request for withdrawal from the Applicant, the relevant Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, shall do the requisite, including deletion of details of the withdrawn Non-ASBA Application Form from the bidding platform of the stock exchange(s).

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done submitting a withdrawal request to the Registrar to the Issue prior to the finalization of Basis of Allotment. The Registrar to the Issue will delete the withdrawn Application from the electronic file provided by the Stock Exchanges and issue instruction to the SCSB for unblocking the ASBA Account (in case of ASBA Applications).

Allotment Advice/ Refund Orders

In case of Applications other than those made through the ASBA process, the unutilised portion of the Application Amounts will be refunded to the Applicant within 12 (twelve) Working Days of the Issue Closure Date through any of the following modes:

- i. **Direct Credit** – Applicants having bank accounts with the Refund Banks shall be eligible to receive refunds through direct credit.

- ii. **NECS** – Payment of refund would be done through NECS for Applicants having an account at any of the centres which have been notified by RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
- iii. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Applicant’s bank has been assigned the Indian Financial System Code (“**IFSC**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- iv. **RTGS** – If the refund amount exceeds ₹ 2,00,000.00, Applicants have the option to receive refund through RTGS. Charges, if any, levied by the Applicant’s bank receiving the credit would be borne by the Applicant.
- v. For all other Applicants (not being ASBA Applicants), refund orders will be dispatched through speed post/ registered post only to Applicants that have provided details of a registered address in India. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Applicants and payable at par at places where Application are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

In the case of Applicants other than ASBA Applicants, applying for the Bonds in dematerialised form, the Registrar will obtain from the Depositories the Applicant’s bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Applicants in their Application Forms. Accordingly, Applicants are advised to immediately update their details as appearing on the records of their Depository Participants. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay will be at the Applicant’s sole risk and neither the Issuer, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 (twelve) Working Days of the Issue Closing Date.

The Issuer and the Registrar shall credit the allotted Bonds to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret/ Refund Orders by registered post/speed post/ordinary post at the Applicant’s sole risk, within 12 Working Days from the Issue Closure Date. 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.

The Issuer will provide adequate funds to the Registrar for this purpose.

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, (“**Category I Portion**”);
- ii) Applications received from Category II applicants: Applications received from Category II shall be grouped together, (“**Category II Portion**”);

- iii) Applications received from Category III applicants: Applications received from Category III applicants shall be grouped together, (“**Category III Portion**”).
- iv) Applications received from Category IV applicants: Applications received from Category IV applicants shall be grouped together, (“**Category IV Portion**”).

For removal of doubt, “Category I Portion”, Category II Portion”, Category III Portion” and the “Category IV Portion” are individually referred to as “Portion” and collectively referred to as “Portions”

For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Categories, the Issuer shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case the Issuer opts to retain any oversubscription in the Issue upto ₹ 2,80,000 lakhs aggregating upto ₹ 3,30,000 lakhs.

Allocation Ratio

Reservations shall be made for each of the Portions in the below mentioned format:

Particulars	Category I	Category II	Category III	Category IV
Size in %	20% of the Issue Size	20% of the Issue Size	20% of the Issue Size	40% of the Issue Size

The Issuer would allot Tranche II Series IA/ Tranche II Series IB Bonds to all valid Applications, wherein the Applicants have not indicated their choice of Series of Bonds.

Filing of the Prospectus Tranche-II with the Stock Exchanges

A copy of this Prospectus Tranche-II is filed with the BSE and NSE.

IMPERSONATION

“Any person who—

- makes or abets making of an application in a fictitious name to the Issuer for acquiring, or subscribing for, its securities; or*
- makes or abets making of multiple applications to the Issuer in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- otherwise induces directly or indirectly the Issuer to allot, or register any transfer of, securities to him, or to any other person in a fictitious name.*

shall be liable for action”

Listing

The Bonds will be listed on BSE and NSE. We have received in-principle approval for listing from BSE and NSE vide their letters no. DCS/SJ/PI-BOND/07/15-16 dated October 14, 2015 and NSE/LIST/46407 dated October 14, 2015 respectively.

If permissions to deal in and for an official quotation of our Bonds are not granted by the Stock Exchanges, the Issuer will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus Tranche-II. The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at Stock Exchanges are taken within 12 Working Days from the Issue Closure Date.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Series of Bonds, such Series of Bonds shall not be listed.

Utilisation of Application Money

The sums received in respect of the Issue will be kept in the Escrow Account and the Issuer will have access to such funds only after creation of security for the Bonds and as per applicable provisions of law(s), regulations and approvals and upon receipt of listing and trading approval from the Stock Exchanges.

Undertaking by the Issuer

We undertake that:

- a) the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- b) we shall take necessary steps for the purpose of getting the Bonds listed within the specified time;
- c) the funds required for dispatch of refund orders/allotment advice/certificates by registered post shall be made available to the Registrar to the Issue by the Issuer;
- d) necessary cooperation to the credit rating agency(ies) shall be extended in providing true and adequate information until the debt obligations in respect of the Bonds are outstanding;
- e) we shall forward the details of utilisation of the funds raised through the Bonds duly certified by our statutory auditors, to the Trustee at the end of each half year;
- f) we shall disclose the complete name and address of the Trustee in our annual report; and
- g) we shall provide a compliance certificate to the Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of Bonds as contained in the tranche prospectus(es).
- h) We shall pay interest in connection with any delay in Allotment, dematerialised credit and Refunds, beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under applicable statutory and/or regulatory requirements
- i) We have obtained the necessary NoCs from GoI and earlier trustees, wherever applicable, for creation of security for the present issue of Bonds.

We shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by the Issuer from time to time.

SECTION IV - MAIN PROVISIONS OF NHAI ACT

INTRODUCTION:

1. The development and maintenance of national highways is fully financed by the Central Government as this function comes within entry 23 of the Union List of the Seventh Schedule to the Constitution. Section 5 of the NH Act provides that the Central Government may direct that any function in relation to the development or maintenance of national highways shall also be exercisable, among others, by any officer or authority subordinate to the Central Government. Accordingly, some of the functions were delegated by the Central Government to the respective State Governments. This system is commonly known as the 'Agency System' since the State Governments are paid 'Agency Charges' incurred by them on works executed on the national highways system.
2. Though the 'Agency System' of execution of national highway works by the State Public Works Departments has been functioning for a period of about 40 years, difficulties were experienced from time to time. Hence, came the proposal for creation of an autonomous body. In this backdrop, the NHAI Act was passed providing for the constitution of an authority for the development maintenance and management of national highways and for matters connected therewith or incidental thereto.
3. Salient features of NHAI Act are as follows:
 - (a) NHAI, consist of a Chairman and not more than six full time members to be appointed by the Central Government. The Central Government may also appoint not more than six part-time members;
 - (b) the Central Government is empowered to vest in, or entrust to NHAI such national highways or any stretch thereof, as are vested in the Government under section 4 of the NH Act;
 - (c) any land required by NHAI for discharging its functions is deemed to be land needed for a public purpose and such land may be acquired for NHAI under the provisions of the NHAI Act;
 - (d) NHAI has power to enter into and perform any contract up to a certain value which will be prescribed by the Central Government;
 - (e) the Central Government will provide funds to NHAI for the discharge of its functions;
 - (f) NHAI will be responsible for the development, maintenance and management of the national highways which are vested in it by the Central Government;
 - (g) NHAI will construct offices, workshops and residential buildings for its employees and construct wayside amenities near the national highways vested in it;
 - (h) NHAI will, on behalf of the Government, be empowered to collect fees for services or benefits rendered by it under section 7 of the NH Act;
 - (i) for the proper management of highways, NHAI will regulate and control the plying of vehicles on the highways vested in it;
 - (j) with the approval of the Central Government, NHAI will raise funds through the floating of bonds, issue of debentures etc.
4. In terms of Section 3 NHAI Act, NHAI was constituted with effect from 15.06.1989, vide S.O. 450(E), dated June 15, 1989, published in the Gazette of India, Extra., Pt. II, Sec. 3(ii), dated June 15, 1989 as a body corporate with the statutory mandate to act on business principles.
5. Under Section 11 of NHAI Act, the Central Government is empowered to vest or entrust any national highway or stretch thereof to NHAI by publishing a notification in the Official Gazette. On and from the date of publication of the said Notification all assets, rights or liabilities of the Central Government in respect of the said national highway or stretch thereof stands transferred to NHAI including but not

limited to all debts, contracts, capital expenditure, all sums of money due to the Central Government, suits and any other legal proceedings.

6. The main function of NHAI is to develop and maintain national highways whose management and operation is vested in or entrusted to it by the Central Government. In discharge of the aforesaid primary function NHAI is empowered to:
 - (a) Survey, develop, maintain and manage highway vested in, or entrusted to, it;
 - (b) construct offices or workshops and establish and maintain hostels, motels, restaurants and rest-rooms at or near the highways vested in, or entrusted to, it;
 - (c) construct residential building and townships for its employees;
 - (d) regulate and control the plying of vehicles on the highways vested in, or entrusted to, it for the proper management thereof;
 - (e) develop and provide consultancy and construction services in India and abroad and carry on research activities in relation to the development, maintenance and management of highways or any facilities thereat;
 - (f) provide such facilities and amenities for the users of the highways vested in, or entrusted to, it as are, in the opinion of NHAI, necessary for the smooth flow of traffic on such highways;
 - (g) form one or more companies under the Companies Act to further the efficient discharge of the functions imposed on it by NHAI Act;
 - (h) engage, or entrust any of its functions to, any person on such terms and conditions as may be prescribed;
 - (i) advise the Central Government on matters relating to highways;
 - (j) assist, on such terms and conditions as may be mutually agreed upon, any State Government in the formulation and implementation of schemes for highway development;
 - (k) collect fees on behalf of the Central Government for services or benefits rendered under section 7 of the NH Act, and such other fees on behalf of the State Governments on such terms and conditions as may be specified by such State Governments; and
 - (l) take all such steps as may be necessary or convenient for, or may be incidental to, the exercise of any power or the discharge of any function conferred or imposed on it by NHAI Act.
7. In terms of Section 13 of NHAI Act, any land required by NHAI for discharging its aforesaid functions can be acquired under the NH Act.
8. The provision concerning Finance, Accounts and Audit are dealt with in Chapter V of NHAI Act. Section 17 empowers the Central Government to provide any capital that may be required by NHAI or pay to NHAI by way of loans or grants such sums of money as it may consider necessary for the efficient discharge of the functions by NHAI.
9. Section 18 of NHAI Act provides for constitution of a fund namely the National Highways Authority of India Fund wherein any grant, aid, loan taken or borrowings made, any other sums received by NHAI shall be credited in. The funds are to be utilized for meeting *inter-alia* the expenses of NHAI on objects and for purposes authorized by this Act.
10. Importantly, Section 21 of NHAI Act empowers NHAI to borrow money by the issue of bonds, debentures or such other instruments as it may deem fit as also may borrow temporarily by way of overdraft or otherwise, such amounts as it may require for discharging its functions under NHAI Act. The section further provides that the Central Government may guarantee the repayment of the amount due with respect to the borrowings.

11. NHAI is statutorily obliged under Sections 22 and 23 of NHAI Act to prepare its Annual Report giving full accounts of its activities during the previous financial year and its required to maintain its account and get the same audited in a manner to be decided in consultation with the Comptroller and Auditor-General of India. The Annual Report and The Auditor's Report are to be laid before the Parliament.
12. Notwithstanding the vesting or entrustment in NHAI of a national highway or section thereof, NHAI remains bound by the directions of the Central Government on questions of policy.

NHAI Act further confers power on the Central Government to make rules for carrying out the provisions of NHAI Act.

RECENT DEVELOPMENTS

There are no recent material developments in relation to the Issuer since the filing of the Draft Shelf Prospectus with the Stock Exchanges except as mentioned below, including in respect of disclosure under the sections titled “*Risk Factors*”, “*Summary of Financial Information*”, “*Capital Structure*”, “*Industry Overview*”, “*Business*”, “*Regulations and Policies*”, “*History, Main Objects and Certain Corporate Matters*”, “*Management*”, “*Financial Indebtedness*”, “*Outstanding Litigations and Material Developments*” except to the extent mentioned below and Annexures I,II,III, IV and V of the Shelf Prospectus. The Issuer further confirms that the Prospectus contains all material disclosures which are true and adequate to enable prospective investors to make an informed investment decision in this Tranche – II Issue, and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading:

1. Financial statements of the Authority for Financial year 2014-15 are being audited and are yet to be tabled before the Parliament of India. In the given circumstances, since the financial statements of Authority are yet to be tabled in the Parliament, the same will not be available for disclosure in the Shelf Prospectus. Authority vide its letter dated September 7, 2015 sought exemption in this respect from SEBI. SEBI vide its letter No. IMD/DOF-1/BM/VA/OW/26446/2015 dated September 15, 2015 has allowed Authority to disclose audited financials of Financial Year 2013-14. Authority, will be disclosing the audited financials of financial year 2014-15 in relevant tranche prospectus as and when they are laid before the parliament. Also, in terms of the above letters Authority is to disclose the limited review financials for half year ending September 30, 2015 in the relevant tranche prospectus. NHAI has submitted half yearly limited financials for half year ending September 30, 2015, to stock exchanges in compliance with erstwhile Debt Listing Agreement. For financials and limited review report of the same, please refer to Appendix I of the Shelf Prospectus.
2. NHAI has raised ₹ 10,00,000.00 lakhs through vide public issue of tax free bonds vide Shelf Prospectus and Prospectus Tranche-I dated December 11, 2015. The Tranche I Issue opened on December 17, 2015 and closed on December 31, 2015. The Bonds were allowed to trade on the stock exchanges w.e.f. from January 14, 2016.
3. NHAI has raised an amount of ₹ 1,82,800.00 lakhs through private placement of tax free bonds on February 18, 2016.
4. CBDT vide notification no. No. 6/2016 F.No. 178/1/2016-ITA-1 dated February 18, 2015 has revised the allocated limit of ₹ 24,00,000.00 lakhs to ₹19,00,000.00 lakhs.

Material Updates

Our Management

1. Mr. Sanjay Mitra, vide DoPT order no. 36/01/2015-EO(SM.I), Government of India has been posted as Secretary, Ministry of Road Transport and High ways in place of Mr. Vijay Chhibber, on his superannuation on December 31, 2015. Mr. A. K Singh has been appointed as Member, (Projects) of NHAI. The details of Sh. Sanjay Mitra and Mr. A. K. Singh are provided below:

1.	Name	Shri Sanjay Mitra(Gol Nominee)
	Father’s Name	Late Sh. Umapati Mitra
	Occupation	Service
	Designation	Secretary, Ministry of Road Transport and Highways
	Address	I-1171, Chitranjan Park, New Delhi-110019
	Date of Appointment	January 1, 2016
	Other Directorship	No other directorship
	Nationality	Indian
	Age	56

Brief Profile

Sh. Sanjay Mitra, IAS, 56 years is one of our part time members. He is an IAS officer of West Bengal Cadre from 1982 batch. He is a postgraduate in Physics, Economics and Public Administration.

1.	Name	Shri A. K. Singh
	Father's Name	Sh. R. S. Singh
	Occupation	Service
	Designation	Member (Projects)
	Address	21, Officers Enclave, S. P. Marg, New Delhi-110023
	Date of Appointment	February 12, 2016
	Other Directorship	No other directorship
	Nationality	Indian
	Age	56

Brief Profile

Sh. A.K. Singh, 56 years is our Member,(Projects.). He is an officer of Indian Railway Service of Engineers, 1988 batch. He has been earlier acting as CGM (Tech/CMS/HR & Admin).

Capital Structure

Capital Structure of NHAI as on December 31, 2015 is as below:

Particulars		Amount (₹ in lakhs)
i)	Capital u/s 12(i)(b) - Commencing Capital	
ii)	Capital u/s 17	
a)	Capital Base	80,100.00
b)	Cess Fund(up to March 31, 2015)	75,74,270.00
c)	Capital Grant	13,66,434.42
Add:		15,42,000.00
	Cess fund received during Financial Year 2015-16(up to December 31, 2015)	
d)	Additional Budgetary Support (NHDP and others)	7,81,325.00
e)	Capital – Net off toll collection, negative grant etc. upto March 31, 2010	6,18,355.88
f)	Plough back of Toll Remittance, etc. w.e.f. April 01, 2010	22,81,089.00
Less:		(60,253.10)
1)	Expenditure on Toll Collection Activities (up to w.e.f. from April 1, 2010)	
2)	(Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (w.e.f. April 1, 2010).	(2,52,459.84)
3)	Plough back of toll to SPVs	(37,773.03)
	Sub-Total	1,38,12,988.33
	Total	1,38,93,088.33

CAPITAL HISTORY OF NHAI AS ON DECEMBER 31, 2015

1. There have been no changes in the Capital base build-up of NHAI in the last five years.

2. CESS FUND BUILD UP

(₹ in lakhs)				
S. No.	Date*	Investor	Amount	Cumulative Amount
1.	June 29, 2010	MoRTH, GoI	1,96,200.00	43,33,042.00
2.	September 27, 2010	MoRTH, GoI	1,96,200.00	45,29,242.00
3.	December 30, 2010	MoRTH, GoI	1,96,225.00	47,25,467.00
4.	March 30, 2011	MoRTH, GoI	2,55,469.00	49,80,936.00

S. No.	Date*	Investor	Amount	Cumulative Amount
5.	June 27, 2011	MoRTH, GoI	2,06,200.00	51,87,136.00
6.	September 28, 2011	MoRTH, GoI	2,06,300.00	53,93,436.00
7.	December 27, 2011	MoRTH, GoI	2,06,200.00	55,99,636.00
8.	April 24, 2012	MoRTH, GoI	1,03,150.00	57,02,786.00
9.	May 29, 2012	MoRTH, GoI	1,03,150.00	58,05,936.00
10.	October 19, 2012	MoRTH, GoI	3,94,000.00	61,99,936.00
11.	July 5, 2013	MoRTH, GoI	1,71,436.00	63,71,372.00
12.	September 17, 2013	MoRTH, GoI	1,71,436.00	65,42,808.00
13.	October 28, 2013	MoRTH, GoI	1,71,436.00	67,14,244.00
14.	February 04, 2014	MoRTH, GoI	1,71,437.00	68,85,681.00
15.	September 17, 2014	MoRTH, GoI	4,78,290.00	73,63,971.00
16.	November 05, 2014	MoRTH, GoI	2,10,299.00	75,74,270.00
17.	May 20, 2015	MoRTH, GoI	4,60,500.00	80,34,770.00
18.	July 23, 2015	MoRTH, GoI	4,60,500.00	84,95,270.00
19.	September 28, 2015	MoRTH, GoI	4,60,500.00	89,55,770.00
20.	December 30, 2015	MoRTH, GoI	1,60,500.00	91,16,270.00

* Date of Sanction and not the date of release of funds.

3. Additional Budgetary Support (NHDP and others) Build-up

(₹ In lakhs)				
S. No.	Date*	Investor	Amount	Cumulative Amount
1.	May 6, 2010	MoRTH, GoI	5,500.00	2,33,367.00
2.	May 14, 2010	MoRTH, GoI	22,800.00	2,56,167.00
3.	January 31, 2011	MoRTH, GoI	16,980.00	2,73,147.00
4.	March 29, 2011	MoRTH, GoI	39,020.00	3,12,167.00
5.	May 16, 2011	MoRTH, GoI	57,001.00	3,69,168.00
6.	March 16, 2012	MoRTH, GoI	19,063.00	3,88,231.00
7.	March 29, 2012	MoRTH, GoI	45,157.00	4,33,388.00
8.	April 25, 2012	MoRTH, GoI	9,167.00	4,42,555.00
9.	June 8, 2012	MoRTH, GoI	45,833.00	4,88,388.00
10.	February 18, 2013	MoRTH, GoI	1,15,954.00	6,04,342.00
11.	March 26, 2013	MoRTH, GoI	24,885.00	6,29,227.00
12.	March 26, 2013	MoRTH, GoI	7058.00	6,36,285.00
13.	May 8, 2013	MoRTH, GoI	10,000.00	6,46,285.00
14.	June 27, 2013	MoRTH, GoI	40,000.00	6,86,285.00
15.	January 13, 2014	MoRTH, GoI	17,826.00	7,04,111.00
16.	January 13, 2014	MoRTH, GoI	17,214.00	7,21,325.00
17.	March 31, 2015	MoRTH, GoI	60,000.00	7,81,325.00

4. Capital – Net off toll collection, negative grant etc. upto March 31, 2010

The GoI has decided that from April 1, 2010 onwards, the toll revenue, shared revenue and negative grant collected by NHAI should be deposited in the Consolidated Fund of India and additional budgetary provisions would be provided for expenditure from the Consolidated Fund of India in line with the amount deposited by NHAI in Consolidated Fund of India.

Accordingly, net current liability of pre April 1, 2010 period on account of toll and negative grant etc. stood at ₹ 6,18,355.88 lakhs. This amount had already been utilised on project development and was no longer payable to GoI. During Financial Year 2012-13, the same has been transferred to capital.

5. Additional Budgetary Support (Plough back of Toll Remittance, etc.) Build-up

(₹ in lakhs)

S. No.	Date*	Investor	Amount	Cumulative Amount
1	November 18, 2010	MoRTH, GoI	38,597.00	38,597.00
2	December 30, 2010	MoRTH, GoI	58,367.00	96,964.00
3	March 14, 2011	MoRTH, GoI	58,898.00	1,55,862.00
4	March 31, 2011	MoRTH, GoI	6,438.00	1,62,300.00
5.	July 18, 2011	MoRTH, GoI	59,078.00	2,21,378.00
6.	July 29, 2011	MoRTH, GoI	74,026.00	2,95,404.00
7.	December 20, 2011	MoRTH, GoI	70,764.00	3,66,168.00
8.	March 27, 2012	MoRTH, GoI	65,421.00	4,31,589.00
9.	November 08, 2012	MoRTH, GoI	1,77,700.00	6,09,289.00
10.	June 26, 2013	MoRTH, GoI	1,19,250.00	7,28,539.00
11.	September 24, 2013	MoRTH, GoI	1,19,250.00	8,47,789.00
12	October 28, 2013	MoRTH, GoI	1,19,250.00	9,67,039.00
13	December 27, 2013	MoRTH, GoI	1,19,250.00	10,86,289.00
14	July 23, 2014	MoRTH, GoI	1,36,200.00	12,22,489.00
15	September 17, 2014	MoRTH, GoI	1,36,200.00	13,58,689.00
16	October 27, 2014	MoRTH, GoI	1,36,200.00	14,94,889.00
17	December 31, 2014	MoRTH, GoI	1,36,200.00	16,31,089.00
18	May 25, 2015	MoRTH, GoI	1,62,500.00	17,93,589.00
19	July 30, 2015	MoRTH, GoI	1,62,500.00	19,56,089.00
20	September 30, 2015	MoRTH, GoI	1,62,500.00	21,18,589.00
21	December 14, 2015	MoRTH, GoI	1,62,500.00	22,81,089.00

Top 10 holders of equity shares.

NHAI is an entity constituted under the NHAI Act and therefore does not have any equity shares.

FINANCIAL INDEBTEDNESS

As on December 31, 2015, we had outstanding secured borrowings of approximately ₹ 28,83,283.90 lakhs and unsecured borrowings of ₹ 66,335.63 lakhs.

Secured Borrowing

Bonds Outstanding as on December 31, 2015 Issued by the Authority:

Set forth below is a brief summary of our significant outstanding bonds as on December 31, 2015 together with a brief description of certain significant terms of such financing arrangements.

(i) SECURED BORROWINGS

a) Bonds issued by NHAI

Capital gains tax exemption bonds under Section 54EC of the Income Tax Act, 1961.

Set forth below is a brief summary of our outstanding capital gains tax exemption bonds issued under Section 54EC of the IT Act, together with a brief description of certain significant terms of such financing arrangements. These bonds are not listed on any stock exchange. The bonds are secured by mortgage over NHAI's immovable property, located in Gujarat, or such other immovable property that may be agreed between NHAI and the Trustees for the bondholders ranking pari-passu with the mortgages created and/or to be created on the said property for securing bonds or any other instrument.

(₹ in lakhs)

Sl. No.	Debenture Series	Tenor/Period of Maturity	Coupon	Total Value of Bonds	Date of Allotment	Redemption Date/ Schedule	Credit Rating
1.	NHAI Bonds Series -XIII (2012-13)	3 years from the Deemed Date of Allotment	6.00% payable annually	1,03,089.00	On Tap basis	Bullet, at the time of maturity i.e. 3 years	“AAA/Stable” by CRISIL and “AAA(ind) (Assigned)” by Fitch Rating
2.	NHAI Bonds Series -XIV (2013-14)	3 years from the Deemed of Date Allotment	6.00% payable annually	2,94,213.00	On Tap basis	Bullet, at the time of maturity i.e. 3 years	“AAA/Stable” by CRISIL and “AAA(ind)/(Assigned)” by India Rating & Research (Fitch Group)
3.	NHAI Bonds Series -XV (2014-15)	3 years from the Deemed Date of Allotment	6.00% payable annually	3,34,340.04	On Tap basis	Bullet, at the time of maturity i.e. 3 years	“IND AAA” by IRRPL and “[ICRA] AAA” (Assigned) by ICRA
4.	NHAI Bonds Series -XVI (2015-16) Till December 31, 2015	3 years from the Deemed Date of Allotment	6.00% payable annually	2,64,441.40	On Tap basis	Bullet, at the time of maturity i.e. 3 years	“IND AAA” (Assigned) by IRRPL

Post December 31, 2015 NHAI has raised ₹ 38973.07 lakhs, through 54 EC Bonds.

b) Tax Free Bonds issued under Section 10(15)(iv)(h) of the Income Tax Act, 1961.

Set forth below is a brief summary of our outstanding Tax Free Bonds issued under Section 10(15)(iv)(h) of the Income Tax Act, 1961 together with a brief description of certain significant terms. The bonds are secured by way of mortgage over the property of NHAI situated at Ahmedabad along with fixed assets of NHAI, being highway projects comprising of all superstructures constructed on national highways except those under Surat-Manor Tollways Project.

(₹ in lakhs)

Sl. No.	Debenture Series	Tenor/Period of Maturity	Coupon	Amount	Date of Allotment	Redemption Date/ Schedule	Credit Rating
1.	Tax free secured redeemable non – convertible bonds, in the nature of debentures (2011-12)	10 years from deemed date of allotment i.e. January 25, 2012	8.20% payable annually	6,71,408.12	January 25, 2012	January 25, 2022	“CRISIL AAA/Stable” by CRISIL
		15 years from Deemed Date of Allotment i.e. January 25, 2012	8.30% payable annually	3,28,591.88	January 25, 2012	January 25, 2027	“CARE AAA” by CARE “Fitch AAA(ind) with Stable Outlook” by FITCH
2.	Tax free secured redeemable non – convertible bonds, in the nature of debentures ** (2013-14)	10 years from deemed date of allotment i.e. November 25, 2013	Private Placement Basis 8.35% payable annually	45,200.00	November 25, 2013	November 25, 2023	“CRISIL AAA/Stable” by CRISIL, “CARE AAA” by CARE “BWR AAA with Stable Outlook” by BRICKWORK
		15 years from Deemed Date of Allotment i.e. November 25, 2013	Private Placement Basis 8.48% payable annually	84,960.00	November 25, 2013	November 25, 2028	
		10 years from deemed date of allot	Public Issue – Retail Portion 8.52% payable annually	30,133.00	February 5, 2014	February 5, 2024	

Sl. No.	Debtur e Series	Tenor/Period of Maturity	Coupon	Amount	Date of Allotment	Redemption Date/ Schedule	Credit Rating	
		ment i.e. February 5, 2014	Public Issue – Other than Retail portion	8.27% payable annually	47,524.00	February 5, 2014	February 5, 2024	CARE, “BWR AAA with Stable Outlook” by BRICKWORK
		15 years from Deemed Date of Allotment i.e. February 5, 2014	Public Issue – Retail Portion	8.75% payable annually	1,18,981.00	February 5, 2014	February 5, 2029	
			Public – Other than Retail portion	8.50% payable annually	1,73,202.00	February 5, 2014	February 5, 2029	
3.	Tax free secured redeemable non – convertible bonds, in the nature of debentures .*** (2015-16)	10 years from deemed date of allotment i.e. September 18, 2015	Private Placement Basis	7.11% payable annually	54,900.00	September 18, 2015	September 18, 2025	“IND AAA” by IRRPL, “CARE AAA” by CARE, “[ICRA] AAA” by ICRA and “CRISIL AAA/Stable” by CRISIL
		15 years from Deemed Date of Allotment i.e. September 18, 2015	Private Placement Basis	7.28% payable annually	3,32,300.00	September 18, 2015	September 18, 2015	

Note: Post December 31, 2015 NHAI has raised ₹ 10,00,000.00 lakhs via tax free bonds. NHAI has also raised ₹ 1,82,800 lakhs through private placement of tax free bonds in February 2016.

c) UNSECURED BORROWINGS

National Highways Authority of India has secured loan from ADB vide a Loan Agreement dated October 5, 2000 for an amount of \$180,000,000. However the total loan availed is \$149,749,847.25. The loan is secured by the Government of India vide guarantee agreement dated October 5, 2000. The objective for availing the loan was to remove capacity constraints and improve road safety of critical section of the Western Transport corridor connecting Delhi to Mumbai (Surat- Manor Tollway Project).

S. No.	Name of the Bank	Type of Facility	Loan Documentation	Interest/Coupon Rate	Repayment	Facility/Amount Sanctioned/ Availed	Outstanding Amount as on December 31, 2015 (in ₹ lakhs)
1.	Asian Development Bank	Term Loan	Loan Agreement dated October 5, 2000	Based on the cost to the bank of such currency or currencies plus a spread, both as reasonably determine by the bank from time to time.	Principal Payment Half Yearly on January 1 and July 1.	\$149,749,847.25	66,335.63

CORPORATE GUARANTEE

As on December 31, 2015, NHAI has not issued any corporate guarantee.

COMMERCIAL PAPER

As on December 31, 2015, NHAI has not issued any commercial papers.

List of top Ten Bond Holders

S. No.	Name of the Bondholder	Amount (₹ in lakhs)
1.	The Hongkong and Shanghai Banking Corp.Ltd.	1,73,490.29
2.	Wipro Limited	1,31,641.88
3.	State Bank of India	69,521.41
4.	ITC Limited	69,229.66
5.	Union Bank of India	46,604.44
6.	Axis Bank Limited	46,437.28
7.	Infosys Limited	45,713.96
8.	IDFC Bank Limited	40,975.75
9.	Bajaj Allianz General Insurance Company Limited	39,839.72
10.	Reliance Industries Limited	39,447.52

DEBT TO CAPITAL RATIO

PARTICULARS	Pre-Issue	Post-Issue *
Debt		
Short term	2,96,059.00	2,96,059.00
Long term	26,53,559.63	29,83,559.63
Total Debt	29,49,618.63	32,79,619.53
Shareholder's Funds		
Capital		
i) Capital u/s 12(i)(b) - Commencing Capital		
ii) Capital u/s 17		
a) Capital Base	80,100.00	80,100.00
b) Cess Fund (upto March 31, 2015)	75,74,270.00	75,74,270.00
Cess fund received during Fiscal 2016 (up to December 31, 2015)	15,42,000.00	15,42,000.00
c) Capital Grant	13,66,434.42	13,66,434.42
d) Additional Budgetary Support (NHDP)	4,04,741.00	4,04,741.00
e) Additional Budgetary Support (Others)	3,76,584.00	3,76,584.00
f) Capital -Net off Toll Collection, Negative Grant etc. upto March 31, 2010	6,18,355.88	6,18,355.88
Plough back of Toll Remittance, etc. w.e.f. April 01, 2010	22,81,089.00	22,81,089.00
Less: 1) Expenditure on Toll Collection Activities (up to w.e.f. from April 1, 2010)	(60,253.10)	(60,253.10)
2) (Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (wef. April 01, 2010).	(2,52,459.84)	(2,52,459.84)
3) Plough Back of toll to SPVs	(37,773.03)	(37,773.03)
Total	1,38,93,088.33	1,38,93,088.33
Reserves & Surplus	215.29	215.29
Total Shareholder's Funds	1,38,93,303.62	1,38,93,303.62
Long term Debt/Equity Ratio(No. of times)=Long term Debt/Total Shareholder's Funds	0.19	0.21
Debt Capital Ratio (No. of times)= Total Debt/Total Shareholder's Funds	0.21	0.24

The post Issue Debt has been considered assuming entire taken as ₹ 3,30,000 lakhs are raised in Tranche-II Issue.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by NHAI or entered into more than two years before the date of this Prospectus Tranche-II) which are or may be deemed material and have been entered or are to be entered into by NHAI. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Head Office of NHAI from 10.00 A.M. to 5.00 P.M., from the date of this Prospectus Tranche-II to the Tranche-II Issue closing date.

MATERIAL CONTRACTS

1. The Memorandum of Understanding dated September 22, 2015 among NHAI and the Lead Managers.
2. The Memorandum of Understanding dated September 18, 2015 between NHAI and the Registrar to the Issue.
3. Bond Trustee Agreement dated September 17, 2015 executed between NHAI and the Bond Trustee.
4. Escrow agreement dated October 20, 2015 executed amongst NHAI, the Registrar, the Escrow Collection Bank(s) and the Lead Managers.
5. Lead Broker Agreement dated December 8, 2015 executed by NHAI and Lead Brokers for marketing of the Issue.
6. Tripartite Agreement among the NSDL, NHAI and Registrar dated November 25, 2013 and Tripartite Agreement among the CDSL, NHAI and the Registrar dated November 22, 2013.

MATERIAL DOCUMENTS

1. The NHAI Act.
2. Copy of the Board resolution dated July 20, 2015 approving the Issue.
3. Copies of Bond Committee resolution dated October 7, 2015 approving the Draft Shelf Prospectus, and Bond Committee resolution dated December 11, 2015 approving the Shelf Prospectus and Bond Committee resolution dated February 22, 2016 approving Prospectus Tranche-II.
4. Consents of the Members of the Board, the Compliance Officer, Lead Managers to the Issue, Independent Auditors of NHAI for the Issue, Bankers to the Issuer, Legal Advisor to the Issue, Credit Rating Agencies, Registrars to the Issue, Escrow Collection Banks, Lead Brokers, Refund Bank and the Bond Trustee to include their names in this Prospectus Tranche-II to act in their respective capacities.
5. The consents of the Independent Auditors for NHAI namely Garg Singla & Co., for inclusion of (a) their name as the Independent Chartered Accountant, (b) Report on Reformatted Financial Information of NHAI and its subsidiaries in the form and context in which they appear in this Prospectus Tranche-II, (c) Limited Review Report (d) Statement of Tax Benefits.
6. Annual report/Financial Statement of NHAI and Limited review report for the last Financial Years.
7. Report of the Garg Singla & Co., Chartered Accountants dated October 7, 2015 in relation to financial information of NHAI included in Shelf Prospectus.
8. Reports of the Garg Singla & Co., Chartered Accountants dated October 7, 2015 in relation to financial information of Subsidiaries of NHAI included in Shelf Prospectus.
9. Credit rating letters dated September 2, 2015, and February 4, 2016 from IRRPL, letter dated September 3, 2015 and February 5, 2016 from CARE, letter dated September 08, 2015 and February 5, 2016 from ICRA and letter dated September 8, 2015 and letter dated February 8, 2016 from CRISIL..
10. The Issuer's letter to SEBI dated September 7, 2015 and SEBI's response through letter no. IMD/DOF-1/BM/VA/0W/26446/2015 dated September 15, 2015.
11. In principle listing approvals from BSE vide letters No. DCS/SJ/PI-BOND/07/15-16 dated October 14, 2015 and from NSE vide letter No. NSE/LIST/46407 dated October 14, 2015.
12. Due diligence certificate dated February 22, 2016 filed, by the Lead Managers with SEBI.
13. No objection certificate issued by GoI dated August 31, 2015.
14. Notification No. 59/2015 F. No. 178/27/2015-ITA-I dated July 6, 2015 and CBDT Notification No. 6/2016 F.No. 178/1/2016-ITA-1 dated February 18, 2016

Any of the contracts or documents mentioned above may be amended or modified any time without reference to the Bondholders in the interest of NHAI in compliance with the Applicable Laws.

DECLARATION

We, the undersigned, hereby certify that all applicable legal requirements in connection with the Issue, including under the Companies Act 2013 (to the extent in force and applicable to NHAI) and the rules made thereunder, the Companies Act 1956 (to the extent not repealed and applicable to NHAI) and the rules made thereunder, the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt) Regulations, 2008 (as amended), Securities Contracts Regulation Act, 1956 and rules made thereunder and the applicable regulations and guidelines issued by Securities and Exchange Board of India as the case may be, and all applicable guidelines issued by Government of India and any other competent authority in this behalf, have been complied with and no statement made in this Prospectus Tranche-II is contrary to the provisions of the Securities and Exchange Board of India Act, 1992 or rules and regulations made thereunder, as the case may be and any other applicable legal requirements.

We further certify that this Prospectus Tranche-II which is to be read with the Shelf Prospectus does not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that no statements in this Prospectus Tranche-II are false, untrue or misleading, and that this Prospectus Tranche-II does not contain any mis-statements.

Signed by all the members on the Board of NHAI

FULL TIME MEMBERS

Shri Raghav Chandra, IAS,
Chairman, NHAI

Shri Satish Chandra, IAS,
Member (Finance), NHAI

Shri M. P. Sharma,
Member (Technical), NHAI

Shri R. K. Pandey
Member (Projects), NHAI

Shri A. K Singh
Member (Projects), NHAI

PART TIME MEMBERS

Shri Sanjay Mitra, IAS
Secretary, Department of Road Transport & Highways, MoRTH

Shri Ratan P. Watal, IAS
Secretary, Department of Expenditure, MoF

Shri Shaktikanta Das, IAS
Secretary, Department of Economic Affairs, Ministry of Finance

Shri S. N. Das
Director General of Road Development and
Special Secretary in MoRTH

Place: New Delhi
Date: February 22, 2016

ANNEXURE -I
SHELF PROSPECTUS DATED DECEMBER 11, 2015

ANNEXURE-II

REVALIDATION LETTERS BY CREDIT RATING AGENCIES

Shri Madhup Kumar,
Chief General Manager (Finance)
National Highways Authority of India
G-5&6, Sector
Dwarka, New Delhi - 110075
Telefax: +91 11 25093518

February 4, 2016

Kind Attn: Shri Madhup Kumar, Chief General Manager (Finance)

Dear Sir,

Re: Ratings of National Highways Authority of India's tax free bonds

India Ratings & Research Private Limited (Ind-Ra) is pleased to communicate the following ratings:-

Long-Term Issuer Rating	: 'IND AAA'/Stable
INR240bn tax-free bonds	: 'IND AAA'/Stable

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.



India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings's ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.


We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at +91 22 4000 1700.

Sincerely,

India Ratings



Ananda Bhoumik
MD & Chief Analytical Officer



Sudarshan Shreenivas
Director

CARE/DRO/RL/2015-16/2593

Mr. Madhup Kumar
Chief General Manager (Finance)
National Highways Authority of India
G-5 & 6, Sector 10, Dwarka
New Delhi – 110045

February 5, 2016

Confidential

Dear Sir,

Credit rating for proposed Long-term tax free bonds

Please refer to our letter dated December 8, 2015 and your request for revalidation of the rating assigned to the bond issue of your company, aggregating to Rs.24,000 crore.

2. The following rating has been reviewed:

Instrument	Amount (Rs. crore)	Rating ¹	Remarks
Proposed Long-term tax free bonds	24,000 (Rs. Twenty Four Thousand Crore only)	CARE AAA (Triple A)	Reaffirmed

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.
4. Please inform us the details of issue [date of issue, name of investor, amount issued, interest rate, date of maturity, etc.] as soon as it has been placed.
5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
6. CARE reserves the right to suspend / withdraw / revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material and clarifications as may be required by CARE.

CARE shall also be entitled to publicize / disseminate such suspension / withdrawal /

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

revision in the assigned rating in any manner considered appropriate by it, without any reference to you.

7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



[Vishesh Midha]
Analyst
vishesh.midha@careratings.com



[Jatin Babbar]
Assistant General Manager
jatin.babbar@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.



Ref: D/RAT/2015-16/N-128/06

Date: February 05, 2016

Shri Sanjeev Kumar
General Manager - Finance
National Highways Authority of India (NHAI)
(Ministry of Road Transport and Highways)
G-5 & 6, Sector-10
Dwarka
New Delhi – 110075

Dear Sir,

Re: ICRA Credit Rating for National Highways Authority of India (NHAI)'s proposed Rs. 24,000 crore Tax-free Bond Programme for 2015-16

This is with reference to your email dated February 04, 2016, for re-validating your rating for the proposed Tax-free Bond Programme of Rs. 24,000 crore for 2015-16.

We confirm that the “[ICRA]AAA” (pronounced ICRA triple A) rating with a **Stable** outlook, assigned to the captioned Bond programme of NHAI and last communicated to you vide our letter dated September 08, 2015 stands. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same vide our letter Ref: D/RAT/2015-16/N128/02 dated September 08, 2015.

With kind regards,

Yours Sincerely,
for ICRA Limited

Rohit Inamdar
(Senior Vice President)

Abhishek Gupta
(Assistant Vice President)

CONFIDENTIAL

NATHIAU/139623/Tax Free Bond/091500378/3
February 08, 2016

Mr. Madhup Kumar
CGM Finance
National Highways Authority of India
National Highways Authority of India
G 5&6, Sector-10, Dwarka
Delhi - 110075

Dear Mr. Madhup Kumar,

Re: CRISIL Rating on the Rs.240 Billion Tax Free Bond of National Highways Authority of India

All ratings assigned by CRISIL are kept under continuous surveillance and review.

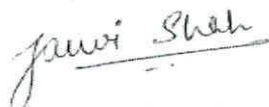
Please refer to our rating letter dated **December 02, 2015** bearing Ref. no.: **NATHIAU/139623/Tax Free Bond/091500378/2**

Please find in the table below the ratings outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Billion)	Rating Outstanding
1	Tax Free Bond	240.0	CRISIL AAA/Stable

As per our Rating Agreement, CRISIL would disseminate the rating through its publications and other media, and keep the rating under surveillance for the life of the instrument. Additionally, the rating lists in its publications such as RatingScan and BLR Connect are also updated to reflect the latest ratings outstanding. CRISIL reserves the right to suspend, withdraw, or revise the rating assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

As per the latest SEBI circular¹ on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com



Tanvi Kumar Shah
Associate Director – CRISIL Ratings



Nivedita Shibu
Team Leader - CRISIL Ratings



¹ Please refer to SEBI circular (bearing reference number: CIR/IMD/DF/17/2013) on Centralized Database for Corporate bonds/ Debentures dated October 22, 2013

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

CRISIL Limited

Corporate Identity Number: L67120MH1987PLC042363