HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED

Our Company was incorporated as Housing and Urban Development Finance Corporation Private Limited on April 25, 1970 as a private limited company under the Companies Act, 1956, as amended (the "**Companies Act**") and was granted a certificate of incorporation by the then Registrar of Companies, Delhi. Subsequently the name of our Company was changed to its present name and a fresh certificate of incorporation dated July 9, 1974 was issued by the then Registrar of Companies, Delhi and Haryana. For further details, see the section titled "History and Certain Corporate Matters" on page 72 of the Shelf Prospectus.

Registered and Corporate Office: HUDCO Bhawan, Core- 7A, India Habitat Centre, Lodhi Road, New Delhi 110003, India.
Telephone: +91 11 2464 9610-27; **Facsimile**: +91 11 2464 8427
Compliance Officer: Mr. Rajinder Paul; **Telephone**: +91 11 2464 8426; **Facsimile**: +91 11 2464 8427
E-mail: taxfreebonds@hudco.org; **Website**: www.hudco.org

PUBLIC ISSUE BY HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED ("COMPANY" OR THE "ISSUER") OF TAX FREE BONDS OF FACE VALUE OF ₹ 1000 EACH IN THE NATURE OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES, HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AS AMENDED ("BONDS") AGGREGATING TO ₹ 750 CRORE ("BASE ISSUE SIZE") WITH AN OPTON TO RETAIN OVERSUBSCRIPTION UPTO THE SHELF LIMIT* (i.e. ₹ 4809.20 CRORE) ("ISSUE"). THIS ISSUE IS BEING OFFERED BY WAY OF THIS PROSPECTUS TRANCHE – I WHICH CONTAINS, INTER ALIA, ALL TERMS AND CONDITIONS OF THE TRANCHE – I (THE "PROSPECTUS TRANCHE – I") WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS DATED SEPTEMBER 11, 2013 FILED WITH THE REGISTRAR OF COMPANIES, NATIONAL CAPITAL TERRITORY OF DELHI AND HARYANA, BSE AND SEBI ("SHELF PROSPECTUS"). THE SHELF PROSPECTUS, TOGETHER WITH THE PROSPECTUS TRANCHE – I SHALL CONSTITUTE THE "PROSPECTUS".

* *In terms of the CBDT Notification (defined hereinafter), in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹4,809.20 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.*

The Issue is being made under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("**SEBI Debt Regulations**") and pursuant to notification No. 61/2013/F.No. 178/37/2013-(ITA.I) dated August 8, 2013 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India ("**CBDT Notification**"), 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 this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the investors is invited to "Risk Factors" on page 10 of the Shelf Prospectus and "Recent Material Developments" on page 23 of this Prospectus Tranche-I before making an investment in this Issue. This document has not been and will not be approved by any regulatory authority in India, including the National Housing Bank ("**NHB**"), the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), any registrar of companies 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 does contain and, will contain all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus will be true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes this Prospectus or any such information or the expression of any such opinions or intentions, misleading in any material respect at the time of the Issue.

CREDIT RATING

CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated September 9, 2013. India Ratings and Research Private Limited (formerly Fitch Ratings India Private. Limited) ("**IRRPL**") has assigned a rating of 'IND AA+' to the Bonds vide letter dated September 6, 2013. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. For the rationale for this rating, see Annexure B of this Shelf Prospectus. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agency(ies) and should be evaluated independently of any other ratings.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated August 29, 2013 was filed with the BSE Limited ("**BSE**"), the Designated Stock Exchange pursuant to the provisions of the SEBI Debt Regulations on August 30, 2013 and was open for public comments for seven Working Days (*as defined hereinafter)* (i.e. until 5 p.m. on September 6, 2013).

LISTING

The Bonds are proposed to be listed on the BSE, the Designated Stock Exchange for the Issue. The BSE has given its -principle listing approval through its letter dated September 6, 2013.

LEAD MANAGERS TO THE ISSUE

AXIS CAPITAL LIMITED
1st floor, Axis House,
C-2 Wadia International Centre
P.B. Marg, Worli, Mumbai- 400025
Telephone: (+91 22) 4325 2525
Facsimile: (+91 22) 4325 3000
Email ID: hudcotaxfree@axiscap.in
Website: www.axiscap.in
Investor Grievance ID:
complaints@axiscap.in
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
SEBI Registration Number:
INM000012029

EDELWEISS FINANCIAL SERVICES LIMITED
14th Floor, Edelweiss House,
Off CST Road, Kalina, Mumbai – 400098
Telephone: (+91 22) 4086 3535
Facsimile: (+91 22) 4086 3610
Email ID: hudco.tfbonds@edelweissfin.com
Website: www.edelweissfin.com
Investor Grievance ID:
customerservice.mb@edelweissfin.com
Contact Person: Ms. Sujaya Moghepadhye/ Mr. Viral Shah
Compliance Officer: Mr. B. Renganathan
SEBI Registration Number: INM0000010650

HDFC BANK LIMITED
Investment Banking Division, Trade World,
A Wing, 1st Floor, Kamala Mills Compound,
S. B. Marg, Lower Parel (West),
Mumbai - 400 013
Telephone: (+91 22) 3383 9197
Facsimile: (+91 22) 4080 4114
Email ID:
hudcotaxfreebonds2013@hdfcbank.com
Website: www.hdfcbank.com
Investor Grievance ID:
investor.redressal@hdfcbank.com
Contact Person: Mr. Amit Kumar Singh
Compliance Officer: Mr. Manoj Nadkarni
SEBI Registration Number: INM000011252

KARVY INVESTOR SERVICES LIMITED
701, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Off Bandra Kurla Complex, Bandra (East)- Mumbai – 400051
Telephone: (+91 22) 6149 1500
Facsimile: (+91 22) 6149 1515
Email ID: hudco2013@karvy.com
Website: www.karvy.com
Investor Grievance ID: igmbd@karvy.com/ cmg@karvy.com
Contact Person: Mr. Sumit Singh
Compliance Officer: Mr. V Madhusudhan Rao
SEBI Registration Number: INM000008365

LEAD MANAGERS TO THE ISSUE

RR INVESTORS CAPITAL SERVICES PRIVATE LIMITED
47, M.M. Road,
Rani Jhansi Marg, Jhandewalan, New Delhi - 110055
Telephone: (+91 11) 2363 6362/6263
Facsimile: (+91 11) 2363 6746
Email ID: hudcotaxfree2013@rrfcl.com
Website: www.rrfinance.com/www.rrfcl.com
Investor Grievance ID: investors@rrfcl.com
Contact Person: Mr. Anurag Awasthi
Compliance Officer: Mr. Sandeep Mahajan
SEBI Registration Number: INM000007508

REGISTRAR TO THE ISSUE

KARVY COMPUTERSHARE PRIVATE LIMITED
Plot No. 17 to 24
Vithal Rao Nagar
Madhapur
Hyderabad 500 081, India
Telephone: +91 40 4465 5000
Facsimile +91 40 2343 1551
Email ID: hudco.bonds@karvy.com
Website: http:\\karisma.karvy.com
Investor Grievance ID: einward.ris@karvy.com
Contact Person : Mr. M. Murali Krishna
SEBI Registration Number: INR000000221

DEBENTURE TRUSTEE

SBICAP TRUSTEE COMPANY LIMITED
Apeejay House, 6th Floor
Dinshaw Wacha Road
Churchgate, Mumbai - 400020
Telephone: +91 22 4302 5555
Facsimile: +91 22 4302 5500
Email ID: corporate@sbicaptrustee.com
Website: www.sbicaptrustee.com
Investor Grievance ID:
investor.cell@sbicaptrustee.com
Contact person: Mr. Ajit Joshi
SEBI Registration No: IND000000536

ISSUE PROGRAMME***

ISSUE OPENS ON: SEPTEMBER 17, 2013 **ISSUE CLOSES ON: OCTOBER 14, 2013**

** *The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof, or the Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.*

A copy of the Shelf Prospectus and this Prospectus Tranche-I shall be filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana, in terms of section 56 and section 60 of the Companies Act along with the requisite endorsed/certified copies of all requisite documents. For more information, see the section titled "Material Contracts and Documents for Inspection" on page165 of the Shelf Prospectus.

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DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Prospectus Tranche – I to "our Company" or "we" or "us" or "our" or "HUDCO" are to Housing and Urban Development Corporation Limited, a public limited company incorporated under the Companies Act.

Unless the context otherwise indicates or implies or defined specifically in this Prospectus Tranche – I, the following terms have the following meanings in this Prospectus Tranche – I, and references to any statute or regulations or policies includes any amendments or re-enactments thereto, from time to time.

Company Related Terms

Term	Description
Articles/ Articles of Association/AoA	Articles of association of our Company.
Board/ Board of Directors	Board of directors of our Company.
Equity Shares	Equity shares of our Company of face value of ₹ 1,000 each.
Memorandum/Memorandum of Association/MoA	Memorandum of association of our Company.
"Registered Office" or "Corporate Office" or "Registered Office and Corporate Office"	The registered office and corporate office of our Company, situated at 'HUDCO Bhawan', Core- 7A, India Habitat Centre, Lodhi Road, New Delhi – 110003.
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana.
Statutory Auditors/Auditors	The statutory auditors of our Company being Dhawan & Co., Chartered Accountants.

Issue Related Terms

Term	Description
Allotment/ Allot/ Allotted	The allotment of the Bonds to the Allottees, pursuant to the Issue.
Allotment Advice	The communication sent to the Allottees conveying details of Bonds allotted to the Allottees in accordance with the Basis of Allotment.
Allottee	A successful Applicant to whom the Bonds are allotted pursuant to the Issue.
Applicant/Investor	A person who applies for issuance of Bonds pursuant to the terms of this Prospectus Tranche – I and Application Form.
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 – I.
Application Amount	The aggregate value of the Bonds applied for, as indicated in the Application Form.
Application Form	The form used by an Applicant for applying for Bonds under the Issue through the ASBA or non-ASBA process, in terms of this Prospectus Tranche – I.
"ASBA" or "Application Supported by Blocked Amount"/ ASBA Application	An Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the Application Amount in the specified bank account maintained with such SCSB.
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent of the Application Amount of an ASBA Applicant.
ASBA Applicant	Any Applicant who applies for Bonds through the ASBA process.
Application Interest	Interest payable on application money in a manner as more particularly detailed in "Terms of the Issue – Interest" on page 47.
Base Issue Size	₹ 750 crore.
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as bankers to the Issue, with whom the Escrow Account will be opened and in this case being Axis Bank Limited, IDBI Bank Limited, State Bank of India, HDFC Bank Limited, ICICI Bank Limited, IndusInd Bank Limited, Kotak Mahindra Bank Limited and Yes Bank Limited.
Basis of Allotment	The basis on which Bonds will be allotted to successful Applicants under the Issue and which is described in the section titled "Issue Procedure – Basis of Allotment" on page 83.
Bond Certificate(s)	Certificate issued to the Bondholder(s) in case the Applicant has opted for Bonds in physical form based on request from the Bondholders pursuant to Allotment.
Bondholder(s)	Any person holding the Bonds and whose name appears on the beneficial owners list provided by the Depositories (in case of bonds in dematerialized

Term	Description
	form) or whose name appears in the Register of Bondholders maintained by the Issuer (in case of bonds in physical form).
Bonds	Tax free secured redeemable non-convertible debentures of face value of ₹ 1,000 each having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961 proposed to be issued by Company under this Prospectus Tranche – I.
BSE	BSE Limited.
Business Days	All days excluding Saturdays, Sundays or a public holiday in New Delhi, India.
CARE	Credit Analysis and Research Limited.
Category I	• Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds; • Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • Foreign Institutional Investors and sub-accounts (other than a sub account which is a foreign corporate or foreign individual) registered with SEBI, including Sovereign Wealth Funds, Pension and Gratuity Funds registered with SEBI as Foreign Institutional Investors; • National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and 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.
Category II	• Companies within the meaning of section 3 of the Companies Act[*]; • Statutory bodies/corporations[*]; • Cooperative banks; • Public/ private/ religious trusts; • Limited Liability Partnerships; • Eligible QFIs (not being individuals); • Regional rural banks; • Societies registered under applicable laws in India and authorised to invest in the Bonds; • Associations of persons; • Partnership firms in the name of partners; and • Any other foreign/ domestic legal entities/ persons as may be permissible under the CBDT Notification and authorised to invest in the Bonds in terms of applicable laws. [*] *The MCA has, through its circular (General Circular No. 06/2013) dated March 14, 2013, clarified that companies investing in tax-free bonds wherein the effective yield on the bonds exceeds the yield on the prevailing bank rate will not be in violation of section 372A(3) of the Companies Act.*
Category III	The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in the Issue: • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; • Hindu Undivided Families through the Karta; and • Eligible QFIs, being individuals.
Category IV	The following Investors applying for an amount aggregating to up to and including ₹ 10 lakhs across all Series of Bonds in the Issue: • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; • Hindu Undivided Families through the Karta; and • Eligible QFIs, being individuals.
Consolidated Bond Certificate	The certificate issued by the Issuer to the Bondholder for the aggregate amount of the Bonds that are applied in physical form or rematerialized and held by such Bondholder for each series of Bonds under the Issue.
Consortium Members	Edelweiss Securities Limited, HDFC Securities Limited, RR Equity Brokers Private Limited, Karvy Stock Broking Limited.

Term	Description
Credit Rating Agencies	For the present Issue, Credit Rating Agencies are CARE and IRRPL (formerly Fitch Ratings India Private Limited).
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and the Company, within three months from the Issue Closing Date.
Debenture Trustee/ Trustee	Trustee for the Bondholders in this case being SBICAP Trustee Company Limited.
Debt Listing Agreement	The listing agreement entered into between our Company and the relevant stock exchanges in connection with the listing of the debt securities of our Company.
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Board of Directors/or any duly constituted committee thereof, or the Chairman and Managing Director, approves the Allotment of the Bonds for the Issue. All benefits relating to the Bonds including interest on Bonds (as specified for the Issue in this Prospectus Tranche – I) 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.
Demographic Details	The demographic details of an Applicant, such as his address, bank account details for printing on refund orders and occupation.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which Application Amounts are transferred from the Escrow Account to the Public Issue Accounts or the Refund Accounts, as appropriate, following which the Board of Director, or any duly constituted committee of the Board of Directors, or the Chairman and Managing Director, shall Allot the Bonds to the successful Applicants, provided that the sums received in respect of the Issue will be kept in the Escrow Accounts up to this date.
Designated Stock Exchange	BSE.
Draft Shelf Prospectus	The draft shelf prospectus dated August 29, 2013 filed by the Company with the Designated Stock Exchange in accordance with the provisions of SEBI Debt Regulations.
DSE	Delhi Stock Exchange Limited
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an Application or an invitation in the Issue and in relation to whom, the Shelf Prospectus and this Prospectus Tranche – I constitutes an invitation to purchase the Bonds.
Eligible QFIs	QFIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue (and where an offer or invitation under the Issue to such QFIs would not constitute, under applicable laws in such jurisdictions, an offer to the public generally to subscribe for or otherwise acquire the Bonds) and who have opened demat accounts with SEBI registered qualified depositary participants.
Escrow Accounts	Accounts opened with the Escrow Collection Bank(s) into which the Members of the Syndicate and the Trading Members, as the case may be, will deposit Application Amounts from non-ASBA Applicants and in whose favour non-ASBA Applicants will issue cheques or bank drafts in respect of the Application Amount while submitting the Application Form, in terms of the Shelf Prospectus, this Prospectus Tranche – I and the Escrow Agreement.
Escrow Agreement	Agreement dated September 11, 2013 entered into amongst the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of the amounts collected from the Applicants (other than ASBA Applicants) on the terms and conditions thereof.
FIIs	Foreign Institutional Investors as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India.
Interest Payment Date	The date, being the day falling one year from the Deemed Date of Allotment (for all Series of Bonds) in case of the first interest payment, and the same date, till the date of redemption for subsequent interest payments.
Issue	Public issue by our Company of tax free bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, aggregating ₹ 750 crores* with an option to retain oversubscription upto the Shelf Limit* (i.e. ₹ 4809.20 crore).

Term	Description
	[*] ***In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹ 1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹ 4,809.20 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***
Issue Closing Date	October 14, 2013.
Issue Opening Date	September 17, 2013.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms.
IRRPL	India Ratings and Research Private Limited.
Lead Managers/LMs	Axis Capital Limited, Edelweiss Financial Services Limited, HDFC Bank Limited, Karvy Investor Services Limited and RR Investors Capital Services Private Limited.
Limited Liability Partnerships	Limited liability partnerships registered under the Limited Liability Partnership Act, 2008.
Market Lot	One Bond.
Maturity Amount/ Redemption Amount	In respect of Bonds Allotted to a Bondholder, the face value of the Bonds along with interest (at the applicable interest rates) that may have accrued as on the Redemption Date.
Members of the Syndicate	The Lead Managers, the Consortium Members (for the purpose of marketing of the Issue), brokers and sub – brokers.
Notification/CBDT Notification	Notification No. 61/2013/F.No. 178/37/2013-(ITA.I) dated August 8, 2013, issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India.
NRIs	Persons resident outside India, who are citizens of India or persons of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2008.
NSE	National Stock Exchange of India Limited.
Prospectus Tranche – I	The Prospectus Tranche- I dated September 11, 2013 containing the details of the Tranche – I Issue, containing the Shelf Prospectus as an annexure.
Public Issue Accounts	Accounts opened with the Bankers to the Issue to receive monies from the Escrow Accounts for the Issue and the SCSBs, as the case may be, on the Designated Date.
QFI(s)/ Qualified Foreign Investor(s)	A person, who is not resident in India, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that QFIs shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic Anti-Money Laundering/Combating the Financing of Terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.
Qualified Foreign Investors Depository Participant or QFIs DP	Depository participant for QFIs.
Record Date	15 (fifteen) days prior to the relevant Interest Payment Date or relevant Redemption Date for Bonds issued under this Prospectus Tranche – I. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi, the succeeding Business Day will be considered as the Record Date.
Redemption Date/ Maturity Date	For Tranche – I Series 1A Bonds and Tranche – I Series 1B Bonds, the date, falling 10 years from the Deemed Date of Allotment; for Tranche – I Series 2A and Tranche – I Series 2B Bonds, the date falling 15 years from the Deemed

Term	Description
	Date of Allotment; and for Tranche – I Series 3A Bonds and Tranche – I Series 3B Bonds, the date, falling 20 years from the Deemed Date.
Reformatted Audited Financial Statements	Financial information of the Company from the reformatted audited financial statements of our Company for the financial years ended March 31, 2012, March 31, 2010, March 31, 2011, March 31, 2009 and March 31, 2008 on which the Auditor's have submitted a report. For details, see the section titled "Annexure A – Financial Statements" on page 167 of the Shelf Prospectus.
Refund Accounts	Accounts opened with the Refund Banks, from which refunds, if any, of the whole or part of the Application Amount (excluding Application Amounts from ASBA Applicants) shall be made.
Refund Banks	The Bankers to the Issue, with whom the Refund Accounts will be opened, in this case being Axis Bank Limited and IDBI Bank Limited.
Refund Interest	Interest paid on Application Amounts liable to be refunded, in a manner as more particularly detailed in "Terms of the Issue – Interest" on page 47.
Register of Bondholders	The register of Bondholders maintained by the Issuer in accordance with the provisions of the Companies Act and as more particularly detailed in the section titled "Terms of the Issue – Register of Bondholders" on page 45.
Registrar to the Issue or Registrar	Karvy Computershare Private Limited.
Registrar MoU	Memorandum of understanding dated August 27, 2013 entered into between our Company and the Registrar to the Issue.
Security	The security for the Bonds, being a floating first *pari-passu* charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.
"Self Certified Syndicate Banks" or "SCSBs"	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Shelf Limit	The aggregate limit of the Issue being ₹ 4809.20* crores to be issued under the Shelf Prospectus, through one or more tranches. * ***In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹4,809.20 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***
Syndicate ASBA	An Application submitted by an ASBA Applicant through the Members of the Syndicate and Trading Members instead of the Designated Branches of the SCSBs.
Syndicate ASBA Application Locations	Application centres at cities specified in the SEBI Circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, 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 SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate 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, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Trading Members	Intermediaries registered as brokers or sub-brokers under the Securities and Exchange Board of India (Brokers and Sub Brokers) Regulations, 1992 and with the relevant Stock Exchange(s) under the applicable byelaws, rules, regulations, guidelines, circulars issued by the relevant Stock Exchange(s) from time to time, and duly registered with the relevant Stock Exchange(s) for collection and electronic upload of Application Forms on the electronic application platform provided by the Stock Exchange(s).
"Transaction Registration Slip" or	The slip or document issued by any of the Members of the Syndicate, the

Term	Description
"TRS"	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.
Tripartite Agreements	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories agree to act as depositories for the securities issued by the Issuer.
Working Days	All days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by Institute of Chartered Accountants of India.
CAGR	Compounded Annual Growth Rate.
CBDT	Central Board of Direct Taxes.
CBO	Community-based organisations.
CDSL	Central Depository Services (India) Limited.
CJM	Chief Judicial Magistrate
CRAR	Capital to Risk Assets Ratio.
CSR	Corporate Social Responsibility.
CrPC	The Code of Criminal Procedure, 1973.
Debt Listing Agreement	The agreement for listing of debt securities on the Indian stock exchanges.
DIN	Director Identification Number.
Depository(ies)	CDSL and NSDL.
Depositories Act	Depositories Act, 1996.
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996.
DRR	Debenture Redemption Reserve.
DRT	Debt Recovery Tribunal.
DTC	Direct Tax Code.
FCNR Account	Foreign Currency Non Resident Account.
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999.
FIMMDA	Fixed Income Money Market and Derivative Association of India.
FIR	First Information Report.
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year.
GDP	Gross Domestic Product.
FVCI	Foreign Venture Capital Investor.
GoI or Government	Government of India.
HUF	Hindu Undivided Family.
IAS	Indian Administrative Service.
IA&AS	Indian Audits and Accounts Service.
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
Income Tax Act	Income Tax Act, 1961.
Indian GAAP	Generally accepted accounting principles followed in India.
IPC	The Indian Penal Code, 1860
IT	Information technology.
JV	Joint Venture.
LIBOR	London Inter-Bank Offer Rate.
MoF	Ministry of Finance, GoI.
MoHUPA	Ministry of Housing and Urban Poverty Alleviation, GoI.
MCA	Ministry of Corporate Affairs, GoI.
NBFC	Non Banking Finance Company, as defined under applicable RBI guidelines.
NECS	National Electronic Clearing System.
NEFT	National Electronic Fund Transfer.
NGO	Non-governmental organisations
NSDL	National Securities Depository Limited.
NR or "Non-resident"	A person resident outside India, as defined under FEMA.
p.a.	Per annum.
PAN	Permanent Account Number.
PAT	Profit After Tax.
PFI	Public Financial Institution, as defined under Section 4A of the Companies Act, 1956.

Term/Abbreviation	Description/ Full Form
PPP	Public Private Partnership.
RBI	Reserve Bank of India.
"₹" or "Rupees" or "Indian Rupees" or "Rs."	The lawful currency of India.
RTGS	Real Time Gross Settlement.
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

Business / Industry Related Terms

Term/Abbreviation	Description/ Full Form
ADB	Asian Development Bank.
ALCO	Asset Liability Management Committee.
BSUP	Basic Services to the Urban Poor.
DFI	Development Finance Institution.
DPE	Department of Public Enterprises, Government of India.
DPR	Detailed Project Report.
ECBs	External Commercial Borrowings.
HFC	Housing Finance Companies.
FCNR	Foreign Currency Non-Resident.
HSMI	Human Settlement Management Institute.
ILCS	Integrated low cost sanitation scheme.
ISO	International Organization for Standardization.
IHSDP	Integrated Housing and Slum Development Programme.
JNNURM	Jawaharlal Nehru National Urban Renewal Mission.
NCD	Non-Convertible Debenture.
NHB	National Housing Bank.
NPAs	Non-Performing Assets.
PSU	Public Sector Undertaking.
RAY	Rajiv Awas Yojna.
SPV	Special Purpose Vehicle.
VAMBAY	Valmiki – Ambedkar Awas Yojna.
Yield	Ratio of interest income to the daily average of interest earning assets.

Notwithstanding anything contained herein, capitalised terms that have been defined in the section titled "Issue Procedure" on page 57 will have the meanings ascribed to them in such sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATON

Certain Conventions

All references in this Prospectus Tranche – I to "India" are to the Republic of India and its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in this Prospectus Tranche – I is derived from our Reformatted Audited Financial Statements. In this Prospectus Tranche – I, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

The current financial year of our Company 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 ended on March 31 of that year.

The degree to which the Indian GAAP financial statements included in this Prospectus Tranche – I will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus Tranche – I should accordingly be limited.

Currency and Unit of Presentation

In this Prospectus Tranche – I, references to "₹", "Indian Rupees", "INR", "Rs." and "Rupees" are to the legal currency of India and references to "US$", "USD", and "U.S. dollars" are to the legal currency of the United States of America and references to "Yen" and "JPY" are to the legal currency of Japan. For the purposes of this Prospectus Tranche – I data will be given in ₹ in Crore. In this Prospectus Tranche – I, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

Industry and Market Data

Any industry and market data used in this Prospectus Tranche – I consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe the industry and market data used in this Prospectus Tranche – I is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in this Prospectus Tranche – I is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Exchange Rates

The exchange rates (₹) of the USD and JPY as at March 31 for the last 5 years and as at the three months ended June 30, 2013 are provided below:

Currency	June 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
USD	59.69	54.39	51.16	44.65	45.14	50.95
JPY	0.60	0.58	0.62	0.54	0.48	0.52

(Source: RBI reference rates)

FORWARD LOOKING STATEMENTS

Certain statements contained in this Prospectus Tranche – I 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 – I 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:

- our ability to manage our credit quality;
- interest rates and inflation in India;
- growth prospects of the Indian housing and urban infrastructure sector and related policy developments;
- changes in the demand and supply scenario in housing and urban infrastructure sector in India;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- competition in the Indian and international markets;
- availability of adequate debt and equity financing at reasonable terms;
- performance of the Indian debt and equity markets;
- changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India; and
- other factors discussed in the Shelf Prospectus and this Prospectus Tranche – I, including in the section titled "Risk Factors" on page 10 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 "Our Business" on page 55 of the Shelf Prospectus. The forward-looking statements contained in this Prospectus Tranche – I 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.

THE ISSUE

The CBDT has, by the CBDT Notification, authorised our Company to raise the Bonds aggregating to ₹ 5,000.00 crores out of which our Company has already raised an amount of ₹ 190.80 crores on a private placement basis through a disclosure document dated August 30, 2013 and a resolution of the Resource Committee (sub-committee of the Board) on September 2, 2013. Our Company proposes to raise the balance amount of ₹ 4,809.20 crores* through a public issue of the Bonds in one or more tranches prior to March 31, 2014.

* ***In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹ 1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹ 4,809.20 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

The following is a summary of the terms of the Bonds, for an amount not exceeding the Shelf Limit. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section entitled "Terms of the Issue" on page 43.

COMMON TERMS FOR ALL SERIES OF THE BONDS

Security name	See the section titled "Terms and Conditions in Connection with the Bonds" on page 41.
Issuer	Housing and Urban Development Corporation Limited.
Type of instrument	Tax free bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act.
Nature of instrument	Secured.
Seniority	Senior.
Mode of issue	Public issue.
Eligible Investors	See the section titled "Issue Procedure – Who can apply" on page 57.
Listing	The Bonds shall be listed on the BSE within 12 Working Days from the Issue Closure Date.
Rating of the instrument	'CARE AA+' from CARE and 'IND AA+' from IRRPL. These credit ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by assigning rating agencies and should be evaluated independently of any other ratings. For the rationale for these ratings, see Annexure B on page 292 of the Shelf Prospectus.
Base Issue Size	₹ 750 crore.
Option to retain oversubscription	Upto the Shelf Limit (i.e. ₹ 4809.20 crore)
Objects of the Issue	See the section titled "Objects of the Issue" on page 28.
Details of utilisation of proceeds	See the section titled "Objects of the Issue" on page 28.
Interest rate	See the section titled "Terms of the Issue – Interest" on page 47.
Step up/ step down interest rates	See the section titled "Terms of the Issue – Interest" on page 47.
Coupon payment frequency	Annual.
Coupon payment dates	See the section titled "Terms of the Issue – Payment of Interest on Bonds" on page 52.
Coupon type	Fixed.
Default interest	See the section titled "Terms of the Issue – Events of Default" on page 52.
Day count basis	Actual/ actual.
Interest on Application Amounts	See the section titled "Terms of the Issue – Interest on Application Amounts" on page 48.
Tenor	10 years, 15 years and 20 years from the Deemed Date of Allotment.
Redemption Dates	For Tranche – I Series 1A Bonds and Tranche – I Series 1B Bonds, the date, falling 10 years from the Deemed Date of Allotment; for Tranche – I Series 2A Bonds and Tranche – I Series 2B Bonds, the date falling 15 years from the Deemed Date of Allotment; and for Tranche – I Series 3A Bonds and Tranche – I Series 3B Bonds, the date falling 20 years from the Deemed Date of Allotment.
Redemption Amount	In respect of Bonds Allotted to a Bondholder, the face value of the Bonds along with interest (at the applicable interest rates) that may have accrued as on the Redemption Date.
Issue Price (in ₹)	₹ 1,000.

Face Value (in ₹)	₹ 1,000.
Minimum application size	₹ 5,000 (5 Bonds).
Issue opening date	September 17, 2013.
Issue closing date*	October 14, 2013. The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof, or the Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.
Pay-in date	Application Date.
Deemed date of Allotment	Deemed Date of Allotment shall be the date on which the Board of Directors/or any duly constituted committee thereof, or the Chairman and Managing Director, approves the Allotment of the Bonds for the Issue. All benefits relating to the Bonds including interest on Bonds (as specified for the Issue in this Prospectus Tranche – I) 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
Issuance mode of the instrument	Dematerialised form or physical form** as specified by an Applicant in the Application Form for all Applicants except for Eligible QFIs (under Categories II, III and IV).
Trading	In dematerialised form only.
Depositaries	NSDL and CDSL.
Business day convention	See the section titled "Terms of the Issue – Effect of holidays on payments" on page 50.
Record Date	15 (fifteen) days prior to the relevant Interest Payment Date or relevant Redemption Date for Bonds issued under this Prospectus Tranche – I. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi, the succeeding Business Day will be considered as the Record Date.
Security	The Bonds proposed to be issued are secured by a floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.
Transaction documents	The Draft Shelf Prospectus, the Shelf Prospectus, this Prospectus Tranche – I read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other security documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by the Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Escrow Agreement, the Memorandum of Understanding with the Registrar and the Memorandum of Understanding with the Lead Managers.
Events of default	See the section titled "Terms of the Issue – Events of Default" on page 52.
Roles and responsibility of the Debenture Trustee	See the section titled "Terms of the Issue – Debenture Trustee" on page 54.
Governing law and jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing Indian laws. Any dispute between the Company and the Bondholders will be subject to the jurisdiction of competent courts in New Delhi.
Security cover	At least 100% of the outstanding Bonds at any point of time.
Debenture Trustee	SBICAP Trustee Company Limited.
Registrar	Karvy Computershare Private Limited.
Modes of payment	Through various available modes as detailed in the section titled "Issue Procedure – Payment Instructions" on page 68.
Lead Managers	Axis Capital Limited, Edelweiss Financial Services Limited, HDFC Bank Limited, Karvy Investor Services Limited and RR Investors Capital Services Private Limited.

* *The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof, or the Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.*

** *In terms of Regulation 4(2)(d) of the Debt Regulations, our Company will make public issue of the Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request.*

SPECIFIC TERMS FOR EACH SERIES OF BONDS

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

Options	Series of Bonds*		
	For Category I, II & III#		
	Tranche – I Series 1A	**Tranche – I Series 2A**	**Tranche – I Series 3A**
Interest rate (%) p.a.	8.14%	8.51%	8.49%
Annualised yield (%) p.a.	8.14%	8.51%	8.49%
Options	**For Category IV only#**		
	Tranche – I Series 1B	**Tranche – I Series 2B**	**Tranche – I Series 3B**
Interest rate (%) p.a.	8.39%	8.76%	8.74%
Annualised yield (%) p.a.	8.39%	8.76%	8.74%

	For Category I, II, III and IV#		
Frequency of interest payment	Annual	Annual	Annual
Minimum Application size	₹ 5,000 (Five Bonds)	₹ 5,000 (Five Bonds)	₹ 5,000 (Five Bonds)
In multiples of	One Bond	One Bond	One Bond
Face value	₹ 1,000 per Bond.	₹ 1,000 per Bond.	₹ 1,000 per Bond.
Issue price	₹ 1,000 per Bond.	₹ 1,000 per Bond.	₹ 1,000 per Bond.
Tenor	10 years.	15 years.	20 years.
Interest Type	Fixed interest rate	Fixed interest rate	Fixed interest rate
Redemption Date	10 years from the Deemed Date of Allotment.	15 years from the Deemed Date of Allotment.	20 years from the Deemed Date of Allotment.
Redemption Amount (₹/Bond)	Repayment of the face value along with any interest (at the applicable interest rates) that may have accrued at the Redemption Date.	Repayment of the face value along with any interest (at the applicable interest rates) that may have accrued at the Redemption Date.	Repayment of the face value along with any interest (at the applicable interest rates) that may have accrued at the Redemption Date.

* *Our Company shall allocate and Allot Bonds of Tranche – I Series 1A/ Tranche – I Series 1B maturity (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.*

** *For various modes of interest payment, see the section titled "Terms of the Issue – Modes of Payment" on page 51.*

\# *In pursuance of the CBDT Notification, it is clarified that:*

(i) The interest rates indicated under the Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds shall be payable only on the Bonds allotted to Category IV Investors in the Issue. Such interest is payable only if on the Record Date for payment of interest, the Bonds are held by Category IV Investors.

(ii) In case the Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds are transferred by Category IV Investors to Investors from Categories I, II and III, the interest rate on such Bonds shall stand at par with interest rate applicable on the the Tranche – I Series 1A Bonds, the Tranche – I Series 2A Bonds and the Tranche – I Series 3A Bonds, respectively.

(iii) If the Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds are sold/ transferred by Category IV Investors to other Category IV Investors (as on the Record Date), the interest rates on such Bonds shall remain unchanged.

(iv) The Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds shall continue to carry the specified interest rate if on the Record Date, such Bonds are held by Category IV Investors.

(v) If on any Record Date, the original Category IV Allottees/ transferee(s) hold the the Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds for an aggregate face value amount of over ₹10 lakhs, then the interest rate applicable to such Category IV Allottees/transferee(s) shall stand at par with interest rates applicable on the Tranche – I Series 1A Bonds, the Tranche – I Series 2A Bonds and the Tranche – I Series 3A Bonds, respectively.

(vi) For the purpose of classification and verification of status of Category IV Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the relevant Issue shall be clubbed and taken together on the basis of PAN.

GENERAL INFORMATION

Our Company was incorporated as Housing and Urban Development Finance Corporation Private Limited on April 25, 1970 as a private limited company under the Companies Act and was granted a certificate of incorporation by the then Registrar of Companies, Delhi. Subsequently the name of our Company was changed to its present name and a fresh certificate of incorporation dated July 9, 1974 was issued by the then Registrar of Companies, Delhi and Haryana. For further details, see the section titled "History and Certain Corporate Matters" on page 72 of the Shelf Prospectus. Our Company was notified as a public financial institution under Section 4A of the Companies Act, on December 9, 1996. The President of India holds 100% of the paid up equity share capital of our Company, either directly or through nominee shareholders.

Registered and Corporate Office

HUDCO Bhawan, Core- 7A
India Habitat Centre
Lodhi Road
New Delhi - 110003
Telephone: +91 11 2464 9610
Facsimile: +91 11 2464 8179
Website: www.hudco.org

Registration

Details	Registration/Identification number
Company registration number	005276
CIN	U74899DL1970GOI005276
NHB registration classifying the Company as housing finance company	01.0016.01

Address of the Registrar of Companies

The Registrar of Companies
National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower, 61, Nehru Place
New Delhi 110 019, India
Telephone: +91 11 2623 5704
Facsimile: +91 11 2623 5702

Compliance Officer

Mr. Rajinder Paul
Executive Director (Finance)
HUDCO Bhawan, Core- 7A
India Habitat Centre
Lodhi Road
New Delhi - 110003
Telephone: +91 11 2464 9610
Facsimile: +91 11 2464 8179
E-mail: taxfreebonds@hudco.org

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre – Issue or post – Issue related problems, such as non-receipt of Allotment Advice, credit of Allotted Bonds in beneficiary accounts, Bond Certificates (for Applicants who have applied for Allotment in physical form), refund orders and interest on the Application Amounts.

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 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, amount blocked on Application.

All grievances arising out of Applications for the Bonds made through Trading Members may be addressed directly to BSE.

Chief Financial Officer

Our Company does not have a designated Chief Financial Officer. The finance functions of our Company are headed by Mr. A.K. Kaushik, whose particulars are provided below.

Mr. Anil Kumar Kaushik
Director, Finance
HUDCO Bhawan, Core- 7A
India Habitat Centre
Lodhi Road
New Delhi - 110003

Lead Managers to the Issue

Axis Capital Limited
1st floor, Axis House,
C-2 Wadia International Centre
P.B. Marg, Worli, Mumbai- 400025
Telephone: (+91 22) 4325 2525
Facsimile: (+91 22) 4325 3000
Email ID: hudcotaxfree@axiscap.in
Website: www.axiscap.in
Investor Grievance ID: complaints@axiscap.in
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
SEBI Registration Number: INM000012029

Edelweiss Financial Services Limited
14th Floor, Edelweiss House,
Off CST Road, Kalina, Mumbai-400098
Telephone: +91 22 4086 5065
Facsimile: +91 22 4086 3610
Email ID: hudco.tfbonds@edelweissfin.com
Website: www.edelweissfin.com
Investor Grievance ID: customerservice.mb@edelweissfin.com
Contact Person: Ms. Sujaya Moghepadhye/ Mr. Viral Shah
Compliance Officer: Mr. B. Renganathan
SEBI Registration Number: INM0000010650

HDFC Bank Limited
Investment Banking Division
Trade World, A Wing, 1st Floor
Kamala Mills Compound
S. B. Marg, Lower Parel (West)
Mumbai - 400 013
Telephone: +91 22 3383 9197
Facsimile: +91 22 4080 4114
Email ID: hudcotaxfreebonds2013@hdfcbank.com
Website: www.hdfcbank.com
Investor Grievance ID: investor.redressal@hdfcbank.com

Contact Person: Mr. Amit Kumar Singh
Compliance Officer: Mr. Manoj Nadkarni
SEBI Registration Number: INM000011252

Karvy Investor Services Limited
701, Hallmark Business Plaza
Sant Dnyaneshwar Marg
Off Bandra Kurla Complex
Bandra (East)- Mumbai-400051
Telephone: +91 22 6149 1500
Facsimile: +91 22 6149 1515
Email ID: hudco2013@karvy.com
Website: www.karvy.com
Investor Grievance ID: igmbd@karvy.com/
cmg@karvy.com
Contact Person: Mr. Sumit Singh
Compliance Officer: Mr. V Madhusudhan Rao
SEBI Registration Number: INM000008365

RR Investors Capital Services Private Limited
47, M.M. Road,
Rani Jhansi Marg, Jhandewalan
New Delhi – 110 055
Telephone: +91 11 2363 6362
Facsimile: +91 11 2363 6746
Email ID: hudcotaxfree2013@rrfcl.com
Website: www.rrfinance.com/www.rrfcl.com
Investor Grievance ID: investors@rrfcl.com
Contact Person: Mr. Anurag Awasthi
Compliance Officer: Mr. Sandeep Mahajan
SEBI Registration Number: INM000007508

Consortium Members

In addition to the Lead Managers, the following are also the Consortium Members for marketing of the Issue.

Edelweiss Securities Limited
2nd Floor, M.B. Towers
Plot no. 5, Road no. 2
Banjara Hills, Hyderabad 500 034
Telephone: +91 22 6747 1342
Facsimile: + 91 22 6747 1347
E-mail ID: hudco.tfbonds@edelweissfin.com
Website: www.edelweissfin.com
Investor Grievance ID: customerservice.mb@edelweissfin.com
Contact Person: Mr. Prakash Boricha
SEBI Registration Number: INB011193332 (BSE)/ INB231193310 (NSE)/ INB261193396 (MCX-SX)

HDFC Securities Limited
I Think Techno Campus, "Alpha", Building – B
Office Floor 8, Opp. Crompton Greaves
Kanjurmarg, Mumbai – 400042
Telephone: +91 22 3075 3400/ 3075 3442
Facimile: +91 22 3075 3435
Email ID: sunil.raula@hdfcsec.com/sharmila.kambli@hdfcsec.com
Website: www.hdfcsec.com
Investor Grievance ID: customercare@hdfcsec.com
Contact Person: Mr. Sunil Raula
SEBI Registration No.: INB011109437 (BSE) and INB231109431 (NSE)

RR Equity Brokers Private Limited
47, M. M. Road, Rani Jhansi Marg
Jhandewalan, New Delhi – 110 055
Telephone: +91 11 2350 8473
Facimile: +91 11 2363 6743
Email ID: manishagrawal@rrfcl.com
Website: www.rrfinance.com/ www.rrfcl.com
Investor Grievance ID: investors@rrfcl.com
Contact Person: Mr. Manish Agrawal
SEBI Registration No.: INB011219632 (BSE) and INB231219636 (NSE)

Karvy Stock Broking Limited
"Karvy House", 46, Avenue 4
Street no. 1, Banjara Hills
Hyderabad – 500 034
Telephone: +91 40 2331 2454
Facimile: +91 40 6662 1474
Email ID: hudco2013@karvy.com
Website: www.karvy.com
Investor Grievance ID: ksblredressal@karvy.com
Contact Person: Mr. P. B. Ramapriyan
SEBI Registration No.: INB230770138 (NSE) /INB010770130 (BSE)

Debenture Trustee

SBICAP Trustee Company Limited
Apeejay House, 6th Floor
Dinshaw Wacha Road
Churchgate, Mumbai - 400020
Telephone: +91 22 4302 5555
Facsimile: +91 22 4302 5500
Email: corporate@sbicaptrustee.com
Investor Grievance ID: investor.cell@sbicaptrustee.com
Website: www.sbicaptrustee.com
Contact person: Mr. Ajit Joshi
SEBI Registration No: IND000000536

The Debenture Trustee has consented to act as a debenture trustee in relation to the Issue under regulation 4(4) of the SEBI Debt Regulations. See Annexure C on page 310 of the Shelf Prospectus for the consent letter of the Debenture Trustee.

Registrar to the Issue

Karvy Computershare Private Limited
Plot No. 17 to 24, Vithal Rao Nagar
Madhapur, Hyderabad 500 081, India
Telephone: +91 40 4465 5000
Facsimile +91 40 2343 1551
Email ID: hudco.bonds@karvy.com
Website: http:\\karisma.karvy.com
Investor Grievance ID: einward.ris@karvy.com
Contact Person: Mr. M. Murali Krishna
SEBI Registration Number: INR000000221

Statutory Auditors

Dhawan & Co., Chartered Accountants
312, Wegmans House, 21
Veer Savarkar Block
Shakarpur, Vikas Marg, New Delhi – 110 092

Telephone: +91 11 2201 7651/ +91 11 2202 5360
Facsimile: +91 11 4244 5310
Email ID: dpa111@hotmail.com/ gogia.sunil@gmail.com
Firm registration no.: 002864N
Auditors since: July 29, 2013

Legal Counsel to the Company

Luthra & Luthra Law Offices
103, Ashoka Estate
24, Barakhamba Road
New Delhi 110 001
Telephone: + 91 11 4121 5100
Facsimile: + 91 11 2372 3909

Bankers to the Company

IDBI Bank Limited
3rd Floor, Indian Red Cross Society Building
Red Cross Road
New Delhi 110001
Telephone: +91 11 6628 1030
Facsimile: +91 11 2375 2730
Email: s.prasad@idbi.co.in
Contact person: Mr. Shantanu Prasad
Website: www.idbi.com

Vijaya Bank
D-65, Hauz Khas
New Delhi 110016
Telephone: +91 11 2696 1524/9614/3242
Facsimile: +91 11 2696 1524
Email: del.hauzkhas6015@vijayabank.co.in
Contact person: Mr. Rajeev Kumar
Website: www.vijayabank.com

IndusInd Bank Limited
Cash Management Services, Solitaire Park
No. 1001, Building no. 10, Ground Floor
Guru Hargovindji Marg
Andheri East, Mumbai 400 093
Telephone: +91 22 6772 3901 - 3917
Facsimile: +91 22 6772 3998
Email: sanjay.vasarkar@indusind.com
Contact person: Mr. Sanjay Vasarkar
Website: www.indusind.com

Syndicate Bank
59, Shakuntala Apartment
Nehru Place
New Delhi – 110 019
Telephone: +91 11 2643 1534/ +91 11 2628 1659
Facsimile: + 91 11 2464 1388
Email: dl.9044delnp@syndicatebank.co.in
Contact person: Mr. J. Vishnu Vardhan
Website: www.syndicatebank.co.in

United Bank of India
106-109, Ansal Tower
38 Nehru Place

Axis Bank Limited
148, Statesman House
Barakhamba Road
New Delhi 110001
Telephone: +91 11 4742 5118
Facsimile: +91 11 4530 6565
Email: newdelhi.branchhead@axisbank.com
Contact person: Mr. Amit Mishra/ Mr. Ashish Dhall
Website: www.axisbank.com

ICICI Bank Limited
9A, Phelps Building
Connaught Place, New Delhi – 110 001
Telephone: +91 11 4308 4009
Facsimile: +91 11 4239 0070
Email: bhavit.sharma@icicibank.com
Contact person: Mr. Bhavit Sharma
Website: www.icicibank.com

Yes Bank Limited
48, Nyay Marg
Chanakyapuri
New Delhi – 110 021
Telephone: +91 11 6656 9063
Facsimile: +91 11 4168 0144
Email: vikas.bansal@yesbank.in
Contact person: Mr. Vikas Bansal
Website: www.yesbank.in

Union Bank of India
239, Vidhan Bhawan Marg
Nariman Point
Mumbai – 400 021
Telephone: + 91 11 2410 0083
Facsimile: + 91 11 2467 6843
Email: vkupadhyay@unionbankofindia.com
Contact person: Mr. Vivek Kumar
Website: www.unionbankofindia.co.in

State Bank of Hyderabad
Commercial Branch
74, Janpath

New Delhi – 110 019
Telephone: +91 11 2642 0014
Facsimile: +91 11 2641 8981
Email: bmzcd@unitedbank.co.in
Contact person: Mr. K. R. Bhaskaran
Website: www.unitedbankofindia.com

New Delhi – 110 001
Telephone: +91 11 2332 1699
Facsimile: +91 11 2332 9982
Email: sbhkgmarg@yahoo.co.in
Contact person: Mr. A. Siva Kumar
Website: www.sbhyd.com

Indian Bank
G-41, Connaught Circus
New Delhi – 100 001
Telephone: +91 11 2371 2160
Facsimile: +91 11 4734 0971
Email: sunil.jain@indianbank.co.in;
jaspalsinghkhurana@indianbank.co.in
Contact person: Mr. Sunil Jain/
Mr. Jaspal Singh Khurana
Website: www.indianbank.org.in

Escrow Collection Banks / Bankers to the Issue

Axis Bank Limited
148, Statesman House
Barakhamba Road
New Delhi 110001
Telephone: +91 11 47425120/ 23311054
Facsimile: +91 11 4530 6565/ 23311054
Email: newdelhi.branchhead@axisbank.com/
amit.mishra@axisbank.com/
ashish.dhall@axisbank.com
Contact person: Mr. Amit Mishra/ Mr. Ashish Dhall
Website: www.axisbank.com
SEBI Registration Number: INBI00000017

IDBI Bank Limited
Unit No. 2, Corporate Park,
Sion Trombay Road, Chembur,
Mumbai – 400 071
Telephone: +91 22 66908402
Facsimile: + 91 22 25286173
Email: ipoteam@idbi.com
Contact person: Mr. V. Jayananthan
Website:www.idbibank.com
SEBI Registration Number: INB100000076

State Bank of India
Capital Market Branch, Videocon Heritage,
Ground Floor, Charanjit Rai Marg,
Mumbai
Telephone: +91 22 22094925
Facsimile: + 91 22 22094921
Email: agm.11777@sbi.co.in
Contact person: Mr. D.B.Surti
Website:www.statebankofindia.com
SEBI Registration Number: INB100000038*

HDFC Bank Limited
FIG-OPS Department, Lodha I Think Techno
Campus,O-3level, Next to Kanjurmarg Station,
Kanjurmarg (East), Mumbai – 400 042.
Telephone: +91 22 30752927/ 30752914
Facsimile: + 91 22 25799801
Email: siddharth.jadav@hdfcbank.com/
udit.dixit@hdfcbank.com
Contact person: Mr. Siddharth Jadhav/ M. Uday Dixit
Website:www.hdfcbank.com
SEBI Registration Number: INB100000063

ICICI Bank Limited
Capital Markets Division, 1st Floor,
122, Mistry Bhavan,
Dinshaw Vachha Road,
Backbay Reclamation, Churchgate,
Mumbai – 400 020
Telephone: +91 22 66310322
Facsimile: + 91 22 22611138
Email: anil.gadoo@icicibank.com
Contact person: Mr. Anil Gadoo
Website:www.icicibank.com
SEBI Registration Number: INBI00000004

IndusInd Bank Limited
Cash Management Services, Solitaire Park,
No. 1001, Building No. 10, Ground Floor,
Guru Hargovindji Marg, Andheri (East),
Mumbai - 400093
Telephone: +91 22 67723901 to 3917
Facsimile: + 91 22 6772 3998
Email: sanjay.vasarkar@indusind.com
Contact person: Mr. Sanjay Vasarkar
Website:www.indusind.com
SEBI Registration Number: INBI00000002

Kotak MahindraBank Limited
Kotak Infiniti, 6th Floor,

Yes Bank Limited
IFC, Tower 2, 8th Floor,

Building No. 21, Infinity Park,
Off Western Express Highway,
General A.K.Vaidya Marg,
Malad (E), Mumbai – 400 097
Telephone: +91 22 66056959
Facsimile: + 91 22 66466540
Email: prashant.sawant@kotak.com
Contact person: Mr. Prashant Sawant
Website:www.kotak.com
SEBI Registration Number: INBI00000927

Senapati Bapat Marg,
Elphinstone (W), Mumbai – 400013
Telephone: +91 22 33477251
Facsimile: + 91 22 24214504
Email: dlbtiservices@yesbank.in
Contact person: Mr. Shankar Vichare/Mr. Paresh Kulkarni
Website:www.yesbank.in
SEBI Registration Number: INBI00000935

Refund Banks

Axis Bank Limited
Axis Bank Limited, 148,
Statesman House, Barakhamba Road,
New Delhi-110 001
Telephone: +91 11 47425120/ 9818333691/9911591303
Facsimile: + 91 11 43506565/ 23311054
Email: newdelhi.branchhead@axisbank.com/ amit.mishra@axisbank.com/ashish.dhall@axisbank.com
Contact person: Mr. Amit Mishra, Mr. Ashish Dhall
Website:www.axisbank.com
SEBI Registration Number: INB100000017

IDBI Bank Limited
Unit No. 2, Corporate Park,
Sion Trombay Road, Chembur,
Mumbai – 400 071
Telephone: +91 22 66908402
Facsimile: + 91 22 25286173
Email: ipoteam@idbi.com
Contact person: Mr. V. Jayananthan
Website:www.idbibank.com
SEBI Registration Number: INB100000076

[*] *The SEBI registration of State Bank of India as a Banker to the Issue expired on November 30, 2012. State Bank of India has applied for renewal of its registration certificate on November 27, 2012 prior to the expiry of its registration. The approval of SEBI in this regard is awaited.*

Self Certified Syndicate Banks

The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.

Credit Rating Agencies

Credit Analysis & Research Limited
3rd Floor, B – 47, Inner Circle, Connaught Place
Near Plaza Cinema, New Delhi – 110 001
Telephone: +91 11 4533 3245
Facsimile: +91 11 4533 3238
Email: jyotsna.gadgil@careratings.com
Website: http://www.careratings.com
Contact person: Ms. Jyotsna Gadgil
SEBI Registration No.: IN/CRA/004/1999

Indian Ratings and Research Private Limited
Wockhardt Towers, 4th Floor
Bandra Kurla Complex, Bandra (East)

Mumbai – 400 051
Telephone: +91 22 4000 1700
Facsimile: +91 22 400 1701
Email: shrikant.dev@indianratings.co.in
Contact person: Shrikant Dev
Website: www.indianratings.co.in
SEBI Registration No.: IN/CRA/002/1999

Credit Rating and Rationale

CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated September 9, 2013. IRRPL has assigned a rating of 'IND AA+' to the Bonds vide letter dated September 6, 2013. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. For details in relation to the rationale for the credit rating, please refer to the Annexure B to the Shelf Prospectus on page 292.

Expert Opinion

Except for the letters dated September 9, 2013 and September 6, 2013 issued by CARE and IRRPL, respectively, in respect of the credit rating for the Bonds, and the report on Reformatted Audited Financial Statements dated August 29, 2013 and the statement of tax benefits dated August 29, 2013 issued by our Statutory Auditors, our Company has not obtained any expert opinions in respect of the Issue.

Minimum Subscription

Under the SEBI Debt Regulations, our Company may stipulate a minimum subscription amount which it seeks to raise. Our Company has decided to set no minimum subscription for the Issue.

Issue Programme

ISSUE PROGRAMME*	
ISSUE OPENS ON	**ISSUE CLOSES ON**
September 17, 2013	October 14, 2013

[*] *The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof, or the Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.*

RECENT MATERIAL DEVELOPMENTS

The following are the material developments of our Company after March 31, 2013, i.e. the date of the last audited financial statements of the Company:

1. The Company has obtained refinance assistance of ₹ 500 crores under the Rural Housing Fund sanctioned by the NHB. For further details, see the section titled "Financial Indebtedness - *Refinance Assistance from National Housing Bank*" on page 89 of the Shelf Prospectus.

2. The Company has made allotment of unsecured, non-convertible, redeemable taxable bonds to various classes of investors on private placement basis. For further details, see the section titled "Financial Indebtedness – *Taxable Bonds*" on page 93 of the Shelf Prospectus.

3. The Company has issued commercial paper amounting to ₹ 300 crore in the nature of usance promissory notes. For further details, see the section titled "Financial Indebtedness – *Commercial Paper*" on page 97 of the Shelf Prospectus.

4. In pursuance of the CBDT Notification, our Company has, on September 2, 2009, allotted tax free secured non-cumulative redeemable non-convertible bonds of face value of ₹ 10,00,000 each in the nature of debentures having tax benefits under section 10 (15) (iv) (h) of the Income Tax Act aggregating to ₹ 190.80 crore, by way of private placement through the book building process ("**2013 Private Placement**"). The 2013 Private Placement opened on August 29, 2013 and closed on August 30, 2013.

5. Given below are unaudited quarterly results of our Company for the three months ended June 30, 2013.

UNAUDITED FINANCIAL RESULTS (PROVISIONAL) FOR THE THREE MONTHS ENDED 30.06.2013

(₹ in crore)

	Particulars	3 months ended 30.06.2013 (Reviewed)	Corresponding 3 months ended in the previous year (30.06.2012) (Reviewed)	Previous year ended 31.03.2013 (Audited)
1	a) Net Sales/Income from Operation	603.50	679.66	2806.27
	b) Other Operating Income	13.92	29.12	98.93
2	Total Expenditure			
	a) Interest and other financial charges	395.40	404.77	1567.92
	b) Exchange Gain (-) / Loss	8.49	40.02	(15.20)
	c) Staff Cost	30.43	27.57	122.30
	d) Depreciation	1.25	1.20	4.96
	e) Other Expenditure	10.91	11.03	50.68
	f) Provision on Loans (Net)	20.47	17.13	133.00
	g) Provision on Debtors/recoverable, Loans and Advances	-	-	2.39
3	Profit from Operations before Other Income	150.47	207.06	1039.15
4	Other Income	0.23	0.14	2.84
5	Profit before Exceptional Items	150.70	207.20	1041.99
6	Exceptional items	-	-	-
7	Profit (+)/ Loss (-) from Ordinary Activities before tax	150.70	207.20	1041.99
8	Prior Period Adjustments (Net)	-	0.04	(19.71)
9	Provision for Tax			
	- Current Tax (Including Prior Period Tax Adjustments)	45.52	56.73	295.13
	- Deferred Tax	3.48	7.86	66.01
10	Net Profit (+)/ Loss (-) from Ordinary Activities after tax	101.70	142.57	700.56
11	Extraordinary Items (net of tax expense)	-	-	-
12	Net Profit(+)/ Loss(-) for the period	101.70	142.57	700.56
13	Paid-up Equity Share Capital (Face Value - ₹ 1000 per share)	2001.90	2001.90	2001.90
14	Reserves excluding Revaluation Reserves (As at 31.03.2013)			4512.06
15	Analytical Ratios			
	(i) Capital Adequacy Ratio (%)	-	-	23.24
	(ii) Earnings Per Share (EPS) (₹)	50.80	71.22	349.95
16	NPA Ratios			

	Particulars	3 months ended 30.06.2013 (Reviewed)	Corresponding 3 months ended in the previous year (30.06.2012) (Reviewed)	Previous year ended 31.03.2013 (Audited)
	(i) Gross NPA (Amount)	3897.86	1677.85	1513.66
	(ii) Net NPA (Amount)	2561.83	484.40	210.35
	(iii) Gross NPA (%)	14.74	6.79	5.69
	(iv) Net NPA (%)	10.20	2.06	0.83
	(v) Return on assets (%)	0.40	0.55	2.61

Note:

1 The Corporation does not have more than one segment eligible for reporting in terms of Accounting Standard - 17.

2 The required NPA provision of ₹ 1446.43 crore (₹ 1045.96 crore as on 31.3.2013) as per NHB norms has been made as on 30.06.2013 utilising the adhoc additional provision of ₹ 380 crore stood on 31.03.2013.

3 The repayment in case of 3 agencies included in NPAs has been credited in Bank on next banking day i.e. 1st July'13 and in case the receipts had been credited on 30th June'13, the interest income would have been increased by ₹ 42.12 crore; Gross NPA would have been reduced by ₹ 1288.53 crore and the NPA Provision would have been reduced by ₹ 193.28 crores. Resultant to this, Gross NPA & Net NPA would have been 9.87% & 5.09% respectively. The above would have also resulted in increase in PBT by ₹ 62.05 crores.

4 The main audit observations on the accounts for the financial year 2012-2013 are under review and necessary action is being taken.

5 There is no Investor complaint pending with HUDCO.

6 All the shares are held by Government of India and its nominees.

7 The unaudited financial results for the three months ended 30th June, 2013 have been Limited Reviewed by the Statutory Auditors.

8 The Company has paid final dividend of ₹ 150 crore and dividend tax of ₹ 25.50 crore for the financial year 2012-13.

9 Figures of corresponding period in the previous year have been regrouped, wherever necessary.

10 The above unaudited financial results as reviewed by the Audit Committee were taken on record by the Board of Directors at their meeting held on 31.07.2013.

for and on behalf of Board of Directors
sd/-

DATE: 31.7.2013
PLACE: NEW DELHI

V P Baligar
Chairman and Managing Director

STOCK MARKET DATA FOR OUR SECURITIES

The Equity Shares of our Company are not listed on any Indian stock exchanges. Hence no stock market data is available for the Equity Shares. The stock market data for the non-convertible bonds issued by our Company listed on the NSE, the BSE and/or the DSE are set forth below. The bonds for which data is not stated are infrequently traded on the respective stock exchanges.

Stock market data for listed non convertible debentures issued by the Company by way of public issue

i) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07832 listed on the capital market segment of the NSE and the BSE is as follows:

a) ***For last three years*****

Year ended March 31	BSE*		NSE*	
	High	Low	High	Low
2012	989.89	976.81	992.88	979.63
2013	1127.99	986.19	1,127.95	983.00

**Based on closing price*
***The debentures have been listed on March 20, 2012, hence data has been provided since listing*
(Source**:** *www.bseindia.com* and *www.nseindia.com*)

b) ***For last six months***

Month	BSE*		NSE*	
	High	Low	High	Low
August, 2013	1080.00	1026.05	1,080.00	1,050.00
July, 2013	1085.00	1056.14	1,083.03	1,056.01
June, 2013	1084.99	1065.53	1,085.00	1,065.00
May, 2013	1091.01	1069.00	1,090.00	1,069.00
April, 2013	1075.00	1044.89	1,107.13	1,044.20
March, 2013	1042.00	1032.28	1,050.00	1,031.02

**Based on closing price*
(Source**:** *www.bseindia.com* and *www.nseindia.com*)

ii) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07840 listed on the capital market segment of the NSE and the BSE is as follows:

a) ***For last three years*****

Year ended March 31	BSE*		NSE*	
	High	Low	High	Low
2012	965.51	945.17	965.74	944.78
2013	1,140.58	964.48	1,142.99	965.01

**Based on closing price*
***The debentures have been listed on March 20, 2012, hence data has been provided since listing*
(Source: *www.bseindia.com* and *www.nseindia.com*)

b) ***For last six months***

Month	BSE*		NSE*	
	High	Low	High	Low
August, 2013	1094.00	1003.77	1,095.00	1,004.62
July, 2013	1115.00	1093.05	1,115.07	1,090.50
June, 2013	1110.36	1100.85	1,111.41	1,104.05
May, 2013	1106.87	1092.50	1,110.00	1,092.19
April, 2013	1094.69	1060.87	1,092.90	1,060.55
March, 2013	1057.30	1045.75	1,059.49	1,045.72

**Based on closing price*
(Source**:** *www.bseindia.com* and *www.nseindia.com*)

iii) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07865 listed on the capital market segment of the NSE and the BSE is as follows:

Month**	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
August, 2013	1040.00	902.55	1,068.55	941.13
July, 2013	1059.87	1025.10	1,051.99	1,032.00
June, 2013	1099.99	1024.00	1,055.19	1,034.22
May, 2013	1050.00	1033.01	1,056.40	1,034.61
April, 2013	1054.99	1005.00	1,035.05	1,000.00
March, 2013	N.A.	N.A.	1,002.00	996.65

**Based on closing price*
***The debentures have been listed on BSE on April 03, 2013 and on NSE on February 21, 2013, hence high and low data for last 3 years is not available.*
(Source: *www.bseindia.com* and *www.nseindia.com*)

iv) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07857 listed on the capital market segment of the NSE and the BSE is as follows:

Month**	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
August, 2013	1041.00	985.00	1,026.20	930.10
July, 2013	1139.99	1001.01	1,030.00	1,012.10
June, 2013	1199.99	1010.00	1,029.25	1,015.50
May, 2013	1021.60	1020.00	1,035.70	1,020.00
April, 2013	1199.99	976.15	1,024.00	1,000.00
March, 2013	N.A.	N.A.	1,009.85	986.00

**Based on closing price*
***The debentures have been listed on BSE on April 03, 2013 and on NSE on February 21, 2013, hence high and low data for last 3 years is not available.*
(Source: *www.bseindia.com* and *www.nseindia.com*)

v) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07881 listed on the capital market segment of the NSE and the BSE is as follows:

Month**	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
August, 2013	1000.00	950.00	950.00	920.00
July, 2013	1012.00	994.00	1,028.63	1,028.63
June, 2013	1198.00	980.00	0.00	0.00
May, 2013	1099.00	1099.00	0.00	0.00
April, 2013	0.00	0.00	0.00	0.00

**Based on closing price*
***The debentures have been listed on April 03, 2013, hence high and low data for last 3 years is not available.*
(Source: *www.bseindia.com* and *www.nseindia.com*)

vi) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07873 listed on the capital market segment of the NSE and the BSE is as follows:

Month**	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
August, 2013	1158.00	960.02	935.01	811.23
July, 2013	960.01	960.01	951.01	950.01
June, 2013	1189.99	1189.99	980.51	980.45
May, 2013	1000.00	1000.00	0.00	0.00
April, 2013	1005.20	950.00	0.00	0.00

**Based on closing price*
***The debentures have been listed on April 03, 2013, hence high and low data for last 3 years is not available.*
(**Source:** *www.bseindia.com* and *www.nseindia.com*)

Stock market data for listed non convertible debentures issued by the Company listed on the Wholesale Debt Market of the NSE

Issue description	Security type	Security	Issue name	Trade date	No. of trades	Traded volume (in ₹ lakhs)	Maximum price (in ₹)	Minimum price (in ₹)
HUDCO 8.92% 2017(S-A)	PT	HUD17	8.92%	January 3, 2013	1	1,000	99.6333	99.6333
HUDCO 8.92% 2017(S-A)	PT	HUD17	8.92%	December 26, 2012	2	2,000	99.3956	99.3338
HUDCO 8.14% 2018 (A)	PT	HUD18	8.14%	July 9, 2013	2	2,410	97.29	97.1108
HUDCO 8.92% 2017(S-A)	PT	HUD17	8.92%	January 11, 2013	1	500	99.6708	99.6708

Certain of the debt securities issued by our Company are listed on the DSE. The bonds have not been traded in the last 3 years.

OBJECTS OF THE ISSUE

Issue Proceeds

The CBDT has, by the CBDT Notification, authorised our Company to raise the Bonds aggregating to ₹ 5,000.00 crores out of which our Company has already raised an amount of ₹ 190.80 crores on a private placement basis through a disclosure document dated August 30, 2013 and a resolution of the Resource Committee (sub-committee of the Board) on September 2, 2013. Our Company proposes to raise the balance amount of ₹ 4,809.20 crores* through a public issue of the Bonds in one or more tranches prior to March 31, 2014.

* ***In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹ 1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹ 4,809.20 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

In terms of the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 (the "**FEMA Borrowing Regulations**"), monies borrowed in Indian rupees from persons resident outside India (as defined in FEMA) cannot be utilised for re-lending activities. Consequently, subscription monies raised through the Issue from FIIs, Eligible NRIs, Eligible QFIs and other non resident Applicants across all Categories shall not be utilised for "relending" activities and our Company shall keep all subscription monies received from FIIs, Eligible NRIs, Eligible QFIs and all other non resident Applicants across all Categories in a separate account opened and maintained by the Company, the proceeds of which account shall not be utilised for any lending purposes in terms of Regulation 6(2) of the FEMA Borrowing Regulations, and shall be utilized for the following purposes:

(a) Debt servicing, which includes servicing of both the principal amounts as well as interest payments of various debt facilities availed by our Company in the past and currently outstanding in its books of accounts, including loans, market borrowings (which include our non-convertible bonds/ debentures);
(b) Statutory payments;
(c) Establishment and administrative expenses;
(d) Other working capital requirements of our Company; and
(e) Any other purposes and end-uses as may be allowed by RBI from time to time through relevant regulations/guidelines/clarifications issued by RBI.

The main objects clause of the Memorandum of Association permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through the Issue. Further, in accordance with the SEBI Debt Regulations, our Company is required to not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is a part of the same group as our Company or who is under the same management as our Company or any subsidiary of our Company. Our Company does not have any subsidiary. Further, our Company is a public sector enterprise and as such, there are no identifiable group companies or companies under the same management.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, among other things, by way of a lease, of any property.

Issue expenses

A portion of the Issue proceeds will be used to meet Issue expenses. The following are the estimated Issue expenses:

Particulars	Amount (₹ in crore)	As percentage of Issue proceeds (in %)	As percentage of total expenses of the Issue (in %)
Fees payable to Intermediaries			
Lead Managers fee, selling and brokerage commission, SCSBs (processing fees)	26.73	0.56	88.09
Registrar to the Issue	0.30	0.01	0.99

Particulars	Amount (₹ in crore)	As percentage of Issue proceeds (in %)	As percentage of total expenses of the Issue (in %)
Debenture Trustee	0.03	0.00	0.08
Advertising and marketing	0.50	0.01	1.65
Priniting and stationery cost	2.00	0.04	6.59
Other Miscellaneous Expenses	0.79	0.02	2.60
Total	**30.35**	0.63	100.00

The Company shall pay processing fees to the SCSBs for ASBA forms procured by Lead Managers/ Consortium Members/ sub-Consortium Members/ brokers/ sub-brokers/ Trading Members and submitted to SCSBs for blocking the application amount of the Applicant, at the rate of ₹ 15 per Application Form procured, as finalised by the Company. 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.

Interim use of Proceeds

The Board of Directors, in accordance with the policies formulated by them 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, our Company intends to temporarily invest funds in deposits with banks or as may be approved by the Board. Such investment would be in accordance with the Board approved guidelines prepared on the basis of directions received from DPE.

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board of Directors of our Company shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant financial year commencing from Fiscal 2014, the utilization of the proceeds of the Issue under a separate head along with details, if any, 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. Further, in accordance with the Debt Listing Agreement, our Company will furnish to the BSE on a half yearly basis, a statement indicating material deviations, if any, in the use of Issue proceeds and shall also publish the same in newspapers simultaneously with the half-yearly financial results. We shall utilize the proceeds of the Issue only upon execution of the documents for creation of security as stated in this Prospectus Tranche – I in the section titled "Terms of the Issue" on page 43 and upon the listing of the Bonds.

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.

i. 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) the Central Government *vide* Notification NO. 61/2013.F.No.178/37/2013-(ITA.1) dated 8th August, 2013 authorizes **Housing & Urban Development Corporation Ltd.** to issue through a Public/Private Issue, during the Financial year 2013-14, tax free, secured, redeemable, non-convertible bonds of Rs. 1,000 each for the aggregate amount not exceeding Rs. 5,000 crore subject to the conditions as prescribed in the said notification.

(i) The tenure of the bonds shall be for 10, 15 or 20 years.
(ii) It shall be mandatory for the subscribers of such bonds to furnish their permanent account number to the issuer
(iii) There shall be ceiling on the interest rates based on the reference Government security (G-Sec) Rate:
(iv) 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.
(v) The ceiling interest 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.
(vi) 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 the clause (V).
(vii) 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 the clause (V).
(viii) These ceiling rates shall apply for annual payment of interest and in case the schedule of interest payments is altered to semi-annual, the interest rates shall be reduced by 15 basis points;
(ix) The higher rate of interest, applicable to retail investors, shall not be available in case the bonds are transferred by Retail investors to non retail investors.

b) Issue expense and brokerage:

(i) In the case of private place, the total issue expense shall not exceed 0.25 per cent of the issue size and in case of public issue it shall not exceed 0.65 per cent of the issue-size.
(ii) The issue expense would include all expenses relating to the issue like beokerage, advertisement, printing, registration etc.

c) **Income do not form part of Total Income: (a)** Section 10(15)(iv)(h) to be read with Section 14A(1) provides that in computing the total income of a previous year of any person, interest payable by any public sector company 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 14 A(1), no deduction shall be allowed in respect of expenditure incurred by the assesse in relation to said interest, being exempt under the Income Tax Act.

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

d) Accordingly, pursuant to the aforesaid notification, interest from bond will be exempt from income tax.

e) Since the interest Income on these bonds is exempt, no Tax Deduction at Source 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 done 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. Rs.2,00,000 resident individual/HUF, Rs.250,000 in case of resident senior citizens of 60 or more years of age (on any day of the previous year) and Rs.500,000 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 the tax on the balance of such long-term capital gains shall be computed at the rate of ten per cent 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.

A 2% education cess and 1% secondary and higher education cess on the total income tax (including applicable surcharge) is payable by all categories of tax payers. All the rates disclosed above are as per the present tax rate

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 80 C of the I.T. Act.

The investment made in the notified long term bonds by an assessee in any financial year cannot exceed Rs. 50 lacs.

d) As per the provisions of Section 54F of the Income Tax Act, 1961 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 sales considerations 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 sales 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 any residential house, other than the new asset, within a period of one year after the date of such transfer of 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 or constructed.

f) Under Section 195 of Income Tax Act, 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, or an agreement notified by the Central Government under section 90A, as the case may be.

Howerver under section 196D, 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 as applicable from time to time.

4. Taxation on gift

As per section 56(2)(vii) 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; 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; or
g) from any trust or institution registered under section 12AA.

B. WEALTH TAX

Wealth-tax is not levied on investment in bond under section 2(ea) of the Wealth-tax Act, 1957.

C. 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.

For Dhawan & Co.
(Firm registration No. 002864N)
Chartered Accountants

Sunil Gogia
Partner
Membership No. 073740

Place of Signature: New Delhi
Dated: **August 29, 2013**

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The CBDT has, by the CBDT Notification, authorised our Company to raise the Bonds aggregating to ₹ 5,000.00 crores out of which our Company has already raised an amount of ₹ 190.80 crores on a private placement basis through a disclosure document dated August 30, 2013 and a resolution of the Resource Committee (sub-committee of the Board) on September 2, 2013. Our Company proposes to raise the balance amount of ₹ 4,809.20 crores* through a public issue of the Bonds in one or more tranches prior to March 31, 2014.

* ***In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹4,809.20 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

The Board of Directors have, pursuant to a resolution dated August 23, 2013, approved the Issue of 'tax free bonds' in one or more tranche(s), of secured, redeemable, non-convertible, cumulative/ non-cumulative debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act, for an amount of up to ₹ 5,000 crores, subject to the provisions of the CBDT Notification.

Eligibility to make the Issue

Our Company, the persons in control of our Company or the promoter have 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.

Consents

Consents in writing of the Directors, the Compliance Officer, the Statutory Auditors, Bankers to the Company, Escrow Collection Banks/ Bankers to the Issue, Lead Managers, Consortium Members, Registrar to the Issue, Legal Counsel to the Company as to Indian law, Credit Rating Agencies and the Debenture Trustee for the Bondholders, to act in their respective capacities, have been obtained and shall be filed along with a copy of this Prospectus Tranche-I with the RoC.

Our Company has appointed SBICAP Trustee Company Limited as Debenture Trustee under regulation 4(4) of the SEBI Debt Regulations. The Debenture Trustee has given its consent to our Company for its appointment which is enclosed as Annexure C.

Expert Opinion

Except for the letters dated September 9, 2013 and September 6, 2013 issued by CARE and IRRPL, respectively, in respect of the credit rating for the Bonds, and the report on Reformatted Audited Financial Statements dated August 29, 2013 and the statement of tax benefits dated August 29, 2013 issued by our Statutory Auditors, our Company has not obtained any expert opinions in respect of the Issue.

Common Form of Transfer

There shall be a common form of transfer for the Bonds held in physical form and relevant provisions of the Companies Act and all other applicable laws shall be duly complied with in respect of all transfer of the Bonds and registration thereof.

Minimum Subscription

Under the SEBI Debt Regulations, our Company may stipulate a minimum subscription amount which it seeks to raise. Our Company has decided to set no minimum subscription for the Issue.

No Reservation or Discount

In terms of the CBDT Notification, 40% of the total Issue size shall be earmarked towards Investors from Category IV. Apart from such reservation, there is no reservation in this Issue nor will any discount be offered in this Issue, to any category of investors.

Previous Public Issues by our Company during last five years

1. On March 7, 2012, our Company issued and allotted 4.68 crore tax free bonds, in the nature of secured, redeemable non-convertible debentures ("**2012 Bonds**") at a price of ₹ 1,000 per 2012 Bond, amounting to an aggregate of ₹ 4,684.72 crore pursuant to a public offering under the SEBI Debt Regulations which opened on January 27, 2012 and closed on February 10, 2012 ("**2012 Bonds Issue**"). The electronic credit of the 2012 Bonds to investors pursuant to the 2012 Bonds Issue was completed on March 10, 2012 (March 8, 2012 was a holiday). Furthermore, letters of allotment for the 2012 Bonds were dispatched to all investors (who had applied for allotment of the 2012 Bonds in physical form) on March 12, 2012. The 2012 Bonds were listed on the Stock Exchanges on March 20, 2012.

2. On February 16, 2013, our Company issued and allotted 2.194 crore tax free bonds, in the nature of secured, redeemable non-convertible debentures ("**2013 Tranche – I Bonds**") at a price of ₹ 1,000 per 2013 Tranche – I Bond, amounting to an aggregate of ₹ 2193.4 crore pursuant to a public offering under the SEBI Debt Regulations which opened on January 9, 2013 and closed on February 7, 2013 ("**2013 Tranche – I Bonds Issue**"). The electronic credit of the 2013 Tranche – I Bonds to investors pursuant to the 2013 Tranche – I Bonds Issue was completed on February 18, 2013. Furthermore, letters of allotment for the 2013 Tranche – I Bonds were dispatched to all investors (who had applied for allotment of the 2013 Tranche – I Bonds in physical form) on February 19, 2013. The 2013 Tranche – I Bonds were listed on the NSE and BSE on February 21, 2013 and April 3, 2013, respectively (the listing of the 2013 Tranche – I Bonds at BSE was effected along with the 2013 Tranche – II Bonds (*as defined hereinafter*)).

3. On March 28, 2013, our Company issued and allotted 0.207 crore tax free bonds, in the nature of secured, redeemable non-convertible debentures ("**2013 Tranche – II Bonds**") at a price of ₹ 1,000 per 2013 Tranche – II Bond, amounting to an aggregate of ₹ 207.01 crore pursuant to a public offering under the SEBI Debt Regulations which opened on February 21, 2013 and closed on March 18, 2013 ("**2013 Tranche – II Bonds Issue**"). The electronic credit of the 2013 Tranche – II Bonds to investors pursuant to the 2013 Tranche – II Bonds Issue was completed on March 28, 2013. Furthermore, letters of allotment for the 2013 Tranche – II Bonds were dispatched to all investors (who had applied for allotment of the 2013 Tranche – II Bonds in physical form) on March 30, 2013. The 2013 Tranche – II Bonds were listed on the Stock Exchanges on April 3, 2013.

Commission or Brokerage on Previous Public Issues

1. An amount of ₹ 20.51 crores was incurred towards lead management fees, and selling commission in connection with the 2012 Bonds Issue.

2. An amount of ₹ 7.22 crores was incurred towards lead management fees, and selling commission in connection with the 2013 Tranche – I Bonds Issue.

3. An amount of ₹ 1.17 crores was incurred towards lead management fees, and selling commission in connection with the 2013 Tranche – II Bonds Issue.

Change in auditors of our Company during the last three years

Name	Address	Date of appointment/ resignation/ cessation	Auditor of the Company since
Agiwal & Associates	Lal Kothi, 2nd Floor, 3830, Pataudi House Road , Darya Ganj, New Delhi - 110 002	July 29, 2013	August 12, 2009
Dhawan & Co., Chartered Accountants	312, Wegmans House, 21 Veer Savarkar Block, Shakarpur, New Delhi – 110 092	July 29, 2013	July 29, 2013

Revaluation of assets

Our Company has not revalued its assets in the last five years.

Utilisation of Proceeds

The funds proposed to be raised through the Issue shall be utilized towards lending purposes, working capital requirements, augmenting the resource base of our Company and other operational requirements. For more information pertaining to utilisation of proceeds, see the section titled "Objects of the Issue" on page 28.

Statement by the Board of Directors

(i) All monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act;
(ii) Details of all monies utilised out of the 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 the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

The funds raised by us from previous issues of bonds have been utilised for our business as stated in the respective offer documents.

Disclaimer clause of BSE

"BSE Limited ("the Exchange") has given vide its letter dated September 6, 2013, permission to the Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company'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 the Company. The Exchange does not in any manner: -

a) warrant, certify or endorse the correctness and completeness of any of the contents of this offer document; or
b) warrant that this Company'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 Company, its promoters, its management or any scheme or project of this Company;

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 Company 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 ommitted to be stated herein or for any other reason whatsoever."

Disclaimer in Respect of Jurisdiction

The Issue is being made in India, to Investors from Category I, Category II, Category III and Category IV. The Shelf Prospectus and this Prospectus Tranche- I will not, however constitute an offer to sell or an invitation to subscribe for the Bonds offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Shelf Prospectus and the Prospectus Tranche - I comes is required to inform himself or herself about, and to observe, any such restrictions.

US disclaimer

Nothing in this Prospectus Tranche – I constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**"), or the securities laws of any state of the United States or other jurisdiction and the Bonds may not be offered or sold within the United States or to, or for the account or

benefit of, U.S. Persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. The Prospectus Tranche – I may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Each other purchaser of the Bonds will be required to represent and agree, among other things, that (i) such purchaser is a non-U.S. person acquiring the Bonds in an "offshore transaction" in accordance with Regulation S, and (ii) any reoffer, resale, pledge or transfer of the Bonds by such purchaser will not be made to a person in the United States or to a person known by the undersigned to be a U.S. Person, in each case in accordance with all applicable securities laws.

EU disclaimer

No offer to the public (as defined under Directive 20003/71/EC, together with any amendments) and implementing measures thereto, (the "Prospectus Directive") has been or will be made in respect of the Issue or otherwise in respect of the Bonds, in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the Bonds.

Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions of the Bonds and the information contained in this Prospectus Tranche - I.

Track Record of past issues handled by the Lead Managers

The track record of past issues handled by Axis Capital Limited, Edelweiss Financial Services Limited, HDFC Bank Limited, Karvy Investor Services Limited and RR Investors Capital Services Private Limited are available at www.axiscap.in, www.edelweissfin.com, www.hdfcbank.com, www.karvy.com and www.rrfinance.com/www.rrfcl.com respectively.

Listing

The Bonds will be listed on the BSE, the Designated Stock Exchange. The BSE has given its in-principle listing approval through its letter dated Septemer 6, 2013.

If the permission to list and trade the Bonds has not been granted by the BSE, our Company shall forthwith repay, without interest, all such moneys received from the Applicant in pursuance of this Prospectus Tranche –I. If any such money is not repaid within eight days after our Company becomes liable to repay it (expect if such delays are on account of delay in postal channels of the country), our Company and every Director who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at 15% per annum, as prescribed under section 73 of the Companies Act. Our Company shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the BSE will be taken within 12 Working Days from the Issue Closing Date.

Dividend

For details of dividends paid by our Company for the financial years ended March 31, 2009, 2010, 2011, 2012 and 2013, see the section titled "Annexure A – Financial Statements" on page 167 of the Shelf Prospectus.

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 the Compliance Officer giving full details of the Applicant, number of Bonds applied for, amount paid on application series/option applied for and Member of the Syndicate/Trading Member/SCSB to which 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, amount blocked on Application.

All grievances arising out of Applications for the Bonds made through Trading Members may be addressed directly to the relevant Stock Exchange(s).

ISSUE STRUCTURE

The CBDT has, by the CBDT Notification, authorised our Company to raise the Bonds aggregating to ₹ 5,000.00 crores out of which our Company has already raised an amount of ₹ 190.80 crores on a private placement basis through a disclosure document dated August 30, 2013 and a resolution of the Resource Committee (sub-committee of the Board) on September 2, 2013. Our Company proposes to raise the balance amount of ₹ 4,809.20 crores* through a public issue of the Bonds in one or more tranches prior to March 31, 2014.

* ***In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹ 1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹ 4,809.20 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

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 43 of this Prospectus Tranche – I.

The key common terms and conditions of the Bonds are as follows:

Particulars	Terms and Conditions
Minimum application size	₹ 5,000 (Five Bonds) The minimum number of Bonds per Application Form will be calculated on the basis of the total number of Bonds applied for under each such Application Form and not on the basis of any specific option.
Mode of allotment	Both in dematerialised form as well as in physical form as specified by the Applicant (except for Eligible QFIs) in the Application Form.
Terms of Payment	Full amount on application.
Trading Lot	1 (one) Bond.
Who can Apply	**Category I** • Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds; • Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • Foreign Institutional Investors and sub-accounts (other than a sub account which is a foreign corporate or foreign individual) registered with SEBI, including Sovereign Wealth Funds, Pension and Gratuity Funds registered with SEBI as Foreign Institutional Investors; • National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and 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. **Category II** • Companies within the meaning of section 3 of the Companies Act*; • Statutory bodies/corporations*; • Cooperative banks; • Public/ private/ religious trusts; • Limited Liability Partnerships; • Eligible QFIs (not being individuals); • Regional rural banks; • Societies registered under applicable laws in India and authorised to invest in

Particulars	Terms and Conditions
	the Bonds; • Associations of persons; • Partnership firms in the name of partners; and • Any other foreign/ domestic legal entities/ persons as may be permissible under the CBDT Notification and authorised to invest in the Bonds in terms of applicable laws. [*] *The MCA has, through its circular (General Circular No. 06/2013) dated March 14, 2013, clarified that companies investing in tax-free bonds wherein the effective yield on the bonds exceeds the yield on the prevailing bank rate will not be in violation of section 372A(3) of the Companies Act.* **Category III** The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in the Issue: • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; • Hindu Undivided Families through the Karta; and • Eligible QFIs, being individuals. **Category IV** The following Investors applying for an amount aggregating to up to and including ₹ 10 lakhs across all Series of Bonds in the Issue: • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; • Hindu Undivided Families through the Karta; and • Eligible QFIs, being individuals.

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.

In case of Application Form being submitted in joint names, Applicants should ensure that the demat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

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.

For further details, see the section titled "Issue Procedure" on page 57.

TERMS AND CONDITIONS IN CONNECTION WITH THE BONDS

Nature of the Bonds

The Bonds being issued are in form of tax free bonds of face value of ₹ 1,000 each in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act, to be issued by Company in terms of the Draft Shelf Prospectus, the Shelf Prospectus and this Prospectus Tranche – I.

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

Options	Series of Bonds* For Category I, II & III#		
	Tranche – I Series 1A	**Tranche – I Series 2A**	**Tranche – I Series 3A**
Interest rate (%) p.a.	8.14%	8.51%	8.49%
Annualised yield (%) p.a.	8.14%	8.51%	8.49%
Options	**For Category IV only#**		
	Tranche – I Series 1B	**Tranche – I Series 2B**	**Tranche – I Series 3B**
Interest rate (%) p.a.	8.39%	8.76%	8.74%
Annualised yield (%) p.a.	8.39%	8.76%	8.74%

	For Category I, II, III and IV#		
Frequency of interest payment	Annual	Annual	Annual
Minimum Application size	₹ 5,000 (Five Bonds)	₹ 5,000 (Five Bonds)	₹ 5,000 (Five Bonds)
In multiples of	One Bond	One Bond	One Bond
Face value	₹ 1,000 per Bond.	₹ 1,000 per Bond.	₹ 1,000 per Bond.
Issue price	₹ 1,000 per Bond.	₹ 1,000 per Bond.	₹ 1,000 per Bond.
Tenor	10 years.	15 years.	20 years.
Interest Type	Fixed interest rate	Fixed interest rate	Fixed interest rate
Redemption Date	10 years from the Deemed Date of Allotment.	15 years from the Deemed Date of Allotment.	20 years from the Deemed Date of Allotment.
Redemption Amount (₹/Bond)	Repayment of the face value along with any interest (at the applicable interest rates) that may have accrued at the Redemption Date.	Repayment of the face value along with any interest (at the applicable interest rates) that may have accrued at the Redemption Date.	Repayment of the face value along with any interest (at the applicable interest rates) that may have accrued at the Redemption Date.

* *Our Company shall allocate and Allot Bonds of Tranche – I Series 1A/ Tranche – I Series 1B maturity (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.*

** *For various modes of interest payment, see the section titled "Terms of the Issue – Modes of Payment" on page 51.*

\# *In pursuance of the CBDT Notification, it is clarified that:*

(i) The interest rates indicated under the Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds shall be payable only on the Bonds allotted to Category IV Investors in the Issue. Such interest is payable only if on the Record Date for payment of interest, the Bonds are held by Category IV Investors.

(ii) In case the Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds are transferred by Category IV Investors to Investors from Categories I, II and III, the interest rate on such Bonds shall stand at par with interest rate applicable on the the Tranche – I Series 1A Bonds, the Tranche – I Series 2A Bonds and the Tranche – I Series 3A Bonds, respectively.

(iii) If the Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds are sold/ transferred by Category IV Investors to other Category IV Investors (as on the Record Date), the interest rates on such Bonds shall remain unchanged.

(iv) The Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds shall continue to carry the specified interest rate if on the Record Date, such Bonds are held by Category IV Investors.

(v) If on any Record Date, the original Category IV Allottees/ transferee(s) hold the the Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds for an aggregate face value amount of over ₹10 lakhs, then the interest rate applicable to such Category IV Allottees/transferee(s) shall stand at par with interest rates applicable on the Tranche – I Series 1A Bonds, the Tranche – I Series 2A Bonds and the Tranche – I Series 3A Bonds, respectively.

(vi) For the purpose of classification and verification of status of Category IV Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the relevant 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. In the event of Allotment of a lesser number of Bonds than applied for, our Company shall refund the amount paid on application to the Applicant, in accordance with the terms of this Prospectus Tranche – I.

TERMS OF THE ISSUE

The Bonds being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, applicable regulations of the NHB, the Companies Act, the Income Tax Act, the CBDT Notification, the terms Shelf Prospectus, this Prospectus Tranche-I, the Application Form, the terms and conditions of the debenture trustee agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, the GoI, and 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 CBDT has, by the CBDT Notification, authorised our Company to raise the Bonds aggregating to ₹ 5,000.00 crores out of which our Company has already raised an amount of ₹ 190.80 crores on a private placement basis through a disclosure document dated August 30, 2013 and a resolution of the Resource Committee (sub-committee of the Board) on September 2, 2013. Our Company proposes to raise the balance amount of ₹ 4,809.20 crores* through a public issue of the Bonds in one or more tranches prior to March 31, 2014.

* ***In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹4,809.20 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

2. **Issue and status of Bonds**

2.1. Public issue of tax free bonds of face value of ₹ 1,000 each in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15) (iv) (h) of the Income Tax Act, aggregating to ₹ 750 crores, with an option of retaining oversubscription upto the Shelf Limit of ₹ 4809.20 crores* in one or more tranches in Fiscal 2014.

* ***In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹4,809.20 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

2.2. The Bonds shall be secured pursuant to a Debenture Trust Deed and underlying security documents. The Bondholders are entitled to the benefit of the Debenture Trust Deed and are bound by and are deemed to have notice of all the provisions of the Debenture Trust Deed.

2.3. The Bonds are proposed to be secured by a floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.

2.4. The claims of the Bond holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

3. **Form, face value, title and listing etc.**

3.1.1. **Form of Allotment**

The Allotment of the Bonds shall be in a dematerialized form (for all Categories of Applicants) as well as physical form (for all Applicants except for Eligible QFIs from Categories II, III and IV). Our Company has made depository arrangements with CDSL and NSDL for the issuance of the Bonds in dematerialized form, pursuant to the tripartite

agreement dated September 20, 2011 among our Company, the Registrar and CDSL and the tripartite agreement dated September 20, 2011 among our Company, the Registrar and NSDL (collectively **"Tripartite Agreements"**).

Our Company 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 dematerialised 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 held in physical form, whether on Allotment or on rematerialization of Bonds allotted in dematerialised form, our Company will issue one certificate for each Series of 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), our Company will, on receipt of a request from the Bondholder within 30 Business 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 our Company.

3.1.4. **Manner of allotment**

3.1.4.1 Allotment of the Bonds will be in physical form (for all Applicants except for Eligible QFIs from Categories II, III and IV) and dematerialised form (for all Categories of Applicants). In terms of Bonds issued in dematerialised form, our Company 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 the Issue Closure Date.

3.1.4.2 Our Company will also issue Letters of Allotment to all Bondholders who have applied for the Bonds in dematerialised form (except Eligible QFIs) within 12 Working Days from the Issue Closure Date. Subsequent to the payment of the consolidated stamp duty on the Bonds, and upon the issuance of the order from the Collector evidencing the payment of such consolidated stamp duty, our Company 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 Registrar), no later than three months from the date of Allotment (in accordance with section 113 of the Companies Act). Upon receipt by Bondholders of such Consolidated Bond Certificates as dispatched by the Registrar and the Company, 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, our Company 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.

3.3. **Title**

3.3.1 In case of:

i) the Bond held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and

ii) the Bond held in physical form, the person for the time being appearing in the Register of Bondholders (as defined below) as Bondholder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such persons 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 our Company 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 our Company 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 our Company or the Registrar to the Issue.

3.4. **Listing**

The Bonds will be listed on the BSE.

3.5. **Market Lot**

The Bonds shall be allotted in physical form (for all Applicants except for Eligible QFIs from Categories II, III and IV) as well as dematerialised form (for all Categories of Applicants). In terms of the SEBI Debt Regulations, the trading of the Bonds shall be in dematerialised form only. Since, the trading of Bonds is in dematerialized form, the tradable lot for the Bonds is one Bond ("**Market Lot**").

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.

3.7. Procedure for dematerialisation of Bonds

Bondholders who have been allotted Bonds in physical form and wish to hold the Bonds in dematerialized form may do so by submitting his or her request to his or her 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**

Our Company shall maintain at its registered office or such other place, as permitted by section 152A of the Companies Act, 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 dematerialised 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 dematerialised form:***

In respect of Bonds held in the dematerialised form, transfers of the Bonds may be effected, 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 in a manner as may be prescribed by our Company for the registration of transfer of Bonds. Purchasers of the Bonds are advised to send the Consolidated Bond Certificate to our Company or to such persons as may be notified by our Company from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialised 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 payment of stamp duty on transfer of Bonds as well as the execution of instrument of transfer as required under Section 108 of the Companies Act has been exempted by Government of India's Notification No. GSR 1294(E) dated December 17, 1986. The Company 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. No stamp duty is payable under the said notification on such transfers. The Company shall on being satisfied and subject to the provisions of the Articles of Association register the transfer of such Bonds in its books.

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 our Company, but on payment (or the giving of such indemnity as our Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and our Company being satisfied that the requirements concerning transfers of Bonds, have been complied with.

4.4 **Debenture Redemption Reserve ("DRR")**

Pursuant to Regulation 16 of the SEBI Debt Regulations and section 117C of the Companies Act, any company that intends to issue debentures needs to create a DRR to which adequate amounts shall be credited out of the profits of our company until the redemption of the debentures. Further, the MCA has, through its circular dated February 11, 2013, specified that public financial institutions shall create a DRR to the extent of 25% of the value of the debentures issued through public issue. Accordingly, our Company shall create DRR of 25% of the value of Bonds issued and allotted in terms of this Prospectus Tranche-I, or such a percentage as may be required under the applicable law as amended from time to time, for the redemption of the Bonds. Our Company shall credit adequate amounts to the DRR from its profits every year until the Bonds are redeemed. The amounts credited to the DRR shall not be utilized by our Company for any purpose other than for the redemption of the Bonds.

5. **Application Amount**

The Bonds are being issued at par and full amount of face value per Bond is payable on application. Eligible Applicants can apply for any amount of the Bonds subject to a minimum Application size, as specified in this Prospectus Tranche-I across any of the Series(s) or a combination thereof. The Applicants will be allotted the Bonds in accordance with the Basis of Allotment.

6. **Deemed Date of Allotment**

The Deemed Date of Allotment shall be the date on which the Board of Directors/or any duly constituted committee thereof, or the Chairman and Managing Director, approves the Allotment of the

Bonds for the Issue. All benefits relating to the Bonds including interest on Bonds (as specified for the Issue in this Prospectus Tranche – I) 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 Issue shall remain open for the period mentioned below:

Issue Opens on	September 17, 2013
Issue Closes on	October 14, 2013

The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof, or the Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.

7.2. Underwriting

The Issue is not underwritten

7.3. Minimum Subscription

Under the SEBI Debt Regulations, our Company may stipulate a minimum subscription amount which it seeks to raise. Our Company has decided to set no minimum subscription for the Issue.

8. Interest

8.1. Interest

(i) For Bondholders falling under Category I, II and III, the Bonds under Tranche – I Series 1A, Tranche – I Series 2A and Tranche – I Series 3A shall carry interest at the interest rate of 8.14% p.a., 8.51% p.a. and 8.49% p.a. respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable annually on the Interest Payment Date, to the Bondholders as of the relevant Record Date. The annualised yield to Category I, II and III Bondholders would be 8.14% p.a., 8.51% p.a. and 8.49% p.a for the Tranche – I Series 1A Bonds, the Tranche – I Series 2A Bonds and the Tranche – I Series 3A Bonds, respectively.

(ii) For Bondholders falling under Category IV, the Bonds under Tranche – I Series 1B, Tranche – I Series 2B and Tranche – I Series 3B shall carry interest at the interest rate of 8.39% p.a., 8.76% p.a. and 8.74% p.a., respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable annually on the Interest Payment Date, to the Bondholders as of the relevant Record Date. The annualized yield to Category IV Bondholders would be 8.39% p.a., 8.76% p.a. and 8.74% p.a., for the Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds, respectively.

(iii) The interest rates indicated under Tranche – I Series 1B, Tranche – I Series 2B and Tranche – I Series 3B shall be payable only on the Portion of Bonds allotted to Category IV Allottees in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by Bondholders belonging to Category IV.

(iv) In the event the Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and

the Tranche – I Series 3B Bonds are transferred by Category IV Allottees to investors from Category I, II and III, the interest rate on such Bonds shall stand at par with interest rate applicable on the Tranche – I Series 1A Bonds, the Tranche – I Series 2A Bonds and the Tranche – I Series 3A Bonds, respectively.

(v) If the Tranche – I Series 1B Bonds, the Tranche – I Series 2B Bonds and the Tranche – I Series 3B Bonds are sold/ transferred by the Category IV Allottees to investors who fall under Category IV on the Record Date, then the interest rates on such Bonds shall remain unchanged.

(vi) Bonds allotted against Tranche – I Series 1B, Tranche – I Series 2B and Tranche – I Series 3B shall continue to carry the specified interest rates if on the Record Date, such Bonds are held by Bondholders belonging to Category IV;

(vii) If on any Record Date, the original Category IV Allottee(s)/ transferee(s) hold the Bonds under Tranche – I Series 1B, Tranche – I Series 2B and Tranche – I Series 3B for an aggregate face value amount of over ₹ 10 lakhs, then the interest rate applicable to such Category IV Allottee(s)/transferee(s) on the Tranche – I Series 1 Bonds, the Tranche – I Series 2 Bonds and the Tranche – I Series 3 Bonds shall stand at par with interest rates applicable on the Tranche – I Series 1A Bonds, the Tranche – I Series 2A Bonds and the Tranche – I Series 3A Bonds, respectively;

For the purpose of classification and verification of status of Category IV Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the relevant 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 basis for the broken period, if any.

8.3. **Interest on Application Amounts**

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, 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 8.14% p.a., 8.51% p.a. and 8.49% p.a in respect of Applications for Allotment of Tranche – I Series 1A Bonds, Tranche – I Series 2A Bonds and Tranche – I Series 3A Bonds, respectively made by Allottees under Categories I, II and III and 8.39% p.a., 8.76% p.a. and 8.74% p.a. in respect of Applications for Allotment of Tranche – I Series 1B Bonds, Tranche – I Series 2B Bonds and Tranche – 1 Series 3B Bonds, respectively made by Allottees under Categories IV.

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 Business Days from the date of upload of each Application on the electronic Application platform of the relevant stock exchanges upto one day prior to the Deemed Date of Allotment, at the aforementioned rates. 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, interest warrants 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 Amounts which is liable to be refunded to the Applicants (other than Application Amounts received after the Issue Closure Date, and ASBA Applicants) subject to deduction of income tax under the provisions of the Income Tax Act, 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 8.14% p.a., 8.51% p.a. and 8.49% p.a in respect of Applications for Allotment of Tranche – I Series 1A Bonds, Tranche – I Series 2A Bonds and Tranche – I Series 3A Bonds, respectively made by Applicants under Categories I, II and III and 8.39% p.a., 8.76% p.a. and 8.74% p.a. in respect of Applications for Allotment of Tranche – I Series 1 Bonds, Tranche – IB Series 2B Bonds and Tranche – 1 Series 3B Bonds, respectively made by Applicants under Categories IV.

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 liable to be refunded from three Business Days from the date of upload of each Application on the electronic Application platform of the relevant stock exchanges upto one day prior to the Deemed Date of Allotment, at the aforementioned rates. 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, our Company 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. See the section titled "Issue Procedure – Rejection of Applications" on page 80.

9. **Redemption**

9.1. The face value of the Bonds will be redeemed at par, on the respective Maturity Dates of each of the Series of Bonds under this Issue.

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.

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 our Company 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). Our Company shall stand discharged of any liabilities arising out of any fraudulent transfer of the Bonds or non-registration of transfer of Bonds with our Company.

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 our Company 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 payment of interest or the Maturity Amount shall be 15 Business Days prior to the date on which such amount is due and payable ("**Record Date**"). 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 a Saturday, Sunday or a public holiday in New Delhi, the succeeding Business Day will be considered as the Record Date.

10.3. **Effect of holidays on payments**

If the date of interest payment or redemption falls on a Saturday, Sunday or a public holiday in New Delhi, the succeeding Business Day will be considered as the effective date. In case the date of payment of interest or principal or any date specified falls on a holiday, the payment will be made on the next Business Day, without any interest for the period overdue.

10.4. Whilst our Company 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, our Company 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 our Company and/or the Registrar to the Issue, as the case may be as, on the Record Date. Our Company shall pay interest as specified in the Tranche Prospectus, over and above the interest rate of the relevant Bonds, in the event that such payments are delayed beyond a period of eight days after our Company becomes liable to pay such amounts (except if such delays are on account of delay in postal channels of the country or insufficient information provided by the Bondholder).

10.5. Our Company'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, our Company 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 our Company 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 our Company 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 from the Registrar to the Issue for effecting payments.

11.2. **Modes of Payment**

The mode of interest/ refund (except for refunds to ASBA Applicants)/ redemption payments shall be undertaken in the following order of preference:

11.2.1. ***Direct Credit***

Applicants having bank accounts with the Refund Banks, as per the demographic details received from the Depositories shall be eligible to receive refunds through direct credit.

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

11.2.2. ***NECS***

Through NECS for Applicants having an account at any of the centres 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.

Our Company shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as our Company 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 lacs (or as may be specified by the RBI from time to time) 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 Refund Banks for the same would be borne by our Company. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

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

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.

Our Company shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as our Company has initiated

the process in time.

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 our Company and/or as provided by the Depositories. All cheques or demand drafts as the case may be, shall be sent by registered/speed post/courier at the Bondholder's sole risk.

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 Benefits**

For the details of tax benefits, see the section titled "Statement of Tax Benefits" on page 30.

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, see the section titled "Statement of Tax Benefits" on page 30.

14. **Security**

The Bonds proposed to be issued are secured by a floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.

15**.** **Events of default**

15.1. The Debenture 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 our Company 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, among other things, 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 Debenture Trust Deed.

15.3. The early redemption amount payable on the occurrence of an event of default shall be as detailed in the Debenture Trust Deed.

15.4. If an event of default occurs which is continuing, the Debenture Trustee may with the consent of the Bondholders, obtained in accordance with the provisions of the Debenture Trust Deed, and with a prior written notice to our Company, take action in terms of the Debenture 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, our Company shall also pay

interest on the defaulted amounts.

16. **Bondholders' rights, nomination, etc.**

16.1. **Rights of Bondholders**

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

a) The Bonds shall not, except as provided in the Companies Act, confer on Bondholders any rights or privileges available to members of our Company including the right to receive notices or annual reports of, or to attend and/ or vote, at the Company's general meeting(s). However, if any resolution affecting the rights of the Bondholders is to be placed before the shareholders, such resolution will first be placed before the concerned registered Bondholders for their consideration. In terms of Section 219(2) of the Companies Act, Bondholders shall be entitled to a copy of the balance sheet on a specific request made to the Company.

b) The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the Bondholders 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. However, in the event that such consent or special resolution pertains to modify or vary the terms and conditions governing the Bonds, such consent or resolution shall not be operative against our Company in the event that such consent or resolution is not acceptable to the Company.

c) 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.

d) 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. Our Company 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 and this Prospectus Tranche-I and Debenture Trust Deed to be executed by our Company with the Debenture 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.

16.2. **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 our Company to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death, provided that a third person may call on our Company 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, our Company 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 Board of Directors of our Company 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.

16.3. **Nomination Facility to Bondholder**

16.3.1. 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 were 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 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 our Company's administrative office or at such other addresses as may be notified by our Company.

16.3.2. The Bondholders are advised to provide the specimen signature of the nominee to our Company 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.

16.3.3. Any person who becomes a nominee under any applicable laws shall on the production of such evidence as may be required by our Company's Board or Committee of Directors, or the Chairman and Managing Director, 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.

16.3.4. Notwithstanding anything stated above, Applicants who are allotted bonds in dematerialised form need not make a separate nomination with our Company. 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 require to fill in the details for 'nominees' as provided in the Application Form.

16.3.5. Further, our Company's Board or Committee of Directors or the Chairman and Managing Director, 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, our Company's Board or Committee of Directors or the Chairman and Managing Director, 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. **Debenture Trustee**

17.1. Our Company has appointed SBICAP Trustee Company Limited to act as the Trustee for the

Bondholders. Our Company intends to enter into a Debenture Trust Deed with the Debenture Trustee, the terms of which will govern the appointment and functioning of the Debenture Trustee and shall specify the powers, authorities and obligations of the Debenture Trustee. Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture 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 this Prospectus Tranche-I.

17.2. The Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture 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 Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by our Company to the Debenture Trustee on behalf of the Bondholders shall discharge our Company *pro tanto* to the Bondholders. All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Debenture Trustee without reference to the Bondholders. No Bondholder shall be entitled to proceed directly against our Company unless the Debenture Trustee, having become so bound to proceed, failed to do so.

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

18. **Miscellaneous**

18.1. **Loan against Bonds**

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

18.2. **Lien**

Our Company 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 our Company.

18.3. **Lien on pledge of Bonds**

Subject to applicable laws, our Company, 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**

Our Company 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 our Company and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither our Company nor its 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 our Company or the Trustee shall be published in at least 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 our Company 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 it 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**

Our Company 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 and to change its capital structure including through the issue of shares of any class, on such terms and conditions as our Company may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Debenture Trustee in this connection.

18.9. **Jurisdiction**

The Bonds, the Trust Deed 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 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. 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 will be mentioned in the Application Form) or make online Applications using the online payment gateway of the relevant Stock Exchange(s).

Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable law or as specified in the Shelf Prospectus and the Prospectus Tranche – I.

Please note that this section has been prepared based on the circular no. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI ("Debt Application Circular"). The procedure mentioned in this section is subject to the Stock Exchange(s) putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by the Stock Exchange(s) and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange(s) and/or SEBI.

The Members of the Syndicate and the Company 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 Applications in this issue on the electronic application platform provided by the relevant Stock Exchange(s). Further the relevant Stock Exchange(s) will be responsible for addressing investor grievances arising from applications through Trading Members.

Who can apply?

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

Category I

- Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;
- Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds;
- Insurance companies registered with the IRDA;
- Foreign Institutional Investors and sub-accounts (other than a sub account which is a foreign corporate or foreign individual) registered with SEBI, including Sovereign Wealth Funds, Pension and Gratuity Funds registered with SEBI as Foreign Institutional Investors;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and 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.

Category II

- Companies within the meaning of section 3 of the Companies Act[*];
- Statutory bodies/corporations[*];
- Cooperative banks;
- Public/ private/ religious trusts;
- Limited Liability Partnerships;
- Eligible QFIs (not being individuals);
- Regional rural banks;
- Societies registered under applicable laws in India and authorised to invest in the Bonds;
- Associations of persons;
- Partnership firms in the name of partners; and
- Any other foreign/ domestic legal entities/ persons as may be permissible under the CBDT Notification and authorised to invest in the Bonds in terms of applicable laws.

[*] *The MCA has, through its circular (General Circular No. 06/2013) dated March 14, 2013, clarified that companies investing in tax-free bonds wherein the effective yield on the bonds exceeds the yield on the prevailing bank rate will not be in violation of section 372A(3) of the Companies Act.*

Category III

The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in the Issue:

- Resident Indian individuals;
- Eligible NRIs on a repatriation or non – repatriation basis;
- Hindu Undivided Families through the Karta; and
- Eligible QFIs, being individuals.

Category IV

The following Investors applying for an amount aggregating to up to and including ₹ 10 lakhs across all Series of Bonds in the Issue:

- Resident Indian individuals;
- Eligible NRIs on a repatriation or non – repatriation basis;
- Hindu Undivided Families through the Karta; and
- Eligible QFIs, being individuals.

Participation of any of the aforementioned categories of 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.

An FII, Eligible NRI, Eligible QFI or any other non-resident Applicant applying in the Issue must not be (i) based in the United States of America ("**USA**"), and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA.

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 Applicants. Our Company and 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 Shelf Prospectus.

How to apply?

Availability of the Abridged 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. There is a separate Application Form for Applicants (ASBA Applicants and non-ASBA Applicants) who are FIIs, Eligible NRIs, Eligible QFIs and all other non-resident Applicants across all Categories applying for Bonds on repatriation or a non-repatriation basis.

Copies of the Abridged Prospectus containing the salient features of this Prospectus Tranche – I together with Application Forms may be obtained from our Registered Office, the Lead Managers, the Consortium Members and the Designated Branches of the SCSBs. Additionally this Prospectus Tranche – I and the Application Forms will be available for download on the website of the Designated Stock Exchange at www.bseindia.com and other relevant Indian stock exchanges, the websites of the Lead Managers at www.axiscap.in, www.edelweissfin.com, www.hdfcbank.com, www.karvy.com, and www.rrfinance.com/www.rrfcl.com respectively.

Electronic Application Forms will also be available on the website of the relevant Stock Exchange(s). A hyperlink to the website of the relevant Stock Exchanges(s) for this facility will be provided on the website of the Lead Managers and the SCSBs.

Trading Members can download Application Forms from the website of the relevant Stock Exchange(s). Further, Application Forms will also be provided to Trading Members at their request.

The prescribed colour of the Application Form for the Applicants is as follows:

Category	Colour of the Application Form
Resident Indians (ASBA and non-ASBA Applicants)	White
FIIs (including Sovereign Wealth Funds, Pension Funds and Gratuity Funds registered as FIIs with SEBI), Eligible NRIs (applying on a repatriation as well as non-repatriation basis), Eligible QFIs and any other non-resident Applicant across all Categories.	Blue

Methods of Application

An eligible Investor may apply in the Issue through one of the following methods:

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

Note – *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 relevant 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 relevant Stock Exchange(s) after the filing of this Prospectus Tranche – I 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 Forms will have to

select the ASBA mechanism in the Application Forms 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 relevant Stock Exchange(s) 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.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Managers 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, aall grievances against Trading Members in relation to the Issue should be made by Applicants directly to the relevant Stock Exchange(s).

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 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. The Members of the Syndicate and Trading Members shall, upload the non-ASBA Application on the online platform of the relevant Stock Exchange(s), 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 grievances relating to their Applications.

Upon uploading the Application on the online platform of the relevant Stock Exchange(s), 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 Lead Managers at www.axiscap.in, www.edelweissfin.com, www.hdfcbank.com, www.karvy.com and www.rrfinance.com/www.rrfcl.com, respectively (A link for the said websites will be available at the website of the BSE at www.bseindia.com and other relevant Indian stock exchanges at their respective websites). Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located in towns/ cities 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 the relevant Stock Exchange(s) 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 the relevant Stock Exchange(s) 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 our Company, nor the Members of the Syndicate, nor 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(s).

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

Applicants (except for Eligible QFIs) 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 "Issue Procedure – Applications by various Applicant Categories" and "Issue Procedure - Additional instructions specific for Applicants seeking Allotment of the Bonds in physical form" at pages 62 and 76, 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 the relevant Stock Exchange(s), 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 shall preserve this and should provide the same for any 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 the relevant Stock Exchange(s) 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 the relevant Stock Exchange(s) 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 Lead Managers at www.axiscap.in, www.edelweissfin.com, www.hdfcbank.com, www.karvy.com and www.rrfinance.com/www.rrfcl.com, respectively (A link for the said websites will be available at the website of the BSE at www.bseindia.com and other Indian stock exchanges at their respective websites). Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located in towns/ cities 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 our Company, 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, our Company 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.

Further, please note that Eligible QFIs cannot apply for Allotment of the Bonds in physical form. For further information, see the section titled "Issue Procedure – Applications by various Applicant Categories – Applications by Eligible QFIs" on page 65.

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.

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

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.

- *Please note that Eligible QFIs cannot make Applications for Allotment of the Bonds in physical form.*

Application Size

Applications are required to be for a minimum of five Bonds and multiples of one Bond thereafter.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by FIIs^

An FII who purchases the Bonds under this Issue shall make the payment for purchase of such securities either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-resident Rupee Account maintained by such FII with a designated branch of an authorized dealer in terms of the applicable regulations governing the same.

Applications by FIIs for Allotment of the Bonds in physical form must be accompanied by certified true copies of (i) its SEBI registration certificate; (ii) an inward remittance certificate; (iii) a resolution authorising investment in the Bonds; and (iv) specimen signatures of authorised persons.

Investments by FIIs

Investments by FIIs in the Issue will be restricted by various circulars issued by SEBI and RBI providing for corporate debt limits. In particular, the SEBI circular bearing reference No. CIR/IMD/FIIC/6/2013, dated April 1, 2013 provides that the following categories of debt limits shall be merged into a single category named 'Corporate Debt':

1. Corporate debt – Old for FIIs (US$ 20 billion).
2. Corporate debt – Old for QFIs (US$ 1 billion).
3. Corporate debt – Long Term (US$ 5 billion).
4. Corporate debt in relation to the long term infrastructure sector (US$ 12 billion).
5. Investment by QFIs in debt mutual fund schemes which invest in the infrastructure sector (US$ 3 billion).
6. Investment in Infrastructure Debt Funds (US$ 10 billion).

The combined limit for FIIs in the Corporate Debt category is US$ 51 billion, as provided in the table below.

Type of Instrument	Investment cap (US$ billion)	Eligible Investors	Remarks
Government Debt	25	FIIs and QFIs	Eligible investors may invest in Treasury Bills only up to US$ 5.5 billion within the limit of US$ 25 billion
Corporate Debt	51	FIIs and QFIs	Eligible investors may invest in Commercial Papers only up to US$ 3.5 billion within the limit of US$ 51 billion

The RBI has, through its circular (bearing RBI/2012-13/391) dated January 24, 2013 enhanced the limit for investment by FIIs in the government debt (long term) category by US$ 5 billion to US$ 15 billion and the corporate non-infrastructure debt category by US$ 5 billion. In terms of the aforesaid RBI circular, the changes are summarized below:

a) In the government debt (long term), the provision regarding 3 years residual maturity at the time of first purchase shall no longer be applicable. However, within this category, FIIs shall not be allowed to invest in short term paper like treasury bills.

b) In terms of the aforesaid circular, the limit of US$ 5 billion in the corporate non-infrastructure debt shall not be available for investment in certificate of deposits and commercial paper. Investments in certificate of deposits are not permitted within the limit of US$ 20 billion.

c) The US $ 1 billion limit for QFIs shall continue to be over and above the revised limit of US$ 25 billion available for FII investment in corporate non-infrastructure debt.

d) For the US$ 12 billion sub-category for investment in corporate long term infrastructure bonds, the following changes have been made :

   (i) The restriction of 1 year lock-in period has been removed.
   (ii) The 5 year initial maturity restriction has been removed.

   At the time of first purchase by FIIs, the residual maturity shall be 15 months.

e) For the sub-category of US$ 10 billion reserved for FII investments in Infrastructure Debt Funds, the restriction of 1 year lock-in has been removed. The requirement of residual maturity of 15 months at the time of first purchase remains unchanged.

f) Through its circular (bearing CIR/IMD/FII&C/18/2012) dated July 20, 2012, SEBI had permitted QFIs to invest in those debt mutual fund schemes that hold at least 25% of their assets (either in debt or equity or both) in the infrastructure sector under the US$ 3 billion investment limit for debt mutual fund schemes. These schemes were required to invest in infrastructure debt having a minimum residual maturity of 5 years. This restriction of 5 years residual maturity has been removed while the restriction of 3 years initial maturity has been introduced.

g) All the above changes in lock-in, initial maturity and residual maturity requirements shall apply for investments by FIIs and Sub-Accounts in debt securities to be made after the date of this circular.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (the "**SEBI FII Regulations**"), an FII (as defined in the SEBI FII Regulations), may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with "know your client" norms. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations.

Applications by NRIs[^]

We propose to issue Bonds to Eligible NRIs on a repatriable as well as non-repatriable basis. Eligible NRI Applicants should note that only such Applications as are accompanied by payment in Indian Rupees only shall be considered for Allotment. An Eligible NRI can apply for Bonds offered in the Issue subject to the conditions and restrictions contained in the Foreign Exchange Management (Borrowing or Lending in Rupees) Regulations, 2000, and other applicable statutory and/or regulatory requirements including the interest rate requirement as provided in the CBDT Notification. Allotment of Bonds to Eligible NRIs shall be subject to the Application Amounts paid by the NRI as described below:

1. **In case of Eligible NRIs applying on repatriation basis:** If the Application Amounts are received either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through rupee denominated demand drafts/ cheques drawn on a bank in India or by transfer of funds held in the investor's rupee denominated accounts i.e. Non Resident External ("**NRE**") / Foreign Currency Non Resident ("**FCNR**") Account/ any other permissible account in terms of applicable law, maintained with an RBI authorised dealer or a RBI authorised bank in India.

2. **In case of Eligible NRIs applying on non-repatriation basis:** If the Application Amounts are received either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through rupee denominated demand drafts/ cheques drawn on a bank in India or by transfer of funds held in the investor's rupee denominated accounts i.e.. Non-resident Ordinary ("**NRO"**) account/ NRE account/ FCNR Account/ Non Resident Special Rupee ("**NRSR**") Account/ any other permissible account in terms of applicable law, maintained with an RBI authorised dealer or a RBI authorised bank in India.

Applications by Eligible NRIs (applying on a repatriation basis) should be accompanied by (i) a bank certificate confirming that the demand draft in lieu of the Application Money has been drawn on an NRE account; and (ii) if such Eligible NRI is a Person of Indian Origin ("**PIO**"), a PIO card.

^The Issuer does not make any representations and does not guarantee eligibility of any foreign investor, including, *inter alia,* FIIs, Eligible NRIs and Eligible QFIs for investment into the Issue either on a repatriation basis or on a non-repatriation basis. All foreign Investors have to verify their eligibility and ensure compliance with all relevant and applicable notifications by the RBI and extant guidelines as well as all relevant and applicable guidelines, notifications and circulars by SEBI pertaining to their eligibility to invest in the Bonds at the stage of investment in this Issue, at the time of remittance of their investment proceeds as well as at the time of disposal of the Bonds. The Issuer will not check or confirm eligibility of such investments in the Issue.

Issue and Allotment of Bonds to NRI Applicants

Our Company confirms that:

i. the rate of interest on each series of Bonds does not exceed the prime lending rate of the State Bank of India as on the date on which the resolution approving the Issue was passed by our Board, plus 300 basis points;

ii. the period for redemption of each Series of Bonds will not be less than 3 years;

iii. we do not and shall not carry on agricultural /plantation /real estate business/ trading in Transferable Development Rights and does not and shall not act as Nidhi or Chit Fund Company;

iv. We will file the following with the nearest office of the Reserve Bank, not later than 30 days from the date:

   (a) of receipt of remittance of consideration received from Eligible NRIs in connection with the Issue, full details of the remittances received, namely:

      (i) a list containing names and addresses of each NRI Applicant who have remitted funds for investment in the Bonds on non-repatriation basis and repatriation basis;

      (ii) amount and date of receipt of remittance and its rupee equivalent; and

      (iii) names and addresses of Authorised Dealers through whom the remittance has been received; Please note that Application Amounts for the Bonds has to be paid in cheques or demand drafts only, in Rupee denominated currency only; and

   (b) of closure of the Issue, full details of the monies received from NRI Applicants, namely:

      (i) a list containing names and addresses of each NRI allottee and number of Bonds issued to each of them on non-repatriation basis and repatriation basis, and

(ii) a certificate from our Compliance Officer that all provisions of the FEMA, and rules and regulations made thereunder in connection with the issue of the Bonds have been duly complied with.

We further confirm that the monies received from FIIs and Eligible NRIs who are Allotted Bonds pursuant to the Issue, will not be utilised for any investment, whether by way of capital or otherwise, in any company or partnership firm or proprietorship concern or any entity, whether incorporated or not, or for the purpose of re-lending. For further details, including details of utilization of funds, see the section titled "Objects of the Issue" on page 28.

Applications by Eligible QFIs

Pursuant to a circular dated July 16, 2012, the RBI has permitted Eligible QFIs to invest in "to be listed" corporate bonds of Indian companies directly from the Issuer, through QFIs DP on a repatriation basis subject to certain terms and conditions. Furthermore, in terms of the SEBI circular dated July 18, 2012 Eligible QFIs have been permitted to invest in corporate bonds of Indian companies, which are offered to the public in India in accordance with the Companies Act, provided that, listing is committed to be done within 15 days from such investment.

Eligible QFIs are permitted to invest in corporate debt securities (without lock-in or residual maturity clauses) and mutual fund schemes up to an overall limit of USD 1 billion, over and above the FII limits for investment in corporate debt. These limits are modified and allocated in the manner specified in terms of the SEBI circular dated July 18, 2012.

Eligible QFIs shall open a single non interest bearing Rupee account with an AD category-I bank in India for routing the payment for transactions relating to purchase and sale of corporate debt instruments (including investment in equity shares in public issues) subject to the conditions as may be prescribed by the RBI from time to time. This account shall be funded by inward remittance through normal banking channels in any permitted currency (freely convertible) and shall be operated by the QFIs DP. Further, Eligible QFIs are required to open a single demat account with a QFIs DP for investment in eligible corporate debt instruments.

Eligible QFIs who wish to participate in the Issue are required to submit the Application Form meant for Non-Residents in the Issue. Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

[^]The Issuer does not make any representations and does not guarantee eligibility of any foreign investor, including, *inter alia,* FIIs, Eligible NRIs and Eligible QFIs for investment into the Issue either on a repatriation basis or on a non-repatriation basis. All foreign Investors have to verify their eligibility and ensure compliance with all relevant and applicable notifications by the RBI and extant guidelines as well as all relevant and applicable guidelines, notifications and circulars by SEBI pertaining to their eligibility to invest in the Bonds at the stage of investment in this Issue, at the time of remittance of their investment proceeds as well as at the time of disposal of the Bonds. The Issuer will not check or confirm eligibility of such investments in the Issue.

Applications by Mutual Funds

A mutual fund scheme cannot invest more than 15.00% 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 20.00% of the NAV of the scheme with the prior approval of the board of trustees and the board of asset management company.

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 the Application is being made. An Applications Forms by a mutual fund registered with SEBI for Allotment of the Bonds in physical form must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Application by Scheduled Commercial Banks

Scheduled Commercial Banks can apply in this Issue based upon their own investment limits and approvals. Applications by them for Allotment of the Bonds in physical form must be accompanied by certified true copies of (i) a board resolution authorising investments; and (ii) a letter of authorisation. Failing this, our Company reserves the right to accept or reject any Application for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Application by Insurance Companies registered with the IRDA

In case of Applications for Allotment of the Bonds in physical form made by an insurance company registered with the IRDA, a certified copy of its certificate of registration issued by IRDA must be lodged along with Application Form. The Applications must be accompanied by certified copies of (i) its Memorandum and Articles of Association; (ii) a power of attorney (iii) a resolution authorising investment and containing operating instructions; and (iv) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

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, for Allotment of the Bonds in physical form must be accompanied by certified true copies of: (i) the SEBI registration certificate of such Alternative Investment Fund; (i) a resolution authorising the investment and containing operating instructions; and (ii) specimen signatures of authorised persons. Failing this, our Company 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 time 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.

Applications by Public Financial Institutions authorized to invest in the Bonds

Applications by Public Financial Institutions for Allotment of the Bonds in physical form 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, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications made by companies, Limited Liability Partnerships and bodies corporate registered under applicable laws in India

Applications made by companies, Limited Liability Partnerships and bodies corporate for Allotment of the Bonds in physical form 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, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications under a 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, our Company 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, our Company, in consultation with the Lead Manager, reserves the right to reject such Applications.

Our Company, 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 our Company 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, for Allotment of the Bonds in physical form 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, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Fund

Application made by National Invest Fund for Allotment of the Bonds in physical form 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, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Application by Commercial Banks, co-operative banks and Regional Rural Banks

Commercial Banks, co-operative banks and Regional Rural Banks can apply in the Issue based upon their own investment limits and approvals. The application must be accompanied by certified true copies of (i) Board resolutions authorising investments; and (ii) letters of authorisation. Failing this, our Company 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

Applications made by a trust, settled under the Indian Trusts Act, 1882, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must be accompanied by a (i) certified true copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof; and (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Failing this, our Company 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 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 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) Foreign nationals, except as may be permissible under the CBDT Notification or under the applicable law;
c) Non resident Investors, including FIIs, NRIs and QFIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;

d) Overseas Corporate Bodies;
e) Indian Venture Capital Funds;
f) Foreign Venture Capital Investors; and
g) Persons ineligible to contract under applicable statutory/ regulatory requirements.

In case of Applications for Allotment of the Bonds in dematerialised form, the Registrar shall verify the above 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 the relevant Stock Exchange(s) by the Members of the Syndicate, SCSBs or the Trading Members, as the case may be.

Nothing in this Shelf Prospectus constitutes an offer of Bonds for sale in the United States or any other jurisdiction where it is unlawful to do so. The Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the Securities Act), or the securities laws of any state of the United States or other jurisdiction and the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Shelf Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

No offer to the public (as defined under Directive 20003/71/EC, together with any amendments and implementing measures thereto, (the "Prospectus Directive") has been or will be made in respect of the Issue or otherwise in respect of the Bonds, in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the Bonds.

Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions of the bonds and the information contained in this Prospectus Tranche – I.

Payment instructions

Payment mechanism for ASBA Applicants

An ASBA Applicant shall specify details of the ASBA Account in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. 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 in terms of the Escrow Agreement. 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 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

We 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.

In terms of the FEMA Borrowing Regulations, monies borrowed in Indian rupees from persons resident outside India (as defined in FEMA) cannot be utilised for re-lending activities. Accordingly, we will open and maintain separate escrow accounts with the Escrow Collection Banks in connection with all Application Amounts received from FIIs, Eligible NRIs, Eligible QFIs and other non resident Applicants across all Categories (the

"**Non Resident Escrow Accounts**"). All application Amounts received from FIIs, Eligible NRIs, Eligible QFIs and other non resident Applicants across all Categories shall be deposited in the Non Resident Escrow Account, maintained with each Escrow Collection Bank. Upon receipt of requisite instructions from the Lead Managers and the Registrar in the manner detailed in the Escrow Agreement, the Escrow Collection Banks shall transfer the monies from the Non Resident Escrow Accounts to a separate bank account, ("**Non Resident Public Issue Account"**), which shall be different from the Public Issue Account. The Company shall at all times ensure that any monies kept in the Non Resident Escrow Account and the Non Resident Public Issue Account shall be utilised only in accordance with applicable statutory and/or regulatory requirements for the following purposes:

(a) Debt servicing, which includes servicing of both the principal amounts as well as interest payments of various debt facilities availed by our Company in the past and currently outstanding in its books of accounts, including loans, market borrowings (which include our non-convertible bonds/ debentures);
(b) Statutory payments;
(c) Establishment and administrative expenses;
(d) Other working capital requirements of our Company; and
(e) Any other purposes and end-uses as may be allowed by RBI from time to time through relevant regulations/guidelines/clarifications issued by RBI.

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

a) The payment instruments from all resident Applicants shall be payable into the Escrow Accounts drawn in favour of "***HUDCO Tax Free Bonds 2013-14 – Escrow Account - R***".

b) The payment instruments from FII, Eligible NRIs, Eligible QFIs and other non resident Applicants across all Categories on a repatriation basis shall be payable in the Non Resident Escrow Accounts drawn in favour of "***HUDCO Tax Free Bonds 2013-14 – Escrow Account – NR Repat***".

c) The payment instruments from FII, Eligible NRIs, Eligible QFIs and other non resident Applicants across all Categories on a non-repatriation basis shall be payable in the Non Resident Escrow Accounts drawn in favour of "***HUDCO Tax Free Bonds 2013-14 – Escrow Account – NR Non-Repat***".

d) 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.

e) The monies deposited in the Escrow Accounts will be held for the benefit of the Applicants until the Designated Date.

f) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts and the Non Resident Escrow Accounts as per the terms of the Escrow Agreement, the Shelf Prospectus and this Prospectus Tranche – I into the Public Issue Accounts and the Non Resident Public Issue Accounts, respectively. The Escrow Collection Bank shall also, upon receipt of instructions from the Lead Managers and the Registrar, transfer all amounts payable to Applicants, who have not been allotted Bonds to the Refund Accounts.

Please note that Applications accompanied by Application Amounts in cash/ stock invest/ money orders/ postal orders will not be accepted.

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

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

Our Company 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 this Prospectus Tranche – I with the RoC 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 this Prospectus Tranche – I 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 this Prospectus Tranche – I.

(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. Applications can be in single or joint names (not exceeding three names).

(f) If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the DP 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 required to give confirmation to this effect in the Application Form.

(g) 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 NSE 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.

(h) 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 this Prospectus Tranche – I and in the Application Form.

(i) 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.

(j) All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.

(k) Applications for all the Series of the Bonds may be made in a single Application Form only.

(l) 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.

We shall allocate and Allot Bonds of Tranche – I Series 1 A/Tranche – I Series 1B maturity (depending upon the Category of Applicants) to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Series applied for.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE BONDS IN DEMATERIALISED 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 BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED 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 despatch/ 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 our Company 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 the relevant Stock Exchange(s) 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 our Company, 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 our Company, 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 Shelf Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, our Company 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 on-line facilities of the relevant Stock Exchange(s). The Lead Managers, our Company, 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 (iv) 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 relevant Stock Exchange(s) 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 the relevant Stock Exchange(s). 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.

(c) Based on the aggregate demand for Applications registered on the electronic facilities of the relevant Stock Exchange(s), a graphical representation of consolidated demand for the Bonds, as available on the website of the relevant Stock Exchange(s), 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, SCSBs, the Members of the Syndicate and Trading Members, as the case may be, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Series(s) of Bonds applied, Application Amounts, details of payment instruments (for non – ASBA Applications) and any other details that may be prescribed by the online uploading platform of the relevant Stock Exchange(s).

(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 our Company. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(f) The permission given by the relevant Stock Exchange(s) 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 our Company, and/or the Lead Managers are cleared or approved by the relevant Stock Exchange(s); 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 our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Shelf Prospectus; nor does it warrant that the Bonds will be listed or will continue to be listed on the BSE.

(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 Designated Stock Exchange.

(h) Only Applications that are uploaded on the online system of the relevant Stock Exchange(s) shall be considered for Allotment.

General Instructions

Do's

- **Check if you are eligible to apply;**
- **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;
- 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, 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 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 provided, and for HUFs, PAN of the HUF should be provided. 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; and

- Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

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;

- 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 and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company, the Registrar or Trading Members;

- 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 our Company, 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.

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 shall not be accepted under the ASBA process;

- Do not submit the Application Form with a Member of the Syndicate 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 relevant Stock Exchange(s)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 relevant Stock Exchange(s). It is clarified that the Applications not uploaded in the electronic application system of the relevant Stock Exchange(s) 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 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 Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Managers, Consortium

Members 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 (other than an Eligible QFI) 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.

- If you are a resident Applicant, please provide the following documents along with the Application Form:

  (a) Self-attested copy of the 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.

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

  In absence of the cancelled cheque, our Company 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 Company, Lead Managers and Registrar shall not be liable for any delays/ errors in payment of refund and/ or interest.

- If you are a non-resident Applicant, please provide the following documents along with the Application Form:

  a. Self-attested copy of the PAN card;
  b. SEBI registration certificate (for FIIs);
  c. An inward remittance certificate;
  d. A resolution authorizing investment in the Bonds;
  e. Specimen signatures of authorized persons;
  f. A certificate from the issuing bank confirming that the demand draft has been drawn on an NRE/ NRO/ FCNR/ NRSR account (for Eligible NRIs);
  g. A PIO Card (for Eligible NRI Applicants who are PIOs);
  h. 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.

i. 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.

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 our Company 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 aforestated documents, may be rejected at the sole discretion of our Company.

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. Eligible QFIs cannot apply for the Allotment of Bonds in physical form.

3. In case of Bonds that are being issued in physical form, our Company 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**").

4. **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.**

5. Our Company 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 3 of the Companies Act and bodies corporate registered under the applicable laws in India and authorized to invest in the Bonds; multilateral and bilateral development financial institutions and State Industrial Development Corporations; Companies; bodies corporate and societies registered under the applicable laws in India and authorized to invest in the Bonds	The Application must be accompanied by certified true copies of: • 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 • 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
Provident Funds, Pension Funds and National Investment	The Application must be accompanied by certified true

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)
Fund	copies of: • Any Act/Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Mutual Funds	The Application must be also accompanied by certified true copies of: • 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 and II	The Application must be also accompanied by certified true copies of: • 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.
Resident Indian individuals and HUF under Categories III and IV	N.A.
	The Application must be also accompanied by certified true copies of: • 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 III and Category IV	The Application must be also accompanied by certified true copies of: • A certified copy of the power of attorney has to be lodge with the Application Form
Partnership firms in the name of the partners Limited Liability partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)	• Partnership Deed • Any documents evidencing registration thereof under applicable statutory/ regulatory requirements. • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person.
FIIs	The Application must be also accompanied by certified true copies of: • SEBI registration certificates. • An inward remittance certificate. • A resolution authorising investment in the Bonds. • Specimen signatures of authorised persons.
Eligible NRIs	The Application must be also accompanied by certified true copies of: • A certificate from the issuing bank confirming that the demand draft has been drawn on an NRE/ NRO/ FCNR/ NRSR account. • A PIO Card (if the Eligible NRI is a PIO).

Submission of Application Forms

For details in relation to the manner of submission of Application Forms, see the section titled "Issue Procedure – Methods of Application" at page 59.

OTHER INSTRUCTIONS

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.

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 and in multiples of ₹ 1,000 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 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.

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) Tripartite Agreements dated September 20, 2011, between us, the Registrar and CDSL and NSDL, respectively have been executed, 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 BSE 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 "Issue Procedure – Methods of Application" and "Issue Procedure – General Instructions" on pages 59 and 73, respectively.

Communications

All future communications in connection with Applications made in the Issue should be addressed to the Registrar quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Compliance Officer as well as the contact persons of our Company/ 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., applicants may contact our Compliance Officer as well as the contact persons of our Company/Lead Managers or Registrar. Please note that Applicants who have applied for the Bonds through Trading Members should contact the

relevant Stock Exchange(s) 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.

Revision of Applications

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the stock exchange(s), by submitting a written request to the Members of the Syndicate/Trading Member/SCSBS, as the case may be. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the online Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the Application data captured is accurate, the Members of the Syndicate, Trading Members and Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the Depositories.

Rejection of Applications

The Board of Directors and/or any committee of our Company and/or the Chairman and Managing Director 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 may 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;
- Applications not being signed by the sole/ joint Applicants;
- Applications submitted without payment of the Application Amount;
- In case of partnership firms, the application forms submitted in the name of individual partners and/or accompanied by the individual's PAN rather than the PAN of the partnership firm;
- Applications submitted without payment of the full Application Amount. However, our Company may allot Bonds upto the full value of the Application Amount paid, in the event that such Application Amounts exceed the minimum Application Size as specified in this Prospectus Tranche – I;
- 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;
- Signature of the Applicant missing;
- Applications by persons not competent to contract under the Indian Contract Act, 1872 including a minor without the name of a guardian;
- 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 our Company or the Registrar to the Issue;
- 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;

- 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;
- Applications for an amount below the minimum Application size;
- 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 relevant Stock Exchange(s);
- Applications for Allotment of Bonds in dematerialised form providing an inoperative demat account number;
- Applications by Eligible QFIs for Allotment of Bonds in physical form;
- 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;
- Applications non-resident Investors, including FIIs, Eligible NRIs, Eligible QFIs, who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- In case of Eligible NRIs applying on non repatriation basis if: (i) in case of application for allotment in physical form, the account number mentioned in the application form where the sale proceeds/ maturity proceeds/ interest on Bonds is to be credited is a repatriable account; or (ii) in case of application for allotment in demat form, the status of the demat account mentioned is repatriable;
- In case of Eligible NRIs applying on repatriation basis, if the Application Amount is received from an account other than an NRE/ FCNR/ any other permissible account in accordance with applicable law, with an RBI authorised dealer or a RBI authorised bank in India.
- In case of Eligible NRIs applying on non- repatriation basis, if the Application Amount is received from an account other than Non-resident Ordinary (NRO)/ Non Resident External (NRE) account/ any other permissible account in accordance with applicable law, maintained with an RBI authorised dealer or a RBI authorised bank in India.
- Bank certificate not provided along with demand draft for Eligible NRI Applicants;
- PIO Applications without the PIO Card;
- SCSBs making an ASBA Application (a) through an ASBA Account maintained with its own self or (b) through an ASBA account maintained through a different SCSB not in its own name, or (c) through an ASBA Account maintained through a different SCSB in its own name, which ASBA Account is not utilised for the purpose of applying in public issues;
- Where PAN details in the Application Form and as entered into the bidding platform of the relevant Stock Exchange(s), are not as per the records of the Depositories; and
- In case of Applicants applying for the Bonds in physical form, if the address of the Applicant is not provided in the Application Form.

For further instructions regarding Application for the Bonds, Applicants are requested to read the Application Form.

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 Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would

be borne by us.

ii. **NECS** – Payment of refund would be done through NECS for Applicants having an account at any of the 68 centres where such facility has been made available. 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 ₹ 200,000, Applicants have the option to receive refund through RTGS. Charges, if any, levied by the refund bank(s) for the same would be borne by us. 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 despatched through speed post/ registered post. 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 our Company, 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.

Our Company 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.

Further,

a) Allotment of Bonds in the Issue shall be made within a time period of 12 Working Days from the Issue Closure Date;

b) Credit to dematerialised accounts will be given within two Working Days from the Date of Allotment;

c) Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund orders have not been dispatched to the applicants within 12 Working Days from the Issue Closure Date, for the delay beyond 12 Working Days; and

d) Our Company will provide adequate funds to the Registrar for this purpose.

Retention of oversubscription

Our Company is making a public issue of the Bonds aggregating upto ₹ 750 crore* with an option to retain oversubscription of Bonds up to ₹ 4,809.20 crore.

* ***In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2013, at its discretion. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹4,809.20 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

Grouping of Applications and allocation ratio

For the purposes of the Basis of Allotment:

A. *Applications received from Category I Applicants:* Applications received from Applicants belonging to Category I shall be grouped together, **("QIB Portion")**;

B. *Applications received from Category II Applicants:* Applications received from Applicants belonging to Category II, shall be grouped together, **("Corporate Portion")**;

C. *Applications received from Category III Applicants:* Applications received from Applicants belonging to Category III shall be grouped together, **("High Net Worth Individual Portion")**; and

D. *Applications received from Category IV Applicants:* Applications received from Applicants belonging to Category IV shall be grouped together, **("Retail Individual Investor Portion")**.

For removal of doubt, the terms "**QIB Portion**", "**Corporate Portion**", "**High Net Worth Individual Portion**" and "**Retail Individual Investor Portion**" are individually referred to as a "**Portion"** and collectively referred to as **"Portions"**.

For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue upto ₹ 4,809.20 crore. The aggregate value of Bonds decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of Bonds upto the Base Issue Size shall be collectively termed as the **"Overall Issue Size".**

Allocation ratio

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

QIB Portion	Corporate Portion	High Net Worth Individual Portion	Retail Individual Investor Portion
10% of the Overall Issue Size.	20% of the Overall Issue Size	30% of the Overall Issue Size.	40% of the Overall Issue Size out.

Basis of Allotment

(a) Allotment on date-priority

By virtue of its letter (bearing no. IMD/DOF-1/BM/VA/OW/22411/2013) dated September 4, 2013, SEBI has granted us an exemption from the requirements of paragraph 3.2.3 of the Debt Application Circular (which requires allotments in a public issue of debt securities to be carried out on a "date-time priority" basis) and allowed us to effect Allotments of Bonds in this Issue on the basis of the date of upload of Applications on the electronic Application platform of the relevant Stock Exchange(s). Accordingly, Allotments of Bonds in this Issue will be on a first come-first serve basis, on the basis of the date of upload of Applications on the electronic Application platform of the relevant Stock

Exchange(s).

(b) Allotments in the first instance:

i. Applicants belonging to the Category I, in the first instance, will be allocated Bonds upto 10% of the Overall 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 Exchange(s));

ii. Applicants belonging to the Category II, in the first instance, will be allocated Bonds upto 20% of Overall 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 Exchange(s));

iii. Applicants belonging to the Category III, in the first instance, will be allocated Bonds upto 30% of Overall 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 Exchange(s));

iv. Applicants belonging to the Category IV, in the first instance, will be allocated Bonds upto 40% of Overall 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 Exchange(s)).

(c) Under subscription

If there is any under subscription in any Portion, priority in Allotments will be given in the following order:

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

(d) For all Portions, all Applications uploaded on the same day on the electronic Application platform of the relevant Stock Exchange(s) would be treated at par with each other.

(e) Minimum allotments of one Bond would be made in case of each valid Application.

(f) 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, 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 (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant Stock Exchange(s), in each Portion). The method of proportionate allotment is as described below:

i. Allotments to the applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer,

ii. 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;

iii. In the event, there are more than one Applicant whose entitlement remains equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(g) 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 Stock Exchanges.

All decisions pertaining to the basis of allotment of Bonds pursuant to the Issue shall be taken by our Company in consultation with the Lead Managers, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus Tranche – I. Our Company would allot Tranche – I Series 1 A/ Tranche – I Series 1B Bonds (depending upon the category of Applicants) to all valid Applications, wherein the Applicants have not indicated their choice of Series of Bonds.

Investor Withdrawals and Pre-closure

Withdrawal of Applications during the Issue Period

Withdrawal of ASBA Applications

ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Member of the Syndicate, Trading Member or Designated Branch of an SCSB, as the case may be, through whom the ASBA Application had been made. In case of ASBA Applications submitted to the Members of the Syndicate or Trading Members at the Syndicate ASBA Application Locations, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Member of the Syndicate or Trading Member, as the case may be, shall undertake requisite actions, including deleting details of the withdrawn ASBA Application Form from the electronic platform of the relevant Stock Exchange(s). In case of ASBA Applications submitted directly to a Designated Branch of an SCSB, upon receipt of the request for withdrawal from an ASBA Applicant, the relevant Designated Branch shall undertake requisite actions, including deleting details of the withdrawn ASBA Application Form from the electronic platform of the relevant Stock Exchange(s) and un-blocking 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 the Member of the Syndicate or Trading Member, as the case may be, through whom the Application had been made. Upon receipt of the request for withdrawal from the Applicant, the relevant Member of the Syndicate or Trading Member, as the case may be, shall undertake requisite actions, including deleting details of the withdrawn Application Form from the electronic platform of the relevant Stock Exchange(s).

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw an Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

Pre-closure: Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date (subject to full subscription of the Retail Individual Investor Portion prior to such early closure). Our Company 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.

Utilisation of Application Amounts

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

Utilisation of the proceeds of the Issue

(a) All monies received pursuant to the Issue of Bonds to public shall be transferred to a separate bank

account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act.

(b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised.

(c) Details of all unutilised monies out of issue of Bonds, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

(d) We shall utilize the Issue proceeds only upon creation of security as stated in this Shelf Prospectus, receipt of the listing and trading approval from the BSE.

(e) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property.

(f) All subscription monies received from FIIs, Eligible NRIs, Eligible QFIs and all other non resident Applicants across all Categories through the Issue shall be kept in a separate account opened and maintained by the Company, the proceeds of which account shall not be utilised for any lending purposes in terms of the FEMA Borrowing Regulations.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of section 68 A of the Companies Act, which is reproduced below:

"*Any person who:*

a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Listing

The Bonds will be listed on the BSE. Our Company has received in-principle approval from the BSE for permission to deal in and for an official quotation of our Bonds by its letter dated September 6, 2013. The application for listing of the Bonds will be made to the BSE at an appropriate stage.

If permissions to deal in and for an official quotation of our Bonds are not granted by the BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Shelf Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the BSE 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 Bonds with Series of Bonds shall not be listed.

Undertakings by the Issuer

We undertake that:

a) the complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Trading Members) 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 by our Company;

d) necessary cooperation to the credit rating agencies 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 Debenture Trustee at the end of each half year;

f) we shall disclose the complete name and address of the Debenture Trustee in our annual report;

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 Shelf Prospectus this Prospectus Tranche – I; and

h) we shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Debt Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of equity shares or debentures and/or their consolidation/splitting are as detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

		SHARE CAPITAL
		Articles Capital
5.		The Share Capital of the Company is Rs 2,500 crores (Rupees two thousand and five hundred crores) divided into 2,50,00,000 (two crore and fifty lacs) equity shares of ₹ 1,000/- each.
		Company's shares not to be purchased
6.		No part of the funds of the Company shall be employed in the purchase of or in loans upon the security of the Company's shares.
		Allotment of shares
7.		Subject to the provisions of the Act and these articles and to the rights of the President, the shares shall be under the control of the Board of Directors who may allot or otherwise dispose off the same to such person and on such terms and conditions as they think fit.
		CERTIFICATES
		Share Certificate
9.	(1)	Every person whose name is entered as a member in the register shall, without payment, be entitled to a certificate under the common seal of the Company specifying the share or shares held by him and the amount paid thereon, provided that no certificate of any share or shares in the Company shall be issued except in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or of its fractional coupons of requisite value save in cases of issues against letters of acceptance or renunciation or in cases of issue of bonus shares. If the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidence as the Board thinks fit.
	(2)	In respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders and shall be sufficient delivery to all.
		Issue of new share, debenture certificate etc. in place of defaced, lost or destroyed
10.	(1)	No certificate of any share(s), debenture(s) or letter(s) of allotment shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those, which are defaced, torn or old decrepit, worn out; or where the cages on reverse for recording transfers have been fully utilised, unless the certificate or the allotment letter in lieu of which it is issued is surrendered to the Company. The Company shall not charge any fee for sub-division and consolidation of shares and debenture certificates, sub-division of letter(s) of allotment, splitting, consolidation, renewal and Pucca transfer Receipts into denominations corresponding to the market units of trading, issue of new certificates in lieu of old, decrepit or worn out or where the cages on the reverse 'for recording transfers have been fully utilised, registration of transfer of its shares and debentures, sub-division of renounceable letters of Right and registration of .any Power of Attorney, Probate, letter of Administration or similar other documents. Provided that the Company may charge fees which may be agreed upon by the Stock Exchange for sub-division and consolidation of share and debenture certificates, sub-division of letters of allotments and' splitting, consolidation renewal and Pucca Transfer receipts into denominations other than those fixed for the market units of trading.
	(2)	No duplicate share/debenture certificate shall be issued in lieu of those that are lost and/or destroyed without the prior consent of the Board or without payment of such fees as may be agreed upon by the Stock Exchange and on such reasonable terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigation of evidence as the Board thinks fit.
		CALLS
		Calls on shares
11.		The board may, from time to time, make calls upon the members in respect of any moneys unpaid on their shares and specify the time or times of payments, and each member shall pay to the Company at the time or times so specified the amount called on his shares:
		Provided, however, that the board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time to any of the members whom for

		residence at a distance or other cause, the directors may deem entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.
		When interest on call payable.
12.		If a sum payable in respect of any call be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call shall have been made shall pay interest on the same at such rate not exceeding 6 per cent per annum as the board shall fix from the day appointed for the payment thereof to the time of actual payment but the board may waive payment of such interest wholly or in part.
		Payment in anticipation of calls may carry interest.
13.		The board may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advances have been made, the Company may pay interest at such rate not exceeding 6 per cent per annum as the members paying such sum in advance and the board agree upon, and the board may, at any time, repay the amount so-advanced upon giving to such member three months notice in writing.
		Joint-holders' liability to pay.
14.		The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
		LIEN
		Company's lien on shares
15.		The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a lien on all shares (other than fully paid shares) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company but the board of directors may, at any time, declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien, if any, on a share shall extend to all dividends payable thereon.
		TRANSFER AND TRANSMISSION OF SHARES
		Register of transfers
22.		The Company shall keep a book to be called the Register of transfers and therein enter the particulars of several transfers or transmissions of any share.
		Transfer and transmission of shares
23.		The right of members to transfer their shares shall be restricted as follows:-
	a)	a share may be transferred by a member or other person entitled to transfer to a person approved by the President; and
	b)	subject as aforesaid, the directors, may in their absolute and uncontrolled discretion, refuse to register any proposed transfer of shares.
		Notice of refusal to register transfer
24.	(1)	If the directors refuse to register the transfer of any shares they shall, within two months from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, is delivered to the Company send to the transferee and the transferor or to the person giving intimation of such transfer, as the case may be, notice of the refusal.
	(2)	In case of debentures/bonds, the transfer, transmission/sub-division or consolidation shall be effected within one month from the date of lodgement thereof: Provided that the notice of refusal to register transfer transmission, sub-division or consolidation shall be sent within one month from the date on which the instrument of transfer or the intimation/request of transmission/ sub-division or consolidation, as the case may be, is lodged with the company
		Company not bound to recognize any interest in shares other than that of the registered holders.
25.		Save as herein otherwise provided, the directors shall be entitled to treat the person whose name appears on the register of members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable contingent or other claims to or interest in such share on the part of a person, whether or not it shall have express or implied notice thereof.
		Execution of transfer
26.		The instrument of transfer of any share in the Company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
		Form of transfer
27.		Shares in the Company shall be transferred in the prescribed form as-given in the Company (Central Government) General Rules and Forms 1956 or any amendment thereof.

		Transfer to be left at office and evidence of title to be given
28.		Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such evidence as the Company may require to prove the title of the transferor, or his right to transfer the shares. All instruments of transfer shall be retained by the Company but any instrument of transfer which the directors may decline to register shall be returned to the person depositing the same.
		Transmission by operation of law
29.		Nothing contained in article 23 shall prejudice any power of the Company to register as share-holder any person to whom the right to any shares in the Company has been transmitted by operation of law.
		When transfer books and register may be closed
30.		The transfer books and register of members or-the-register of debenture holders may be closed for any time or times not exceeding in the aggregate 45 days in each year but not exceeding 30 days at a time, by giving not less than seven days previous notice and in accordance with Section 154 of the Act.
		Director's right to refuse registration
31.		The directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee, as if he were the transferee named in the ordinary transfer presented for registration.
		INCREASE, REDUCTION AND ALTERATION OF CAPITAL
		Transfer and transmission of debentures etc.
10	(3)	For the transfer/transmission of a security/bond/debenture of the Company the security/bond/debenture holder (hereinafter referred to as the Bond holder) and the heirs of the bond holders will be required to comply with the terms and conditions of the security/bond/debenture issue. If the bond holder or his legal heir fails to comply with the required formalities like submission of the probate of will/letter of administration/ succession certificate or any other document required then HUDCO Board will have right to refuse transfer/transmission of security/bond/ debenture and convey refusal as provided under these Articles. However, in the event of death, bankruptcy or insolvency of an existing bond holder if the compliance of the required formalities create hardship to any of the bond holder of HUDCO or his legal heir and HUDCO Board is convinced of this fact, HUDCO Board may in its absolute discretion (which discretion shall not be questioned) dispense with the requirement of the production of the probate of will, letter of administration or succession certificate or compliance of any other requirement by the bond holder or his heir and authorise the company to register the name of the bond holder or his heirs on the basis of the indemnity bond and/or any other document as the Board may deem fit.
		Power to increase capital
32.		Subject to the approval of the President the directors may, with the sanction of the Company in general meeting increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
		On what condition new shares may be issued
33.		Subject to such direction as may be issued by the President in this behalf, new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given, as the directors shall determine.
		How far new shares to rank with shares in original capital.
34.		Except so far as otherwise provided by the conditions of issue, or by these articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, lien, voting, surrender and otherwise.
		New shares to be offered to members
35.		The new shares shall be offered to the members in proportion to the existing shares held by each member and such offer shall be made by notice specifying the number of shares to which the member is entitled and limiting a time within which the offer, if not accepted, will be deemed to be declined; and after the expiration of such time or on receipt of an intimation from the member to whom such notice is given that he declines to accept the shares offered, the directors may dispose of the same in such manner as they think most beneficial to the Company.
		Reduction of capital etc.
36.		Subject to such direction as may be issued by - the President in this behalf and to the provisions of Sections 100 to 104 of the Act, the Company may, from time to time, by special resolution reduce its capital in any way and in particular and without prejudice to the generality of the foregoing power may:
	(a)	extinguish or reduce the liability on any of the shares in respect of share capital not paid up
	(b)	either with or without extinguishing or reducing liability on any of its shares,

	(i)	cancel any paid up share capital which is lost or is unrepresented by available assets; or
	(ii)	payoff any paid up share capital which is in excess of the wants of the Company upon the footing that it may be called up again or otherwise, and the directors may subject to the provisions of the Act, accept surrender of shares.
		Sub-division and consolidation of shares
37.		Subject to the approval of the President, the Company in general meeting may, from time to time:
	(a)	increase its share capital by such amount as it thinks expedient by issuing new shares;
	(b)	consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
	(c)	convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any other denomination;
	(d)	sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum so, however, that, in the sub-division, the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
	(e)	cancel shares which at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. And shall file with the Registrar such notice of exercise of any such powers as may be required by the Act.
		MODIFICATION OF CLASS RIGHTS
		Power to modify
38.		If at any time, the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and ·107 of the Act, and subject to the prior approval of the President be modified, abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is:
	(a)	ratified in writing by the holders of at least three fourth of the nominal value of the issued shares of that class; or
	(b)	confirmed by a special resolution passed at a separate general meeting of the holders of shares of that class and all the provisions hereinafter contained as to general meeting shall *mutatis mutandis* apply to every such meeting, except that the quorum thereof shall be members holding or representing by proxy one-fifth of the nominal amount of the issued shares of that class. This article is not by implication to curtail the power of modification which the Company would have if the article was omitted.
		BORROWING POWERS
		Power to borrow
39.		Subject to the provisions of the Act, the board may, from time to time, borrow and/or secure the payment of any sum or sums of money for the purposes of the Company, by means of a resolution passed at the meeting of the Board. Provided that the borrowings will be regulated as may be decided by the Board of Directors keeping -in view the guidelines and subject to the directions issued by the Government of India from time to time.
40.		The Board may, keeping in view the guidelines and subject to the directions issued by the Government of India from time to time, raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual, or redeemable debentures or debenture stock, or any mortgage charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
		Securities may be assignable free from equities
41.		Debentures, debenture stock, bonds or other securities, may be made assignable free from any equities between the Company and the persons to whom the same may be issued.
		Issue of debentures etc. at discount or with special privilege
42.		Subject to the approval of the President and Sections 79 and 117 of the Act, any debentures, debenture stock, bonds or other securities may be issued at a discount,· premium or otherwise, and with any special privileges to redemption, surrender, drawings, appointment of directors and otherwise.
		Persons not to have priority over any prior charge
43.		Whenever any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled by notice to the share-holders or otherwise to obtain priority over such prior charge.

		GENERAL MEETINGS
		General meeting
45.		The first annual general meeting of the Company shall be held within 18 months from the date of its incorporation and thereafter the next annual general meeting of the Company shall be held within 6 months after the expiry of the financial year in which the first annual general meeting was held and thereafter an annual general meeting shall be held by the Company within 6 months after the expiry of each financial year, in accordance with the provisions of Section 166 of the Act. Such general meetings shall be called "annual general meetings" and all other meetings of the Company shall be called "extra-ordinary general meetings".
		When extraordinary meeting to be called
46.		The board may, whenever it thinks fit, and it shall when so required by the President or on the requisition of the holders of not less than one-tenth of the paid-up 'capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extra-ordinary meeting of the Company and in the case of such requisition the following provisions shall have effect :-
	(1)	The requisition must state the objects of meeting and must be signed by the requisitionists and deposited at the office and may consist of several documents in like form each signed by one or more requisitionists.
	(2)	If the board does not proceed within 21 days from the date of deposit of valid requisitions to call a meeting on a day not later than 45 days from such date, the meeting may be called by such of the requisitionists as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in clause (a) of sub-section (4) of Section 169 of the Act whichever is less.
	(3)	Any meeting convened under this article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the directors. If, after a requisition has been received, it is not possible for a sufficient number of directors to meet in time so as to form a quorum, any director may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.
		Notice of Meeting.
47.		At least twenty one clear days' notice in writing specifying the place, day and hour of General Meetings, with a statement of business to be transacted at the meeting shall be served on every member in the manner provided by the Act, but with the consent in writing of all the members entitled to receive notice of the same, any General Meeting may be convened by such shorter notice and in such manner as those members may think fit.
		Business of annual meeting.
58.		The business of any annual general meeting shall be to receive and consider the profit and loss account, the balance sheet and the report of the directors and of the auditors, to declare dividends, and to transact any other business which under these articles ought to be transacted at any annual general meeting. All other business transacted at an annual general meeting, and all business transacted at an extra ordinary general meeting shall be deemed special.
		PROCEEDINGS AT GENERAL MEETINGS
		Quorum
59.		Five members present in person, of whom one shall be a representative of the President, shall be a quorum for a general meeting.
		Right of President to appoint any person as his representative.
60.	(1)	The President, so long as he is a shareholder of the Company, may, from time to time appoint such person as he thinks fit (who need not be a member or members of the Company) to represent him at all or any meetings of the company
	(2)	Any person appointed under sub-clause (1) of the article, who is personally present at the meeting, shall be deemed to be a member entitled to vote and be present in person and shall be entitled to represent the President at all or any such meetings and to vote on his behalf whether on a show of hands or on a poll.
	(3)	The President may, from time to time, cancel any appointment made under sub-clause (1) of this article and make fresh appointments.
	(4)	The production at the meeting of an order of the 'President, evidenced as provided in the Constitution of India shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.
	(5)	Any person appointed by the President under. this article may, if so authorised by such order, appoint a proxy whether specially or generally.
		Chairman of general meeting
61.		The Chairman of the board of directors shall be entitled to take the chair at every general meeting or if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as

		Chairman, the members present shall choose another director as Chairman, and if no director shall be present or, if all the directors present decline to take the chair, then the members present, shall choose one of the members to be Chairman.
		When if quorum not present, meeting to be dissolved and when to be adjourned
62.		If within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon any requisition of the members as aforesaid shall be dissolved but in any other case it shall stand adjourned to the same day in the next week not being a public holiday (but if the same be a public holiday the meeting shall stand adjourned to the succeeding date of such public holiday) at the same time and place and if, at such adjourned meeting, a quorum is not present, those members who are present shall be a quorum and may transact the business for which the meeting was called.
		How questions to be decided at meeting
63.		Every question submitted to a meeting shall be decided in the first instance by a show of hands, and in the case of an equality of votes the chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote to which he may be entitled as a member.
		What is to be evidence of the passing of resolution where poll not demanded
64.		At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands, demanded by a member present in person or proxy or by duly authorised representative, .find unless a poll is so demanded a declaration by the chairman that the resolution has, on a show of hands been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
		Poll
65.		If a poll is duly demanded, it shall be taken in such manner and at such time and place as are in accordance with Sections 179 and 180 of the Act.
		Power to adjourn general meeting.
66.		The chairman of a general meeting may, with the consent of the member, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
		In what cases poll taken without adjournment
67.		Subject to provisions of Section 180 of the Act, any poll duly demanded on the election of a chairman of a meeting or on any question of adjournment shall be taken at the meeting without adjournment.
68.		**Business may proceed not withstanding demand of poll**
		The demand of a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.
		Chairman's decision conclusive
69.		The chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
		VOTES OF MEMBERS
		Votes of members
70.		Upon a show of hands every member present in person shall have one vote, and upon a poll, every member present in person or by proxy or by duly authorised representative shall have one vote for every share held by him.
		BOARD OF DIRECTORS
		Number of directors
82.		Until otherwise determined in a general meeting the number of directors of the Company shall be not less than three and not more than ten. The directors are not required to hold any qualification shares.
		Appointment of chairman, managing director and other directors
83.	(1)	The President shall appoint the chairman and shall appoint other directors in consultation with the chairman provided that no such consultation is necessary in respect of government representatives on the board of directors of the Company. The directors (including the chairman/managing director) shall be paid such salary and/or allowances as the President may, from time to time, determine.
	(2)	The President may, from time to time, appoint a managing director and other whole-time director/directors on such terms and remuneration (whether by way of salary or otherwise) as he may think fit.
	(3)	Subject to the relevant provisions of the Act, -the President shall have the right to remove or dismiss the chairman, the managing director/wholetime director and the directors for any

		reasons whatsoever and shall have the right to fill in any vacancy in the office of the chairman, managing director/ whole-time director or the directors caused by removal, dismissal. resignation, death, or otherwise.
	(4)	Subject to the provisions of Section 292 of the Companies Act, the directors may, from time to time, entrust and confer upon the chairman or the managing director, for the time-being such of the powers as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and on such terms and conditions and with such restrictions as they may think expedient and may from time to time, revoke, withdraw, alter or vary all or any of such powers. The President may, from time to time, appoint General Manager(s) Constituent units, in consultation with the Board of Directors, on such terms and remuneration as he may think fit and remove or dismiss them for any reasons whatsoever and shall have the right to fill in any vacancy in the office of the General Manager(s) caused by removal, dismissal, resignation, death or otherwise.
		Disqualifications of directors
88.		A person shall not be capable of being appointed as a director of the Company if he suffers from any of the disqualifications enumerated in Section 274 of the Act. The office of a director shall be vacated if any of the conditions set out in Section 283 of the Act comes to happen. This is without prejudice to the right of the President to remove any director without assigning any reasons whatsoever.
		Powers of chairman
93.		The Chairman shall reserve for the orders of President any proposals or decisions of the directors in any matter which, in the opinion of the Chairman, is of such importance as to be reserved for the approval of the President. No action shall be taken by the Company in respect of any proposal or decision of the directors reserved for the approval of the President as aforesaid until his approval to the same has been obtained. Without prejudice to the generality of the above provision the directors shall reserve for the order of the President any proposal or decision for:
	(i)	the sale, lease or disposal otherwise of the whole, or substantially the whole of the undertaking of the Company.
	(ii)	the formation of a subsidiary Company.
	(iii)	the winding up of the Company; and
	(iv)	the division of capital into different classes of shares.
		Rights of the President
127.		Notwithstanding anything contained in any of these Articles the President may, from time to time, issue such directives or instructions as may be considered necessary in regard to the finances, conduct of business and affairs of the Company. The Company shall give immediate effect to the directives or instruction so issued. In particular the President will have the powers:
	(i)	to give directions to the Company as to the exercise and performance of its functions in matter involving national security of substantial public interest;
	(ii)	to authorise the amount of capital to be raised and the terms and conditions on which it may be raised;
	(iii)	to approve the corporation's revenue budget in case there is an element of-deficit which is proposed to be met by obtaining funds from the Government;
	(iv)	to approve purchases and contracts of a major nature involving substantial capital out-lay which are in excess of the powers vested in the corporation;
	(v)	to call for such returns, accounts and other information with respect to the property and activities of the Company as may be required from time to time;
	(vi)	to approve the enterprise's five-year and annual plans of development and the Company's capital budget;
	(vii)	to approve agreements involving foreign collaboration proposed to be entered into by the Company. Provided that all directives issued by the President shall be in writing addressed to the Chairman. The Board shall, except where the President considers that the interest of the national security requires otherwise, incorporate the contents of directives issued by the President in the annual report of the Company and also indicate its impact on the financial position of the Company
		General power of Company vested in directors
84.	(1)	Subject to the provisions of the Act, the board of directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do, provided that the board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other Act or by the memorandum and articles of the Company or otherwise, to be exercised or done by the Company in general

	meeting. Provided further that in exercising any such power or doing any such act or thing, the board shall be subject to the provisions contained in that behalf in the Act or any other Act or in the memorandum and articles of the Company, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in general meeting.
(2)	No regulation made by the Company in general meeting shall invalidate any prior act of the board which would have been valid if that regulation had not been made.
	DIVIDENDS
	Dividends
100	The profits of the Company available for payment of dividends, subject to any special rights relating thereto created or authorized to be created by these presents and subject to Section 93 of the Act and subject to the provisions of these presents as to reserve fund shall, with the approval of the President, be divisible among members in the proportion to the amount of the capital held by them respectively.
	Paid up in Advance
101	Where capital is paid up on any shares in advance of calls, such capital shall not, confer a right to participate in profits.
	Declaration of dividends
102	The Company in general meeting may declare a dividend to be paid to the members according to their rights and interests in the capital, and may fix the time for payment but no dividend shall exceed the amount recommended by the directors.
	Dividends out of profits only and not to carry interest
103	No dividend shall be payable, otherwise than out of the profits of the year or other period or any other undistributed profits of the Company and no dividend shall carry interest as against the Company.
	Interim dividend
105.	The directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.
	Unclaimed dividend
113.	All dividends unclaimed for one year, after having been declared, may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. No unclaimed dividend shall be forfeited.
	WINDING UP
	Distribution of assets on winding up
128.	If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up, at the commencement of the winding up of the shares held by them respectively. And if, in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Shelf Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered and Corporate Office of our Company situated at HUDCO Bhawan, Core- 7A, India Habitat Centre, Lodhi Road, New Delhi 110003, India, from 10.00 a.m. and 12.00 noon on any Working Day during which Issue is open for public subscription under this Prospectus Tranche-I.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated August 28, 2013 between our Company and the Lead Managers.
2. Memorandum of Understanding dated August 27, 2013 between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated August 27, 2013 between our Company and the Debenture Trustee.
4. Escrow Agreement dated September 10, 2013 between our Company, the Registrar, the Escrow Collection Banks and the Lead Managers.
5. Tripartite Agreements dated September 20, 2011, between CDSL/NSDL, our Company and the Registrar to the Issue.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.
2. Copy of shareholders resolution dated December 20, 2006 under section 293 (1) (d) of the Companies Act on borrowing limit.
3. Copy of the Board resolution dated August 23, 2013 approving the Issue.
4. Letter dated September 9, 2013 by CARE assigning a rating of 'CARE AA+' to the Bonds.
5. Letter dated September 6, 2013 by IRRPL assigning a rating of 'IND AA+' to the Bonds.
6. Consents of each of the Directors, the Compliance Officer, Lead Managers, Consortium Members, Legal Counsel to the Company, Registrar to the Issue, Bankers to the Issue, Bankers to our Company, the Debenture Trustee for the Bonds and the Credit Rating Agencies to include their names in the Prospectus Tranche – I, in their respective capacities.
7. Consent of the Auditors, for inclusion of their name and the report on the Accounts in the form and context in which they appear in the Shelf Prospectus and their statement on tax benefits mentioned herein.
8. Auditor's Report dated August 29, 2013 on the reformatted financial information prepared under Indian GAAP for the financial year March 31, 2009, 2010, 2011, 2012 and 2013.
9. Statement of tax benefits dated August 29, 2013 issued by our Statutory Auditors.
10. Notification 61/2013/F.No. 178/37/2013-(ITA.I) dated August 8, 2013 issued by the CBDT.
11. Annual Report of our Company for the last five Fiscals.
12. In-principle listing approval from BSE vide its letter no. DCS/SP/PI-BOND/03/13-14 dated September 6, 2013.
13. Letter (bearing no. IMD/DOF-1/BM/VA/OW/22411/2013) dated September 4, 2013 from SEBI to the Lead Managers on allotments in the Issue being made on a date – priority basis.
14. Due Diligence Certificate dated September 11, 2013 filed by the Lead Managers with SEBI.

Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the Bondholders, in the interest of our Company in compliance with applicable laws.

DECLARATION

We, the undersigned, hereby declare that all the relevant provisions of the Companies Act, 1956, the guidelines issued by the Government of India and the regulations and guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, have been complied with and no statement made in this Prospectus Tranche – I is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules and regulations made thereunder, as the case may be.

We further certify that all the statements in this Prospectus Tranche – I, are true and correct and do 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 this Prospectus Tranche – I does not contain any mis-statements.

Signed by the Board of Directors of the Company

Veerappa Parameshwarappa Baligar
Chairman and Managing Director

Nand Lal Manjoka
Director

Anil Kumar Kaushik
Director

Karan Bir Singh Sidhu
Director

Naresh Salecha
Director

Dinesh Bhikhubhai Mehta
Director

Virender Ganda
Director

Sukhadeo Thorat
Director

Place: New Delhi

Date: September 11, 2013

ANNEXURE A: SHELF PROSPECTUS DATED SEPTEMBER 11, 2013