



NATIONAL HIGHWAYS AUTHORITY OF INDIA

(An Autonomous Body under the Ministry of Road Transport & Highways, Government of India)
(Constituted on June 15, 1989 by an Act of Parliament - The National Highways Authority of India Act, 1988)
Head Office: G - 5 & 6, Sector 10, Dwarka, New Delhi - 110075; Tel: +91 11 25074100/4200; Fax: +91 11 25093517/3515
Website: www.nhai.org; E-mail: taxfreebonds@nhai.org
Compliance Officer: Mr. S. K. Chauhan, Manager (Finance & Accounts); Tel.: +91 11 25074100/4200, Extension: 2479
Fax: +91 11 25093517; E-mail: compliancetfb@nhai.org

PUBLIC ISSUE BY NATIONAL HIGHWAYS AUTHORITY OF INDIA ("NHAI" OR "ISSUER" OR "AUTHORITY") OF TAX FREE SECURED REDEEMABLE NON CONVERTIBLE BONDS OF FACE VALUE OF ₹ 1,000 EACH IN THE NATURE OF DEBENTURES HAVING TAX BENEFITS UNDER SECTION 10 (15) (iv) (h) OF THE INCOME TAX ACT, 1961, AS AMENDED ("BONDS") NOT EXCEEDING AN AGGREGATE AMOUNT OF ₹ 10,00,000 LACS. BY WAY OF ISSUANCE OF BONDS IN ONE OR MORE TRANCHE IN THE FISCAL YEAR 2012 (EACH A "TRANCHE ISSUE", AND TOGETHER ALL TRANCHE ISSUES UP TO THE SHELF LIMIT, "ISSUE"). THIS TRANCHE ISSUE BY THE ISSUER IS OF BONDS AGGREGATING TO ₹ 5,00,000 LACS WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UP TO THE SHELF LIMIT (I.E. UP TO ₹ 10,00,000 LACS) ("TRANCHE 1 ISSUE"). THIS TRANCHE ISSUE IS BEING OFFERED BY WAY OF A THIS PROSPECTUS TRANCHE - 1, WHICH CONTAINS, INTER ALIA, THE TERMS AND CONDITIONS OF THE TRANCHE - 1 ("PROSPECTUS TRANCHE - 1"), WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS DATED DECEMBER 13, 2011 FILED WITH THE DESIGNATED STOCK EXCHANGE AND SEBI (THE "SHELF PROSPECTUS"). THE SHELF PROSPECTUS TOGETHER WITH THIS PROSPECTUS TRANCHE - 1 SHALL CONSTITUTE THE "PROSPECTUS".

The Issue (and, for the avoidance of doubt, each Tranche Issue) is being made under the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("SEBI Debt Regulations") and CBDT Notification No. 52/2011. F. No. 178/56/2011 - (ITA.1) dated September 23, 2011 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by item (h) of sub-clause (iv) of clause (15) of section 10 of the Income Tax Act, 1961 (43 of 1961).

GENERAL RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the Prospectus for an Issue is 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 the Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATINGS

The Bonds proposed to be issued by the Issuer have been assigned a rating of "CRISIL AAA/Stable" by CRISIL Limited. ("CRISIL") vide its letter dated November 09, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The Bonds proposed to be issued by the Issuer have been assigned a rating of "CARE AAA" by Credit Analysis and Research Limited ("CARE") vide their letter dated November 7, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The Bonds proposed to be issued by the Issuer have been assigned a rating of "Fitch AAA(ind) with Stable Outlook" by Fitch Ratings India Private Limited ("FITCH") vide its letter dated November 8, 2011. "AAA" national ratings denote the highest rating assigned in its national rating scale. This rating is assigned to the "best" credit risk relative to all other issuers or issues in the country. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings. For further details, please refer to Appendix III of the Shelf Prospectus, for rationale for the above ratings.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated November 23, 2011 was filed with the Designated Stock Exchange pursuant to the provisions of the SEBI Debt Regulations and was open for public comments for a period of 7 (seven) Working Days i.e. until 5 p.m. on December 1, 2011.

LISTING

The Bonds are proposed to be listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). BSE and NSE have given their in-principle listing approval by their letter dated December 1, 2011 and December 5, 2011 respectively. The Designated Stock Exchange for the Issue is BSE.

LEAD MANAGERS TO THE ISSUE		REGISTRAR TO THE ISSUE
<p>SBI CAPITAL MARKETS LIMITED 202, Maker Tower E, Cuffe Parade, Mumbai 400 005 Tel: +91 22 2217 8300; Fax: +91 22 2218 8332 Email: nhai_bonds@sbicaps.com Investor Grievance Email: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Puneet Deshpande/Ms. Shikha Agarwal Compliance Officer: Mr. Bhaskar Chakraborty SEBI Registration No.: INM00003531*</p>	<p>A. K. CAPITAL SERVICES LIMITED 30-39 Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai 400021 Tel: +91 22 6754 6500/ 6634 9300; Fax: +91 22 6610 0594 Email: nhaidipo@akgroup.co.in Investor Grievance Email: investor.grievance@akgroup.co.in Website: www.akcapindia.com Contact Person: Mr. Hitesh Shah Compliance Officer: Mr. Vikas Agarwal SEBI Registration No.: INM000010411</p>	<p>MCS LIMITED F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi - 110 020 Tel: +91 11 41406149 - 52; Fax: +91 11 41709881 Email: admin@mcsdel.com Investor Grievance Email: mcscomplaintsdel@mcsdel.com Website: www.mcsdel.com Contact Person: Mr. Sibhabrata Biswas SEBI Registration No.: INR000000506</p>
LEAD MANAGERS TO THE ISSUE**		TRUSTEE FOR THE BONDHOLDERS
<p>ICICI SECURITIES LIMITED** ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020 Tel: +91 22 2288 2460; Fax: +91 22 22826580 Email: nhai_bonds@icicisecurities.com Investor Grievance Email: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr. Manvendra Tiwar /Mr. Mangesh Ghoghe Compliance Officer: Mr. Subir Saha SEBI Registration No.: INM000011179</p>	<p>KOTAK MAHINDRA CAPITAL COMPANY LIMITED** 1st Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021 Tel: +91 22 6634 1100; Fax: +91 22 22840492 Email: nhai_bonds@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakant Bhole Investor Grievance ID: kmccredressal@kotak.com Compliance Officer: Mr. Ajay Vaidya SEBI Registration No. INM000008704</p>	<p>SBICAP TRUSTEE COMPANY LIMITED Khetan Bhavan, 5th Floor, 198, J.T. Road, Churchgate, Mumbai - 400020 Tel: +91 22 4302 5555; Fax: +91 22 4302 5500 Email: corporate@sbicaptrustee.com Investor Grievance Email: investor.cell@sbicaptrustee.com Website: www.sbicaptrustee.com Contact Person: Mr. Vishwas G Pathak/Mrs.Rupali Patil SEBI Registration No.: IND000000536</p>
ISSUE OPENS ON DECEMBER 28, 2011		ISSUE CLOSES ON JANUARY 11, 2012

The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, up to a maximum period of 30 days from the date of opening of the Issue, as may be decided by the Board of NHAI subject to necessary approvals. In the event of such early closure of the subscription list of the Issue, NHAI shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisements in a leading national daily newspaper. Further, Allotment shall be on first cum first serve basis for Category I and II and proportionate basis for Category III, with NHAI having the discretion to close the Issue early irrespective of whether or not any of the Portion(s) are fully subscribed

*The SEBI registration of one of the Lead Managers to the Issue, SBI Capital Markets Limited was valid up to July 31, 2011. The application for renewal of the certificate of registration in the prescribed manner has been made by SBI Capital Markets Limited on April 29, 2011, to SEBI, three months before the expiry of the period of the certificate as required under Regulation 9(1) of the SEBI (Merchant Bankers) Regulations, 1992. The approval of SEBI in this regard is currently awaited.

** For marketing only.

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**SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS**

Definitions of certain capitalized terms used in this Prospectus Tranche - 1 are set forth below:

NHAI Related Terms

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

Issue related terms

TERM	DESCRIPTION
Allotment/Allot/Allotted	Unless the context otherwise requires, the allotment of Bonds to the successful Applicants in relation to any Tranche Issue
Allottee	A successful Applicant to whom Bonds issued in terms of Shelf Prospectus and Prospectus –Tranche 1 are allotted
Applicant/Investor	Any person who applies for issuance of Bonds pursuant to the terms of the Shelf Prospectus and Prospectus Tranche – 1 and the Application Form
Application	Applicant’s offer to subscribe to Bonds and which will be considered as the application for Allotment of Bonds pursuant to the terms of the Shelf Prospectus and the Prospectus – Tranche 1
Application Amount	The aggregate value of the Bonds indicated in the Application Form
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to Bonds and which will be considered as the application for Allotment of Bonds pursuant to the terms of the Shelf Prospectus and the Prospectus-Tranche 1
Base Issue Size	₹ 5,00,000 Lacs
Bond Certificate(s)	Certificate issued to the Bondholder(s) in case the Applicant has opted for physical Bonds or pursuant to rematerialisation of Bonds based on request from the Bondholder
Bondholder(s)	Any person holding the Bonds issued under the Shelf Prospectus and the Prospectus Tranche-1 and whose name appears on the list of beneficial owners provided by the Depositories (in case of Bonds held in dematerialised form) or whose name appears in the Register of Bondholders of NHAI (in case of Bonds held in physical form)
Bonds	Tax Free Secured Redeemable Non Convertible Bonds in the nature of debentures of ₹ 1000 each having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961 proposed to be issued by NHAI under the Shelf Prospectus and the respective Tranche Prospectus
Category I	<ul style="list-style-type: none"> • Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the Bonds;

TERM	DESCRIPTION
	<ul style="list-style-type: none"> • Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • National Investment Fund; • Mutual Funds; • Foreign Institutional Investors (including sub-accounts) • Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds; • Public/private charitable/religious trusts which are authorised to invest in the Bonds; • Scientific and/or industrial research organisations, which are authorised to invest in the Bonds; • Partnership firms in the name of the partners; and • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)
Category II	<p>The following investors applying for an amount aggregating to above ₹5 lakhs across all Series in each tranche</p> <ul style="list-style-type: none"> • Resident Indian individuals; • Hindu Undivided Families through the Karta; and • Non Resident Indians on repatriation as well as non-repatriation basis.
Category III	<p>The following investors applying for an amount aggregating to upto and including ₹5 lakhs across all Series in each tranche</p> <ul style="list-style-type: none"> • Resident Indian individuals; • Hindu Undivided Families through the Karta; and • Non Resident Indians on repatriation as well as non-repatriation basis.
CBDT Notification	<p>Notification No. 52/2011. F. No. 178/56/2011- (ITA.1) dated September 23, 2011 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by item (h) of sub-clause (iv) of clause (15) of section 10 of the Income Tax Act, 1961 (43 of 1961)</p>
CDSL Agreement	<p>Tripartite agreement dated November 17, 2011 among NHAI, MCS Limited and CDSL for offering depository option to the Bondholders</p>
Collection Centres	<p>Collection Centres shall mean those branches of the Bankers to the Issue that are authorized to collect the Application Forms as per the Escrow Agreement to be entered into by us, Bankers to the Issue, Registrar and Lead Managers</p>
Consolidated Bond Certificate	<p>In case of Bonds issued in physical form/rematerialised by the Bondholder, a single certificate will be issued to the Bondholder for the aggregate face value amount for each Series of Bonds allotted to him under Tranche Issues</p>
Consortium Members for marketing of the Issue	<p>SBI Capital Markets Limited, A.K. Capital Services Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited, SBICAP Securities Limited, A. K. Stockmart Private Limited and Kotak Securities Limited</p>
Credit Rating Agencies	<p>For the present Issue, Credit Rating Agencies include CARE, CRISIL and FITCH</p>
Debenture Trust Deed	<p>Trust deed to be entered into between the Debenture Trustee and NHAI</p>
Debenture Trustee/Trustee	<p>Trustees for the Bondholders in this case being SBICAP Trustee Company Limited</p>
Deemed Date of Allotment	<p>Deemed Date of Allotment shall be the date on which the Members of the Authority or any committee thereof approves the Allotment of the Bonds for this Tranche Issue. All benefits relating to the Bonds including interest on Bonds shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment</p>
Default	<p>Defaults as listed in the section - “Terms of the Issue” in this Prospectus Tranche - 1 read with the Trust Deed.</p>

TERM	DESCRIPTION
Depositories Act	The Depositories Act, 1996, as amended from time to time
Designated Date	The date on which Application Amount are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, following which the NHAI shall Allot the Bonds to the successful Applicants, provided that the sums received in respect of the Issue will be kept in the Escrow Account up to this date
Depository(ies)	NSDL and/or the CDSL
Designated Stock Exchange/DSE	BSE
DP/Depository Participant	A depository participant as defined under the Depositories Act
Draft Shelf Prospectus	The draft shelf prospectus dated November 23, 2011 filed by NHAI with the Designated Stock Exchange in accordance with the provisions of SEBI Debt Regulations for public comments
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants will issue cheques or drafts in respect of the Application Amount when submitting an Application for each Tranche Issue
Escrow Agreement	Agreement to be entered into by the NHAI, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for each Tranche Issue for collection of the Application Amounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Escrow Collection Bank/ Banker to the Issue	State Bank of India, Axis Bank Limited, ICICI Bank Limited, Syndicate Bank, Union Bank of India and HDFC Bank Limited
Interest Payment Date	First day of October of each year
Issue	Public issue of Tax free, Secured Redeemable, Non Convertible Bonds in the nature of debentures of ₹ 1000 each having tax benefits under the Section 10(15)(iv)(h) of the Income Tax Act, 1961 proposed to be issued by NHAI under a Tranche Issue pursuant to each Tranche Prospectus (read together with the Shelf Prospectus) with aggregate issuance not exceeding the Shelf Limit by way of one or more Tranche Issues
Issue Period	The period between the Tranche Issue Opening Date and the Tranche Issue Closing Date (inclusive of both days) and during which Applicants can submit their Applications
Lead Managers/Lead Managers to the Issue	SBI Capital Markets Limited, A.K. Capital Services Limited, ICICI Securities Limited and Kotak Mahindra Capital Company Limited
Limited Review	Limited Review means review of the financials of NHAI and its Subsidiaries from April 1, 2011 to June 30, 2011
Market Lot	One Bond
National Highway(s)	Means the highways specified in schedule of NH Act pursuant to a declaration to that affect being made by Central Government under Section 2 of NH Act
Non-allottee	An unsuccessful Applicant to whom the Bonds are not allotted
NSDL Agreement	Tripartite agreement dated September 1, 2000 among NHAI, MCS Limited and NSDL has been executed for offering depository option to the Tranche Bondholders
Overall Issue Size	The aggregate value of Bonds decided to be allotted over and above the Base Issue Size (in case NHAI opts to retain any oversubscription in the Issue), and the aggregate value of Bonds upto the Base Issue Size i.e the total value of the Bonds allotted in particular Tranche Issue.
Prospectus	The Shelf Prospectus read with the Prospectus Tranche - 1
Prospectus – Tranche 1	This prospectus dated December 22, 2011 for issue of the first tranche of the Bonds under the Shelf Prospectus
Record Date	15 (fifteen) days prior to the relevant Interest Payment Date, relevant Redemption Date for Bonds issued under the Prospectus Tranche - 1
Redemption Amount/Maturity Amount	Repayment of the face value plus any interest that may have accrued on the Redemption Date
Redemption Date/Maturity Date	For Tranche 1 Series I Bonds, the date falling 10 years from the Deemed Date of Allotment and for Tranche 1 Series 2 Bonds, the date falling 15 years from the Deemed Date of Allotment.
Refund Bank	State Bank of India

TERM	DESCRIPTION
Registrar to the Issue or Registrar	Registrar to the Issue, in this case being MCS Limited
Register of Bondholders	The register of Bondholders maintained by NHAI at its head office (or such other place as permitted by law) containing the particulars of the legal owners of the Bonds issued by NHAI held in physical form
Registrar MoU	Memorandum of understating dated November 22, 2011 entered into between NHAI and the Registrar to the Issue
Residual Shelf Limit	In relation to each Tranche Issue, this shall be the Shelf Limit less the aggregate amount of Bonds allotted under all previous Tranche Issue(s).
Series Bondholder(s)	A holder of the Bond(s) of a particular Series issued under a Tranche Issue
Series of Bonds	Tranche 1 Series 1 having a tenure of 10 years and Tranche 1 Series 2 Bonds having a tenure of 15 years, proposed to be issued by NHAI pursuant to this Prospectus Tranche-1
Shelf Limit	The total aggregate limit of the Issue being ₹ 10,00,000.00 lacs to be issued by way of one or more Tranche Issues
Shelf Prospectus	The shelf prospectus filed with the Stock Exchanges after incorporation of the comments received from the public on the Draft Shelf Prospectus, pursuant to the provisions of the SEBI Debt Regulations
Stock Exchange(s)	The BSE and the NSE
Tranche 1 Issue	Issue by the NHAI of Bonds aggregating to ` 5,00,000 lacs with an option to retain oversubscription upto the Shelf Limit (i.e upto` 10,00,000 lacs).
Tranche 1 Issue Closing Date	January 11, 2012
Tranche 1 Issue Opening Date	December 28, 2011
Tranche Prospectus	Any Prospectus containing the details of Bonds including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection of the relevant Tranche Issue
Tripartite Agreements	The NSDL Agreement together with the CDSL Agreement
Working Days	All days excluding Saturday and Sundays and public holidays in Mumbai or at any other payment centre (in India) notified in terms of the Negotiable Instruments Act, 1881

Technical and Industry related terms

TERM	DESCRIPTION
AK Capital	A.K. Capital Services Limited
BOT	Build Operate and Transfer
CAG/C&AG	Comptroller and Auditor General of India
CGM	Chief General Manager
CMU	Corridor Management Unit
COD	Commercial Operation Date
DBFOT	Design Build Finance Operate and Transfer
DGM	Deputy General Manager
EoT	Extension of Time
EPC	Engineering Procurement & Construction
GM	General Manager
MCA	Model Concession Agreement
N.A.	Not Applicable
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Programme
NOC	No Objection Certificate
OMT	Operate Maintain and Transfer
PIU/PIUs	Project Implementation Unit(s)
PPP	Public Private Partnership
Promoter	Ministry of Road Transport and Highways, Government of India
RFP	Request for Proposal
RFQ	Request for Qualification
RO	Regional Office of Authority
ROB	Rail/Road Over Bridge
RT&H	Road Transport and Highways
SBICAP	SBI Capital Markets Limited
Toll/User Fee	Means the charge levied on and payable for a vehicle using the project highway or a part thereof in accordance with the Fee Notification

General and Conventional terms and Abbreviations

TERM	DESCRIPTION
Act/NHAI Act	National Highways Authority of India Act, 1988, as amended
ADB	Asian Development Bank
AS	Indian Accounting Standard as issued by ICAI
BSE	BSE Limited
CARE	Credit Analysis and Research Limited
CBDT	Central Board of Direct Taxes
CCEA	Cabinet Committee on Economic Affairs
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended
CPI	Consumer Price Index
CRF Act	Central Road Fund Act, 2000

TERM	DESCRIPTION
CRISIL	CRISIL Limited
CWIP	Capital Work in Progress
DIN	Director Identification Number
DP ID	Depository Participant's Identification
Depository/(ies)	NSDL and CDSL
DRR	Debenture Redemption Reserve
EPS	Earnings per Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FIDIC	Federation Internationale Des Ingenieurs – Conseils
FEDAI	Foreign Exchange Dealers Association of India
FEMA	Foreign Exchange Management Act, 1999
FITCH	Fitch Ratings India Private Limited
FI	Financial Institution
FII(s)	Foreign Institutional Investors as defined in and registered with SEBI under the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended
FY/Fiscal Year	Financial year ending March 31
GoI/Government/Central Government/Union of India	Government of India
IAS	Indian Administrative Services
ICAI	Institute of Chartered Accountants of India
Indian GAAP	Generally accepted accounting principles in India
Income Tax Act/IT Act	The Income Tax Act, 1961, as amended
IT	Information Technology
ISIN	International Securities Identification Number
Km/km	Kilometers
MoU	Memorandum of Understanding
MoF	Ministry of Finance, Government of India
MoRTH	Ministry of Road Transport and Highways
NAV	Net Asset Value
NECS	National Electronic Clearing Service
NEFT	National Electronic Funds Transfer
NH Act	National Highways Act, 1956
NRI/Non-Resident Indian	A Person resident outside India, as defined under FEMA, and who is a citizen of India or a Person of Indian Origin and such term as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit before Tax
PSU	Public Sector Undertaking
₹/Rs./Rupees	Indian Rupees
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
RBI Regulations	Rules, regulations, circulars or notifications issued by RBI

TERM	DESCRIPTION
Retd.	Retired
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SCRA	The Securities Contract (Regulation) Act, 1956, as amended
SCRR	The Securities Contract (Regulation) Rules, 1957, as amended
SEBI Act, 1992	The Securities and Exchange Board of India Act, 1992, as amended
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended
TDS	Tax Deduction at Source
UNCITRAL	United Nation Commission on International Trade Law
\$/USD	United States Dollar
WPI	Wholesale Price Index
JBIC	Japanese Board of Industry and Commerce
JV	Joint Venture

PRESENTATION OF FINANCIAL INFORMATION AND MARKET DATA

This section applies to the extent applicable to information which may be included in this Prospectus Tranche - 1.

NHAI prepares its financial statements in Rupees in accordance with NHAI Act. Industry and market share data in this Prospectus Tranche - 1 are derived from the Government sources and by the Authority where applicable. Indian economic data in this Prospectus Tranche - 1 is derived from data of industry publications and governmental sources and other sources. Certain financial and statistical figures have been rounded to the nearest tenth of a decimal place.

Unless stated otherwise, the financial information used in this Prospectus Tranche - 1 is derived from NHAI's unconsolidated audited financial statements as of March 31 for the years ended 2011, 2010, 2009, 2008 2007 and limited review for the quarter ended June 30, 2011 prepared in accordance with applicable regulations, included in this Prospectus Tranche - 1.

Market and industry data used in this Prospectus Tranche - 1, has been obtained from industry publications and governmental sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable. Although NHAI believes that market data used in this Prospectus Tranche - 1 is reliable, it has not been independently verified and hence their accuracy and completeness cannot be guaranteed.

Exchange Rate

For the purpose of conversion of figures appearing in USD in this Prospectus Tranche - 1, other than the financial information of the Issuer, the exchange rates for the previous five Fiscal Years as on March 31 and for the quarter ending June 30, 2011 for USD into Rupees are as follows:

Currency	Exchange Rates (in ₹)					
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	June 30, 2011
USD*	43.59	39.97	50.95	45.14	44.65	44.72

* Source: www.rbi.org.in

FORWARD LOOKING STATEMENTS

Certain statements contained in the Prospectus 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 - 1 that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

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

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the chapter “*Our Business*” on page 60 of the Shelf Prospectus. The forward-looking statements contained in this Prospectus Tranche - 1 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.

SUMMARY OF THE ISSUE

The following is a summary of the Issue. The summary should be read in conjunction with, and is qualified in its entirety by the more detailed information in the section – “*Terms of the Issue*” on page 32 of this Prospectus Tranche – 1.

Common Terms of the Bonds issued under this Prospectus Tranche -1

Issuer	National Highways Authority of India
Tranche 1 Issue	Issue by the Issuer of Bonds aggregating to ₹ 5,00,000 lacs with an option to retain oversubscription upto the Shelf Limit (i.e. upto ₹ 10,00,000 lacs).
Object of the Issue	Refer page no 21 of this Prospectus Tranche - 1
Stock Exchange proposed for listing of the Bonds	BSE and NSE
Issuance	Both in physical as well as in dematerialized form
Issue Opening Date	December 28, 2011
Issue Closing Date	January 11, 2012, except that the Issue may close at the close of banking hours on the dates specified, with an option for early closure or extension by such period, upto a period of 30 days from the date of opening of the Issue, as may be decided by the Board of NHAI subject to necessary approvals. In the event of such early closure of the subscription list of the Issue, NHAI 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 a leading national daily newspaper. Further, Allotment shall be on first cum first serve basis for Category I and II and proportionate basis for Category III, with NHAI having the discretion to close the Issue early irrespective of whether or not any of the Portion(s) are fully subscribed.
Trading	Compulsorily in dematerialized form*
Market Lot/Trading Lot	One Bond
Debenture Trustee	SBICAP Trustee Company Limited
Depositories	NSDL and CDSL
Security	First pari passu charge on property situated at Ahmedabad alongwith and first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2011), being highway project comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI. The mode of creation of security shall be by way of mortgage, such security creation requires prior approval and authorization by the Central Government as owner of the land. The NOC for the same has been received from the Central Government.
Credit Ratings	The Bonds proposed to be issued under this Issue have been rated “CRISIL AAA/Stable” by CRISIL vide their letter dated November 9, 2011, “CARE AAA” by CARE vide their letter dated November 7, 2011 and "Fitch AAA(ind) with Stable Outlook” by FITCH vide their letter dated November 8, 2011 for an amount of upto ₹ 10,00,000.00 lacs.

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

The terms of each Series of Bonds**to be issued under this Prospectus Tranche - 1 are set out below:

Options	Series of Bonds	
	Tranche 1 Series 1	Tranche 1 Series 2
Tenor	10 years	15 years
Redemption Date	At the end of 10 years from the Deemed Date of Allotment	At the end of 15 years from the Deemed Date of Allotment
Redemption Amount (₹/Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date
Frequency of Interest Payment	Annual	Annual
Minimum Application Size	₹ 50,000 (50 Bonds)	₹ 50,000 (50 Bonds)
In Multiples of	₹ 1,000 (1 Bonds)	₹ 1,000 (1 Bonds)
Face Value (₹/Bond)	₹ 1,000.00	₹ 1,000.00
Issue Price (₹/Bond)	₹ 1,000.00	₹ 1,000.00
Mode of Interest Payment	Through various modes available*	Through various modes available*
Coupon Rate (%) p.a.	8.20% per annum	8.30% per annum
Nature of Indebtedness and Ranking	The Bonds shall rank pari passu inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first pari passu charge on the immovable properties situated at Ahmedabad and first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2011), being highway project comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI to the extent of 100% of the amounts outstanding in respect of the Bonds at any time. The mode of creation of security shall be by way of mortgage and the security creation requires prior approval and authorization by the Central Government as owner of the land. The NOC for the same has been received from the Central Government. The claims of the Bond holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements and shall rank pari passu to the claims of the secured creditors of NHAI	The Bonds shall rank pari passu inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first pari passu charge on the immovable properties situated at Ahmedabad and exclusive first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2011), being highway project comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI to the extent of 100% of the amounts outstanding in respect of the Bonds at any time. The mode of creation of security shall be by way of mortgage and the security creation requires prior approval and authorization by the Central Government as owner of the land. The NOC for the same has been received from the Central Government. The claims of the Bond holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements and shall rank pari passu to the claims of the secured creditors of NHAI
Credit Rating	“CRISIL AAA/Stable” by CRISIL, “CARE AAA” by CARE and “Fitch AAA(ind) with Stable Outlook” by FITCH	“CRISIL AAA/Stable” by CRISIL, “CARE AAA” by CARE and “Fitch AAA(ind) with Stable Outlook” by FITCH

* For various modes of interest payment, please refer to the section “Terms of the Issue” on page 32 in this Prospectus Tranche - 1.

** NHAI shall allocate and allot Tranche 1 Series 2 Bonds to all valid applications, wherein the applicants have not indicated their choice of the relevant Bond Series.

RECENT DEVELOPMENTS

There are no recent developments in relation to the Authority as disclosed in the Prospectus and the Sections/Chapters titled “Risk Factors”, “Summary of Financial information”, “Capital Structure”, “Our Business”, “Our Management”, “Our Promoter”, “Financial Indebtedness”, “Outstanding Litigations and Material Developments” which would make them misleading in any material respect.

All disclosures made in this Prospectus Tranche - 1, read together with the Shelf Prospectus as the “Prospectus” with respect to this Tranche - 1 Issue are true, fair and adequate to enable the investors to make a well informed decision as to the investment in this proposed Tranche – 1 Issue. The Prospectus is 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 the Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

GENERAL INFORMATION

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

Head Office of NHAI

G - 5 & 6, Sector 10
Dwarka, New Delhi – 110075
India
Tel.: +91 11 25074100/25074200
Fax: +91 11- 25093507/25093514
Website: www.nhai.org

Members of the Board of NHAI:

Sr. No.	Name	Designation	Address
1.	Shri A. K. Upadhyay, IAS*	Chairman	Secretary to the GoI, MoRTH, Transport Bhavan, 1, Parliament Street New Delhi - 110001
2.	Shri Rajiv Yadav, IAS	Member (Administration)	NHAI, Head Office, G - 5 & 6, Sector 10, Dwarka New Delhi - 110075
3.	Dr. J. N. Singh, IAS	Member (Finance)	NHAI, Head Office, G - 5 & 6, Sector 10, Dwarka New Delhi – 110075
4.	Shri V. L. Patankar	Member (Technical)	NHAI, Head Office, G - 5 & 6, Sector 10, Dwarka New Delhi – 110075
5.	Shri B. N. Singh	Member (Projects)	NHAI, Head Office, G - 5 & 6, Sector 10, Dwarka New Delhi – 110075
6.	Shri A. K. Upadhyay, IAS*	Part Time Member	Secretary to the GoI, MoRTH, Transport Bhavan, 1, Parliament Street New Delhi - 110001
7.	Smt Sudha Pillai, IAS (Retd.)	Part Time Member	Member Secretary, Planning Commission, Yojana Bhawan, Sansad Marg, New Delhi – 110001
8.	Shri. Sumit Bose, IAS	Part Time Member	Secretary to the GoI, Department of Expenditure Ministry of Finance, North Block New Delhi - 110001
9.	Shri R.P. Indoria	Part Time Member	Director General, MoRTH, Transport Bhavan, 1, Parliament Street New Delhi - 110001

*Shri A. K. Upadhyay is Secretary (MoRTH) and is also holding additional charge as Chairman, NHAI.

For further details on the Members of NHAI, please refer to chapter “**Our Management**” on page 94 of the Shelf Prospectus.

Compliance Officer

Mr. S.K. Chauhan

Manager (Finance & Accounts)
National Highways Authority of India
Head Office, G - 5 & 6, Sector 10
Dwarka New Delhi – 110 075
Tel.: +91 11 2507 4100/4200, Extension: 2479
Fax: +91 11 2509 3517
Email: compliancetfb@nhai.org

Investors may 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 letters of allotment, credit of allotted Bonds in the respective

beneficiary account or refund orders, etc.

Lead Managers to the Issue*

SBI CAPITAL MARKETS LIMITED**

202, Maker Tower E, Cuffe Parade, Mumbai 400 005
Tel: +91 22 2217 8300, Fax: +91 22 2218 8332
Email: nhaibonds@sbicaps.com
Investor Grievance Email: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Mr. Puneet Deshpande/Ms. Shikha Agarwal
Compliance Officer: Mr. Bhaskar Chakraborty
SEBI Registration No.: INM000003531

*** The SEBI registration of one of the Lead Managers to the Issue, SBI Capital Markets Limited was valid up to July 31, 2011. The application for renewal of the certificate of registration in the prescribed manner has been made by SBI Capital Markets Limited on April 29, 2011, to SEBI, three months before the expiry of the period of the certificate as required under Regulation 9(1) of the SEBI (Merchant Bankers) Regulations, 1992. The approval of SEBI in this regard is currently awaited.*

A. K. CAPITAL SERVICES LIMITED

30-39 Free Press House, 3rd Floor,
Free Press Journal Marg, 215, Nariman Point, Mumbai 400 021
Tel: +91 22 6754 6500/6634 9300, Fax: +91 22 6610 0594
Email: nhaidipo@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akcapindia.com
Contact Person: Mr. Hitesh Shah
Compliance Officer: Mr. Vikas Agarwal
SEBI Registration No.: INM000010411

ICICI SECURITIES LIMITED***

ICICI Centre, H.T. Parekh Marg,
Churchgate, Mumbai 400 020
Tel: +91 22 2288 2460, Fax: +91 22 2282 6580
Email: nhaibonds@icicisecurities.com
Investor Grievance Email: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Mr. Manvendra Tiwari/Mr. Mangesh Ghogle
Compliance Officer: Mr. Subir Saha
SEBI Registration No.: INM000011179

KOTAK MAHINDRA CAPITAL COMPANY LIMITED***

1st Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021
Tel.: +91 22 6634 1100, Fax: +91 22 2284 0492
Email: nhai.bonds@kotak.com
Website: www.kotak.com
Contact Person: Mr. Chanrakant Bhole
Investor Grievance ID: kmccredressal@kotak.com
Compliance Officer: Mr. Ajay Vaidya
SEBI Registration No.: INM000008704

**Lead Managers to the Issue are also Consortium Members for marketing of the Issue*

**** For marketing only*

Legal Advisors to the Issuer

M.V. KINI & CO.,

Advocates & Solicitors
"Kini House"

6/39 Jungpura-B
New Delhi 100014
Tel: +91 11 2437 1038/39/40
Fax: +91 11 24379484

Debenture Trustee

SBICAP TRUSTEE COMPANY LIMITED[#]

Khetan Bhavan, 5th Floor, 198, J.T. Road, Churchgate, Mumbai – 400020
Tel: +91 22 4302 5555, Fax: +91 22 4302 5500
Email: corporate@sbicaptrustee.com
Investor Grievance Email: investor.cell@sbicaptrustee.com
Website: www.sbicaptrustee.com
Contact Person: Mr. Vishwas G Pathak/Mrs. Rupali Patil
SEBI Registration No.: IND000000536

[#]SBICAP Trustee Company Limited, (wholly owned subsidiary of SBI Capital Markets Limited, one of the Lead Managers) has by its letter dated November 11, 2011 given its consent for its appointment as Debenture Trustee to the Issue (and each Tranche Issue) and for its name to be included in the Prospectus and in all the subsequent periodical communication sent to the holders of the Bonds issued pursuant to this Issue.

All the rights and remedies of the Series Bondholders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the Series Bondholders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by the Issuer for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by the Issuer to the Series Bondholders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge the Issuer *pro tanto* from any liability to the Series Bondholders. For further details, please see section “*Terms of the Issue*” on page number 32 of this Prospectus Tranche - 1.

Statutory Auditors

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

Independent Auditors of NHAI

ASP & Co.

Chartered Accountants
11A, Govind Mansion, 2nd Floor,
H Block, Connaught Circus, New Delhi
Firm Registration No. 000576N

Bankers to NHAI

Canara Bank

Address: J-6, Community Centre,
Rajouri Garden, New Delhi – 110027
Tel: +91 1125971004 Fax: +91 11 25971051
E-mail: managercb1386@canarabank.com
Website: www.canarabank.com
Contact Person: Mr. K. Doraiswamy, AGM

Syndicate Bank

Address: Sarojini House, 6 Bhagwandas Road,
New Delhi 110001
Tel: +91 11 23384432 Fax: +91 11 23383796
Contact Person Mr. U. S. Parmar, DGM

Website: www.syndicatebank.in
 Email: dl.9105delro@syndicatebank.co.in

Registrar to the Issue

MCS LIMITED

F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi – 110 020
 Tel: +91 11 41406149 – 52, Fax: +91 11 41709881
 Email: admin@mcsdel.com
 Investor Grievance Email: mcscomplaintsdel@mcsdel.com
 Website: www.mcsdel.com
 Contact Person: Mr. Sibhabrata Biswas
 SEBI Registration No.: INR000000056

Escrow Collection Banks/Bankers to the Issue

<p>Union Bank of India M-11, 2ND Floor, Middle Circle, Connaught Circus, New Delhi – 110 001 Tel.: +91 11 23414229, 3685, 87 Fax: +91 11 23413686 E-mail: hkbehra@unionbankofindia.com Website: http://unionbankofindia.com Contact Person: Mr. H.K. Behra, General Manager</p>	<p>State Bank of India Capital Market Branch, Videocon Heritage (Killie House), Ground Floor, Charantjit Rai Marg, Mumbai – 400 001 Tel.: +91 22 22094932/22094927 Fax: +91 22 22094921/22094922 E-mail: nib.11777@sbi.co.in, sbi11777@yahoo.co.in Website: www.statebankofindia.com Contact Person: R. K. Prasad</p>
<p>Syndicate Bank Regional Office, Sarojini House, 6, Bhagwan Das Road, New Delhi – 110 001 Tel.: +91 11 23389665, Fax: +91 11 23383796 Mobile: 9968309173 E-mail: dl.9105delro@syndicate.co.in Website: www.syndicatebank.in Contact Person: Mr. S.K. Bhatia, Chief Manager</p>	<p>ICICI Bank Limited Capital Market Division, Rajabhadur Mansion 30, Mumbai Samachar Marg, Fort, Mumbai – 400001 Tel.: +91 11 66310322/12, Fax: +91 11 66310350 E-mail: anil.gadoo@icicibank.com Website: www.icicibank.com Contact Person: Mr. Anil Gadoo</p>
<p>Axis Bank Limited Janakpuri Branch, Sol ID 207, C3/21, Janakpur New Delhi – 110058 Tel.: +91 11 41587428, 7429, 7430 Fax: + 11 25545158 E-mail: janakpuri.operationshead@axisbank.com Janakpuri.branchhead@axisbank.com Contact Person: Mr. Bipin Pal Singh Sr. Manager & Operations Head Tel. (Direct): +91 11 41576673, Mbl: 9582802072 Mr. Shailendra Gahlot Dy. Vice Presiding & Branch Head Tel. (Direct): +91 11 41576677, Mbl: 9582802071</p>	<p>HDFC Bank Limited FIG – OPS Department, Lodha, 1 Think Techno Campus, O-3, Level, Next to Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400042 Tel.: +91 22 30752928, Fax: +91 22 25799801 E-mail: uday.dixit@hdfcbank.com, siddharth.jadavh@hdfcbank.com, figdelhi@hdfcbank.com himanshu.arora@hdfcbank.com Website: www.hdfcbank.com Contact Person : Mr. Uday Dixit</p>

Refund Bank

State Bank of India
 Capital Market Branch,
 Videocon Heritage (Killie House), Ground Floor,
 Charantjit Rai Marg, Mumbai – 400 001
 Tel.: +91 22 22094932/22094927
 Fax: +91 22 22094921/22094922
 E-mail: nib.11777@sbi.co.in, sbi11777@yahoo.co.in
 Website: www.statebankofindia.com
 Contact Person: R. K. Prasad

Consortium Members for marketing of the Issue

In addition to the Lead Managers, following are also consortium members for marketing of the Issue

SBICAP Securities Limited Regd. Address: 191, 19 th Floor, Maker Tower - 'F', Cuffe Parade, Mumbai 400005 Corr. Address: Mafatlal Chambers, 2nd floor, C wing, N M Joshi Marg, Lower Parel, Mumbai 400013 Tel: +91 22 4227 3446; Fax: +91 22 4227 3390 Email: archana.dedhia@sbicapsec.com Contact Person: Archana Dedhia SEBI Registration No.: BSE: INB 011053031 NSE: INB 231052938	A. K. STOCKMART PRIVATE LIMITED Address: 30-39, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai 400 021 Tel. : +91 22 6754 6500; Fax: +91 22 6754 4666 E-mail ID: ankit@akgroup.co.in Website: www.akcapindia.com Contact person: Mr. Ankit Gupta SEBI Registration No.: BSE: INB011269538 NSE: INB231269532
KOTAK SECURITIES LIMITED Address: 3rd Flr, Nirlon House, Dr. Annie Besant Road, Worli, Mumbai- 400025 Tel.: +91 22 66529191; Fax : +91 22 66617041 E-mail ID: sanjeeb.das@kotak.com Investor Grievance E-mail ID: ipo.redressal@kotak.com Website: www.kotak.com Contact person: Sanjeeb Kumar Das SEBI Registration No.: BSE: INB010808153 NSE: INB230808130	ICICI SECURITIES LIMITED* ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400020 Tel: +91 22 2288 2460; Fax: +91 22 22826580 Email: nhaibonds@icicisecurities.com Investor Grievance Email: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr. Mitesh Shah Compliance Officer : Mr. Subir Saha SEBI Registration Number: BSE: INB011286854 NSE: INB230773037

**The same entity is also the Lead Manager to the Issue.*

Credit Rating Agencies

CRISIL LIMITED

CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400076
Tel - +91 22 33423000, Fax: +91 22 33421830
Email: crisilratingdesk@crisil.com
Website: www.crisil.com
Contact Person: Mr. Sudip Sural
SEBI Registration No.: IN/CRA/001/1999

CREDIT ANALYSIS AND RESEARCH LIMITED

B47, 3rd Floor, Inner Circle,
Connaught Place, New Delhi 110011
Tel: +91 11 23318701 Fax: +91 11 45333238
Email: jyotsna.gadgil@carerating.com
Website: www.careratings.com
Contact Person: Ms. Jyotsna Gadgil
SEBI Registration No.: IN/CRA/004/1999

FITCH RATINGS INDIA PRIVATE LIMITED

Apeejay House, 6th Floor, 3-Dinshaw Vaccha Road,
Churchgate, Mumbai 400020
Tel: +91 22 40001700; Fax: +91 22 40001701
Email: rajesh.patel@fitchratings.com
Website: www.fitchindia.com
Contact Person: Mr. Rajesh Patel
SEBI Registration No.: IN/CRA/002/1999

Credit Rating and Rationale

CRISIL vide its letter dated November 09, 2011, has assigned a credit rating of "CRISIL AAA/Stable". Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. CARE vide its letter dated November 7, 2011 has assigned a credit rating of "CARE AAA". Instruments

with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. FITCH vide its letter dated November 8, 2011 has assigned a credit rating of "Fitch AAA(ind) with Stable Outlook" indicating highest rating assigned in its national rating scale. This rating is assigned to the "best" credit risk relative to all other issuers or issues in the country.

For details in relation to the rationale for the credit rating by CRISIL, CARE and FITCH, please refer Appendix III of the Shelf Prospectus.

Expert Opinion

Except the letters dated November 9, 2011, November 7, 2011 and November 8, 2011 issued by CRISIL, CARE and FITCH, respectively, in respect of the credit rating for the Bonds, and the report on our Financial Statements, Limited Review Report and Statement of Tax Benefits dated November 22, 2011, November 22, 2011 and November 21, 2011 respectively issued by ASP & Co. Independent Auditors of NHAI, NHAI has not obtained any other expert opinion.

Further, except for the report on Subsidiaries financial statements and Limited Review Report issued by Independent Auditors/Statutory Auditors of Subsidiaries, as mentioned below, our Subsidiaries have not obtained any other expert opinion.

Sl. No.	Subsidiary	Name of Auditor	Audit Report on Financial Statements	Limited Review Report
			Date	Date
1.	Ahmedabad-Vadodara Expressway Company Limited	Garg Singla & Co.	November 7, 2011	October 20, 2011
2.	Mumbai-JNPT Port Road Company Limited	V. K. Thapar & Co.	November 9, 2011	November 9, 2011
3.	Mormugao Port Road Company Limited	Garg Singla & Co.	November 9, 2011	November 9, 2011
4.	Vishakhapatnam Port Road Company Limited	Goyal & Goyal	November 8, 2011	November 8, 2011
5.	Calcutta-Haldia Port Road Company Limited	Garg Singla & Co.	November 9, 2011	November 9, 2011
6.	Cochin Port Road Company Limited	Bholusaria & Co.	November 9, 2011	November 9, 2011
7.	Tuticorin Port Road Company Limited	Garg Singla & Co.	November 9, 2011	November 9, 2011
8.	Paradip Port Road Company Limited	Garg Singla & Co.	November 9, 2011	November 9, 2011
9.	New Manglore Port Road Company Limited	A.K.Batra & Associates	November 9, 2011	November 9, 2011
10.	Moradabad Toll Road Limited	Parm & Smrn	November 9, 2011	November 9, 2011

Minimum Subscription for the Issue

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities is required to disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, all application monies received in the public issue are required to be refunded forthwith. However, SEBI has, through the SEBI Letter dated November 17, 2011, exempted NHAI from the requirements of prescribing a minimum subscription amount for the issue. Therefore, there is no minimum subscription amount for the issue.

Issue programme

ISSUE OPENS ON DECEMBER 28, 2011	ISSUE CLOSES ON JANUARY 11, 2012
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The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a maximum period of 30 days from the date of opening of the Issue, as may be decided by the Board of NHAI subject to necessary approvals. In the event of such early closure of the subscription list of the Issue, NHAI 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 a leading national daily newspaper. Further, Allotment shall be on first cum first serve basis for Category I and II and on a proportionate basis for Category III, with NHAI having the discretion to close the Issue early irrespective of whether any of the Portion(s) are fully subscribed.

OBJECTS OF THE ISSUE

NHAI intends to deploy the Issue proceeds towards part financing of the various projects being implemented by NHAI under the NHDP and other National Highways projects as approved by the GoI. In order to part finance the projected project cost, NHAI proposes to issue Bonds aggregating to ₹ 10,00,000.00 Lacs during the FY 2011-12.

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

Interim Use of Proceeds

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

Monitoring of Utilization of Funds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. Members of the Authority shall monitor the utilisation of the proceeds of the Issue. For the relevant fiscal years commencing from Fiscal 2012 we shall disclose in our financial statements, the utilization of the proceeds of the Issue under a separate head along with any details in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. We shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security as stated in this Prospectus Tranche - 1 in the chapter "*Terms of the Issue*" on page 32 and upon the listing of the Bonds.

The objects of NHAI as specified in NHAI Act permits it to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

We propose to issue Bonds to NRIs on a non-repatriable as well as repatriable basis. Under the provisions of the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, as amended, any monies borrowed from a person resident outside India cannot be used:

- (a) for any purpose except in ones own business other than (i) the business of chit fund, (ii) as Nidhi Company, (iii) agricultural or plantation activities or real estate business; or construction of farm houses; or (iv) trading in Transferable Development Rights (TDRs); or
- (b) 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.

To ensure compliance with the aforementioned, NHAI shall open and maintain a separate escrow account with the Escrow Collection Bank(s) in connection with all application monies received from NRIs, ("**NRI Escrow Account**"). All application monies received from NRI applicants shall be deposited in the NRI Escrow Account maintained with each Escrow Collection Bank. Upon creation of security as disclosed in this Prospectus Tranche - 1, the Escrow Collection Bank(s) shall transfer the monies from the NRI Escrow Accounts to a separate bank account, ("**NRI Account**"), which shall be different from the Public Issue Account. NHAI shall at all times ensure that any monies kept in the NRI Escrow Account and/or the NRI Account shall be utilised only in accordance with and subject to the restrictions contained in the Foreign Exchange Management (Borrowing and Lending in Rupee) Regulations, 2000, and other applicable statutory and/or regulatory requirements.

Proposed Issue Expenses

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

Particulars	Amount (₹ in lacs)	Percentage of total expenses of the Issue (in %)
Fees payable to Intermediaries		
Registrar to the Issue	15	0.0015
Legal Advisor	25	0.0025
Debenture Trustee	3	0.0003
Lead Managers' Fee	80.00002	0.0080
Advertising and Marketing	1,500	0.1500
Selling Commission and Brokerage	12,000	1.2000
Other Miscellaneous Expenses	100	0.0100
Total	13,723	1.3723

STATEMENT OF TAX BENEFITS

Under the current tax laws, the following possible tax benefits, inter alia, will be available to the Bond Holder. 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 Bond Holder 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 his statement of tax benefit is formulated may be considered differently by income tax authority, government, tribunals or court. We are not liable to the Bond Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. INCOME TAX

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

- a) In exercise of power conferred by item (h) of sub clause (iv) of clause (15) of Section 10 of the Income Tax Act, 1961 the Central Government vide notification no 52/2011.F.No.178/56/2011-(ITA-1) dated 23rd September 2011 authorizes National Highway Authority of India to issue during the Financial year 2011-12, tax free, secured, redeemable, non-convertible bonds of rupee 1,000 each for the aggregate amount of Rs 10,00,000 lacs subject to the other following conditions that-
- i) It shall be mandatory for the subscribers of such bonds to furnish their permanent account number to the issuer.
 - ii) The holder of such bonds must register his or her name and holding with the issuer.
 - iii) The tenure of the bonds shall be ten or fifteen years.
 - iv) The interest on the bonds shall be not less than hundred basis points lower than the yield on Government Securities of equivalent residual maturity as reported by the Fixed Income Money Market and Derivative Association of India, as on the last working day of the month immediately preceding the month of the issue of the bonds but in the case of a Public issue, the interest on the bonds shall be not less than 50 basis points lower than the yield on Government Securities of equivalent residual maturity.
 - v) Commission on sale.-
 - i) in case of a public issue, the commission on sale shall be capped at a maximum of a flat fee of 1.25% of the issue size;
 - ii) in case of a private placement- (a) for bonds with a tenure of ten years, the commission on sale shall be capped at a maximum of a flat fee of 0.1% of the issue size; (b) for bonds with a tenure of fifteen years, the commission on sale shall be capped at a maximum of a flat fee of 0.2% of the issue size.
- b) **Section 10(15)(iv)(h) read as**

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;

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 section 617 of the companies Act, 1956.

- c) Accordingly, pursuant to the aforesaid notification, interest from bond will be exempt from income tax.
- d) Since the interest Income on these bonds is exempt, no Tax Deduction at Source is required.
- e) Under section 195 of the Income Tax Act, Income Tax shall be deducted from sum payable to non residents on the 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.

However under section 196D, No deduction of tax shall be made from income arising by way of capital gain to Foreign Institutional Investors.

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 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 180,000 in case of all individuals, ₹ 190000 in case of resident women, Rs 250,000 in case of resident senior citizens and ₹ 500,000 in case of resident very senior citizens, 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 surcharge for corporate only) is payable by all categories of tax payers.

- 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 3 above would also apply to such short-term capital gains.

- c) 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 Bond Holder 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 Bond Holder should not own more than one residential house at the time of such transfer. 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 Bond Holder 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.

- d) The income by way of short term capital gains or long term capital gains (not covered under Section 10(38) of the IT Act) realized by FIIs on sale of security in the Company would be taxed at the following rates as per Section 115AD of the I.T. Act.
- Short term capital gains- 30% (plus applicable surcharge and education cess) .
 - Long term capital gains - 10% without cost indexation (plus applicable surcharge and education cess)

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

3. Profit and loss

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

4. Taxation on gift

As per section 56(2)(vii) 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 Taxes Code

The Hon'ble Finance Minister has presented the Direct Tax Code Bill, 2010 ('DTC Bill') on August 30, 2010, which is proposed to be effective from April 1, 2012. The DTC Bill is likely to be presented before the Indian Parliament thereafter. Accordingly, it is currently unclear what effect the Direct Tax Code would have on the investors.

**For ASP & Co.
Chartered Accountants
Firm Registration No. 000576N**

Sd/-

**(Rajendra Prasad)
(Partner)
(Membership Number - 098941)**

**Place: New Delhi
Date November 21, 2011**

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The CBDT, Department of Revenue, Ministry of Finance, GoI vide its Notification No. 52/2011.F.No.178/56/2011-(ITA.1) dated September 23, 2011 has authorised NHAI to issue Bonds for an amount not exceeding ₹ 10,00,000 lacs in one or more tranche(s) in the financial year 2011-12.

At the meeting of the Members of the Board, held on October 14, 2011, the Members of the NHAI approved the issue of the Bonds for an amount not exceeding ₹ 10,00,000 lacs in one or more tranche(s) in the financial year 2011-12.

Consents

Consents in writing from the Members of the Board, the Compliance officer, the Lead Managers, the Registrar to the Issue, the Legal Advisor to the Issue, the Statutory Auditors/Independent Auditors of NHAI, the Statutory Auditors/Independent Auditors of Subsidiaries, the Bankers to the Issuer, Bankers to the Issue, Credit Rating Agencies and the Debenture Trustee to act in their respective capacities, have been obtained.

SBICAP Trustee Company Limited has given their consent for their appointment as Debenture Trustees under regulation 4(4) of the SEBI Debt Regulations for all Tranche Issues up to the Shelf Limit.

Expert Opinion

Except the letters dated November 9, 2011, November 7, 2011 and November 8, 2011 issued by CRISIL, CARE and FITCH, respectively, in respect of the credit rating for the Bonds, and the report on our Financial Statements, Limited Review Report and Statement of Tax Benefits dated November 22, 2011, November 22, 2011 and November 21, 2011 respectively issued by ASP & Co. Independent Auditors of NHAI, NHAI has not obtained any other expert opinion.

Further, except for the report on Subsidiaries financial statements and Limited Review Report issued by Independent Auditors/Statutory Auditors of Subsidiaries, as mentioned below, our Subsidiaries have not obtained any other expert opinion.

Sl. No.	Subsidiary	Name of Auditor	Audit Report on Financial Statements	Limited Review Report
			Date	Date
1.	Ahmedabad-Vadodara Expressway Company Limited	Garg Singla & Co.	November 7, 2011	October 20, 2011
2.	Mumbai-JNPT Port Road Company Limited	V. K. Thapar & Co.	November 9, 2011	November 9, 2011
3.	Mormugao Port Road Company Limited	Garg Singla & Co.	November 9, 2011	November 9, 2011
4.	Vishakhapatnam Port Road Company Limited	Goyal & Goyal	November 8, 2011	November 8, 2011
5.	Calcutta-Haldia Port Road Company Limited	Garg Singla & Co.	November 9, 2011	November 9, 2011
6.	Cochin Port Road Company Limited	Bholusaria & Co.	November 9, 2011	November 9, 2011
7.	Tuticorin Port Road Company Limited	Garg Singla & Co.	November 9, 2011	November 9, 2011
8.	Paradip Port Road Company Limited	Garg Singla & Co.	November 9, 2011	November 9, 2011
9.	New Manglore Port Road Company Limited	A.K.Batra & Associates	November 9, 2011	November 9, 2011
10.	Moradabad Toll Road Limited	Parm & Smrn	November 9, 2011	November 9, 2011

Common form of Transfer

NHAI undertakes that there shall be a common form of transfer for the Bonds issued in physical form and all applicable laws shall be duly complied with in respect of all transfer of the Bonds and registration thereof. We shall also use a common form of transfer of Bonds in demat form will be done as per the procedure/rules prescribed by the depositories (NSDL/CDSL) and depository participants.

Minimum Subscription

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities is required to disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, all application monies received in the public issue are required to be refunded forthwith. However, SEBI has, through the SEBI Letter, exempted NHAI from the requirements of prescribing a minimum subscription amount for the issue. Therefore, there is no minimum subscription amount for the issue.

No Reservation or Discount

There is no reservation in this Issue nor will any discount be offered in this Issue to the Bondholders.

Previous Public or Right Issues

NHAI has not made any public or right issuances in the last five years.

Previous Other Issues (outstanding as on September 30, 2011)

As per the circular issued by CBDT and Income Tax Act, 1961 as amended from time to time, NHAI is mandated to issue bonds which are eligible for exemption from capital gain tax under Section 54EC of the Income Tax Act, 1961. Only four tranches/series of Section 54EC bonds issued in FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 (upto September 30, 2011) are outstanding. The maximum investment by an investor under such bonds eligible for said exemption is ₹ 50.00 Lacs in a financial year. A brief on the terms of issue of each of the four outstanding series of the bonds are indicated below:

Issue particulars	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12 (upto September 2011)
Nomenclature	Series IX	Series X	Series XI	Series XII
Face Value	₹ 10,000 per bond	₹ 10,000 per bond	₹ 10,000 per bond	₹ 10,000 per bond
Maximum Application	500 bonds (₹ 50 lacs per applicant)	500 bonds (₹ 50 lacs per applicant)	500 bonds (₹ 50 lacs per applicant)	500 bonds (₹ 50 lacs per applicant)
Coupon Rate & Payment of Interest	6.25 percent payable annually	6.25 percent payable annually	6 percent payable annually	6 percent payable annually
Tenor	3 years	3 years	3 years	3 years
Redemption	At par, at the end of 3 years from the date of allotment	At par, at the end of 3 years from the date of allotment	At par, at the end of 3 years from the date of allotment	At par, at the end of 3 years from the date of allotment

The above bonds are locked in for a period of 3 years and are not listed on any Stock Exchange(s). There has been no further public or right issue.

Commission or brokerage on previous outstanding issues

Series	Brokerage paid (in ₹)	Amount allotted (in ₹ lacs)
Series-IX	1,83,52,046.00	1,63,001.00
Series-X	1,37,59,959.00	1,15,363.00
Series-XI	2,61,49,439.00	2,16,011.00

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

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

Revaluation of assets

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

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

NHAI has not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

Utilization of Proceeds

NHAI shall utilize the Issue proceeds towards part financing of the various projects being implemented by NHAI under the NHDP and other National Highways projects as approved by the GoI. NHAI shall not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management and also not to its Subsidiaries.

Statement by the Members of the Board:

- i) All monies received out of each Tranche Issue of the Bonds to the public shall be transferred to a separate bank account;
- ii) Details of all monies utilised out of each Tranche 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 each Tranche 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.
- iv) NHAI shall open and maintain a separate NRI Escrow Account with the Escrow Collection Bank(s) in connection with all application monies received from NRIs. All application monies received from NRI applicants shall be deposited in the NRI Escrow Account maintained with each Escrow Collection Bank. Upon creation of security as disclosed in this Prospectus, the Escrow Collection Bank(s) shall transfer the monies from the NRI Escrow Account to a separate bank account, (“**NRI Account**”), which shall be different from the Public Issue Account. NHAI shall at all times ensure that any monies kept in the NRI Escrow Account and/or the NRI Account shall be utilised only in accordance with applicable statutory and/or regulatory requirements.
- v) The funds raised by us from previous bonds issues have been utilised for our business as stated in the respective offer documents.

Disclaimer clause of NSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF.:NSE/LIST/152249-M DATED DECEMBER 05, 2011 PERMISSION TO THE ISSUER TO USE THE EXCHANGE’S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER’S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS DRAFT OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER’S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OF PROJECT OF THIS ISSUER.

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.”

Disclaimer clause of BSE

BSE LIMITED (“THE EXCHANGE”) HAS GIVEN VIDE ITS LETTER DATED DECEMBER 1, 2011, PERMISSION TO NHAI TO USE THE EXCHANGE’S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH NHAI’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 NHAI. THE EXCHANGE DOES NOT IN ANY MANNER:

(I) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR

(II) WARRANT THAT NHAI’S SECURITIES WILL BE LISTED AND WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR

(III) 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 OF OTHERWISE ACQUIRES ANY SECURITIES OF NHAI MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OF FOR ANY OTHER REASON WHATSOEVER.

Jurisdiction

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

Disclaimer in respect of jurisdiction

The Bonds have not been reviewed or recommended by any U.S. federal or state securities commission or regulatory authority. The foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus Tranche - 1 or approved or disapproved the Bonds. Any representation to the contrary is a criminal offence in the United States.

Investment decision, investors must rely on their own examination of NHAI and the terms of the Issue, including the merits and risks involved. NHAI has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act. The Bonds have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of U.S. Persons 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. Accordingly, the Bonds are being offered and sold only (i) outside the United States, to non-U.S. Persons in offshore transactions under Regulations; and (ii) to institutional investors in the United States and U.S. Persons that are both (A) “qualified institutional buyers” as defined in Rule 144A and (B) “qualified purchasers” as defined in Section 2(a)(51) and related rules of the U.S. Investment Company Act. Prospective purchasers in the United States are hereby notified that our Company is relying on the exemption from the registration requirements under Section 4(2) of the Securities Act and exceptions from the U.S. Investment Company Act.

Each purchaser of Bonds who is located within the United States or who is a U.S. Person, or who has acquired the Bonds for the account or benefit of a U.S. Person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB and a QP; and (ii) will only reoffer, resell, pledge or otherwise transfer the Bonds in an “offshore transaction” in accordance with Rule 903 or Rule 904 of Regulation S and under circumstances that will not require NHAI to register under the Investment Company Act, in each case in accordance with all applicable securities laws.

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.

Listing

Each Series of Bonds will be listed on BSE and NSE as specified in the Prospectus Tranche - 1. For the Issue, NHAI has received in-principle approvals for listing from BSE and NSE vide their letter dated December 1, 2011 and December 5, 2011 respectively.

If the permissions for listing and dealing in and for an official quotation of the Series of Bonds under this Tranche Issue are not granted by the Stock Exchange(s), NHAI shall forthwith repay, without interest, all such moneys received from the Applicants. If such money is not repaid within eight days after the NHAI becomes liable to repay it (i.e. from the date of refusal or within seven days from the Tranche Issue Closing Date, whichever is earlier), then NHAI and every Member who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money with interest as per the applicable laws.

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

Dividend

No dividends are paid by NHAI.

Mechanism for redressal of investor grievances

MCS 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 giving full details of the applicant, number of Bonds applied for, amount paid on application and the bank branch or collection centre where the application was submitted etc.

TERMS OF THE ISSUE

The Bonds being offered as part of this Tranche 1 Issue are subject to the provisions of the SEBI Debt Regulations, NHAI Act, CBDT Notification No. 52/2011.F.No.178/56/2011-(ITA.1) dated September 23, 2011, the terms of the Draft Shelf Prospectus, the Shelf Prospectus, this Prospectus Tranche - 1, the Application Form, the terms and conditions of the Trustee Agreement and the Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the GoI /BSE/NSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the Bonds.

1) Authority for the Issue

The CBDT, Department of Revenue, Ministry of Finance, GoI, by virtue of power conferred upon it under Section 10(15)(iv)(h) of the Income Tax Act, 1961, has issued Notification No. 52/2011.F.No.178/56/2011-(ITA.1) dated September 23, 2011 authorising NHAI to issue the said Bonds upto an aggregate amount of ₹ 10,00,000 lacs during the financial year 2011-12.

NHAI shall issue the Bonds upto an aggregate amount of ₹ 10,00,000 lacs during the financial year 2011-12 as approved by its Board vide its resolution dated October 14, 2011.

2) Issue and Status of Bonds

- 2.1. Public Issue of Tax free, Secured Redeemable Non Convertible Bonds in the nature of Debentures having tax benefits under Section 10(15) (iv) (h) of the Income Tax Act, 1961 not exceeding ₹ 10,00,000.00 lacs at par in one or more tranches in the financial year 2011-12.
- 2.2. The Bonds are secured pursuant to a Trust Deed and underlying security documents. The Bondholders are entitled to the benefit of the Trust Deed and are bound by and are deemed to have notice of all the provisions of the Trust Deed. NHAI is issuing the Bonds in accordance with the Notification No. 52/2011.F.No.178/56/2011-(ITA.1) dated September 23, 2011 issued by CBDT.
- 2.3. The Bonds are issued in the form of tax-free, secured, redeemable, non-convertible bonds in the nature of debenture and shall rank pari passu inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first pari passu charge on the immovable properties situated at Ahmedabad and exclusive first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2011), being highway project comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI to the extent of 100% of the amounts outstanding in respect of the Bonds at any time. The mode of creation of security shall be by way of mortgage and the security creation requires prior approval and authorization by the Central Government as owner of the land. The NOC for the same has been received from the Central Government. The claims of the Bond holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements and shall rank pari passu to the claims of the secured creditors of NHAI secured against the aforesaid assets/properties.

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 as well as physical form. NHAI has made depository arrangements with CDSL and NSDL for the issuance of the Bonds in dematerialized form, pursuant to the tripartite agreement dated November 17, 2011 among NHAI, CDSL and the Registrar to the Issue and the tripartite agreement dated September 1, 2000 among NHAI, NSDL and the Registrar to the Issue (collectively, “**Tripartite Agreements**”).

NHAI 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, 1996 (“**Depositories Act**”) and/or rules as notified by the Depositories from time to time.

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

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

3.2. **Face Value**

The face value of each Bond is ₹ 1,000.

3.3. **Title**

3.3.1 In case of:

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

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

3.3.2 No transfer of title of a Bond will be valid unless and until entered on the Register of Bondholders or the register of beneficial owners, maintained by the Depositories and/or NHAI 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 NHAI 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 NHAI or the Registrar to the Issue.

3.4. **Listing**

The Bonds will be listed on BSE and NSE. BSE and NSE have given their in-principle listing approval by its letters dated December 1, 2011 and December 5, 2011 respectively. The Designated Stock Exchange for the Issue is BSE.

3.5. **Market Lot**

3.5.1. The Bonds shall be allotted in physical as well as dematerialized form. As per the SEBI Debt Regulations, the trading of the Bonds shall be in dematerialised form only. Since, the trading of Bonds is in dematerialize form, tradable lot is one Bond (“**Market Lot**”).

3.5.2. For details of Allotment, please refer “*Issue Structure*” beginning on page 43 in this Prospectus Tranche - 1.

3.6. **Procedure for Rematerialisation of Bonds**

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

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

4.1. **Register of Bondholders**

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

4.2. **Transfers**

4.2.1 ***Transfer of Bonds held in dematerialized form:***

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

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

5. **Application Amount**

The Bonds are being issued at par and full amount of face value per Bond is payable on application. Eligible Applicants can apply for any amount of the Bonds subject to a minimum application size of 50 Bonds Bonds, 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 as may be determined by the Board or Committee and notified to the BSE and NSE. All benefits under the Bonds including payment of interest will accrue to the Bondholders from the Deemed Date of Allotment. Actual Allotment may occur 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	December 28, 2011
Issue Closes on	January 11, 2012

The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a maximum period of 30 days from the date of opening of the Issue, as may be decided by the Board of NHAI subject to necessary approvals. In the event of such early closure of the subscription list of the Issue, NHAI 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 a leading national daily newspaper.

7.2 Underwriting

The Issue is not underwritten.

7.3 Minimum Subscription

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities is required to disclose the minimum amount of subscription that it proposes to raise in the Issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, all application monies received in the public issue are required to be refunded forthwith. However, SEBI has, through its Letter dated November 17, 2011, exempted NHAI from the requirements of specifying a minimum subscription amount for the issue. Therefore, there is no minimum subscription amount for the issue.

8. Interest

8.1. Interest

Tranche 1 and Series 1 and Tranche 1 and Series 2 Bonds shall carry interest at the coupon rate of 8.20% and 8.30% per annum, respectively, payable annually. The interest shall be payable on the first day of October of every year. The first interest payment will be made on October 1, 2012 for the period commencing from the Deemed Date of Allotment till September 30, 2012. The last interest payment will be made at the time of redemption of the Bonds for the balance tenure of the Bonds. Interest is payable to the Bondholders as of the relevant Record Date.

8.2. Day Count Convention

Interest shall be computed on an actual/actual basis on the principal outstanding on the Bonds.

8.3. Interest on Application Money

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

We shall pay interest on application money on the amount allotted, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any applicants to whom Bonds are allotted pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of submission of each application as duly acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of 8.20% per annum and 8.30% per annum for Tranche 1 Series 1 and Tranche 1 Series 2 Bonds respectively.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment at the sole risk of the applicant, to the sole/first applicant.

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

We shall pay interest on application money which is liable to be refunded to the applicants in accordance with the provisions of the SEBI Debt Regulations, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of presentation of each application as acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of 4% per annum. 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.

Provided that, notwithstanding anything contained hereinabove, NHAI 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. Please refer to “*Rejection of Application*” at page 58 of this Prospectus Tranche - 1.

9. **Redemption**

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

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 NHAI on the Record Date fixed for the purpose of redemption. However, NHAI may require the Consolidated Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Consolidated Bond Certificate(s)) to be surrendered for redemption on Maturity Date and sent by the Bondholders by registered post with acknowledgment due or by hand delivery to the Registrar to the Issue or NHAI or to such persons at such addresses as may be notified by NHAI from time to time. Bondholders may be requested to surrender the Consolidated Bond Certificate(s) in the manner stated above, not more

than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment.

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 NHAI and/or the Registrar to the Issue, as the case may be as, on the Record Date. Whilst NHAI 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, NHAI 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 NHAI 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 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.

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 Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working 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 Working Day, without any interest for the period overdue.

10.4. Whilst NHAI 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, NHAI 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 NHAI and/or the Registrar to the Issue, as the case may be as, on the Record Date. In the case of payment on maturity being made on surrender of the Consolidated Bond Certificate(s), NHAI will make payments or issue payment instructions to the Bondholders within 30 days from the date of receipt of the duly discharged Consolidated Bond Certificate(s). NHAI shall pay interest at 2% p.a., over and above the coupon rate of the relevant Bonds, in the event that such payments are delayed beyond a period of eight days after NHAI becomes liable to pay such amounts.

10.5 NHAI’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, NHAI 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 NHAI 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 NHAI 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/redemption payments shall be undertaken in the following order of preference: All payments to be made by NHAI to the Bondholders shall be made through any of the following modes:

11.2.1 *Direct Credit*

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

11.2.2 *NECS*

Through NECS for Applicants having an account at any of the centers notified by the RBI. This mode of payment will be subject to availability of complete bank account details including the Magnetic Ink Character Recognition (“MICR”) code as appearing on a cheque leaf, from the Depositories.

NHAI shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as NHAI 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 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 Bank 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.

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

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

11.2.5 *Cheques or Demand drafts*

By cheques or demand drafts made in the name of the Bondholders whose names appear in

the Register of Bondholders as maintained by NHA I and/or as provided by the Depositories. All Cheques or demand drafts as the case may be, shall be sent by registered/speed post at the Bondholder's sole risk.

11.3 **Printing of Bank Particulars**

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

12. **Special Tax Benefit**

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

13. **Taxation**

The Bonds are tax free in nature and the interest on the Bonds will not form part of the total income. For further details, please refer to chapter "*Statement of Tax Benefits*" on page 23 in this Prospectus Tranche - 1.

14. **Security**

The Bonds issued by NHA I will be secured. NHA I will create security in favour of Trustee pursuant to the terms of Shelf Prospectus/ Prospectus Tranche - 1.

15. **Events of Default**

15.1 The 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 NHA I specifying that the Bonds and/or any particular Series of Bonds, in whole but not in part are and have become due and repayable at the Early Redemption Amount on such date as may be specified in such notice *inter alia* if any of the events listed in 15.2 below occur.

15.2 The complete list of events of default shall be as specified in the Trust Deed.

15.3 The early redemption amount payable on the occurrence of an Event of Default shall be as detailed in the Trust Deed.

15.4 If an Event of Default occurs which is continuing, the Trustee may with the consent of the Bondholders, obtained in accordance with the provisions of the Trust Deed, and with a prior written notice to NHA I, take action in terms of the 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, NHA I shall also pay interest on the defaulted amounts.

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

16.1 **Rights of Bondholders**

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

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

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

16.3 Succession

Where Bonds are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Bondholder(s) in accordance with the applicable laws. It will be sufficient for NHAI to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death, provided that a third person may call on NHAI 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, NHAI will recognize the executors or administrator of the deceased Bondholders, or the holder of the succession certificate or other legal representative as having title to the Bonds only if such executor or administrator obtains and produces probate of will or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The Members of NHAI in their absolute discretion may, in any case, dispense with production of probate of will or letter of administration or succession certificate or other legal representation.

16.4 Nomination Facility to Bondholder

16.4.1 The sole Bondholder or first Bondholder, along with other joint Bondholders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Bond. A person, being a nominee, becoming entitled to the Bond by reason of the death of the Bondholders, shall be entitled to the same rights to which he will be entitled if he 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 NHAI's administrative office or at such other addresses as may be notified by NHAI.

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

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

(a) to register himself or herself as the holder of the Bonds; or

(b) to make such transfer of the Bonds, as the deceased holder could have made.

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

17. **Trustee**

17.1 NHAI has appointed SBICAP Trustee Company Limited to act as the Trustee for the Bondholders. NHAI intends to enter into a Trust Deed with the Trustee, the terms of which will govern the appointment and functioning of the Trustee and shall specify the powers, authorities and obligations of the Trustee. Under the terms of the Trust Deed, NHAI will covenant with the Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds on the rate specified under the respective Tranche Prospectus under which allotment has been made.

17.2 The Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the 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 NHAI to the Trustee on behalf of the Bondholders shall discharge NHAI *pro tanto* to the Bondholders. All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Trustee without reference to the Bondholders. No Bondholder shall be entitled to proceed directly against NHAI unless the Trustee, having become so bound to proceed, failed to do so.

17.3 The Trustee will protect the interest of the Bondholders in the event of default by NHAI in regard to timely payment of interest and repayment of principal and they will take necessary action at NHAI's cost. Further, the Trustee shall ensure that the assets of NHAI 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.

18.2 **Lien**

NHAI 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 NHAI.

18.3 Lien on Pledge of Bonds

Subject to applicable laws, NHAI, 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

NHAI 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 NHAI, its SPVs and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither NHAI nor its SPVs and affiliates nor their agents shall be liable for use of the aforesaid information.

18.6 Notices

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

18.7 Issue of Duplicate Consolidated Bond Certificate(s)

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

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

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

18.8 Future Borrowings

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

18.9 Jurisdiction

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

ISSUE STRUCTURE

This is a public issue of Bonds of face value of ₹ 1,000 each, aggregating ₹ 5,00,000 lacs with an option to retain an oversubscription upto the Shelf Limit (i.e. ₹ 10,00,000 lacs).

NHAI shall issue the Bonds in one or more tranche(s), on or prior to March 31, 2012, up to the amount of ₹10,00,000.00 lacs approved by the Board vide its resolution dated October 14, 2011. The GoI, by virtue of power conferred upon it by Section 10(15)(iv)(h) of the IT Act has issued Notification No. 52/2011.F.No.178/56/2011-(ITA.1) dated September 23, 2011 to authorise NHAI to issue the said Bonds up to an aggregate amount of ₹ 10,00,000 lacs during the financial year 2011-12.

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 32 in this Prospectus Tranche - 1.

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

Particulars	Terms and Conditions
Minimum Application Size	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
Terms of Payment	Full amount on application
Trading Lot	1 (one) Bond
Who can Apply	<p>Category I:</p> <ul style="list-style-type: none"> • Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the Bonds; • Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • National Investment Fund; • Mutual Funds; • Foreign Institutional Investors (including sub-accounts) • Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds; • Public/private charitable/religious trusts which are authorised to invest in the Bonds; • Scientific and/or industrial research organisations, which are authorised to invest in the Bonds; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009) <p>Category II:</p> <p>The following investors applying for an amount aggregating to above ₹5 lakhs across all Series in each tranche</p>

	<ul style="list-style-type: none"> • Resident Indian individuals; • Hindu Undivided Families through the Karta and • Non Resident Indians on repatriation as well as non-repatriation basis. <p>Category III:</p> <p>The following investors applying for an amount aggregating to upto and including ₹5 lakhs across all Series in each tranche</p> <ul style="list-style-type: none"> • Resident Indian individuals; • Hindu Undivided Families through the Karta and <p style="padding-left: 40px;">Non Resident Indians on repatriation as well as non-repatriation basis.</p>
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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, the applicants should ensure that the de-mat 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, please see “*Issue Procedure*” on page 46 in this Prospectus Tranche - 1.

TERMS AND CONDITIONS IN CONNECTION WITH THE BONDS

Nature of the Bonds

We are offering Bonds which shall have a fixed rate of interest. The Bonds will be issued at a face value of ₹ 1,000 per Bond. Interest on the Bonds shall be payable on an annual basis, as set out hereinafter.

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

Options	Series of Bonds	
	Tranche 1 Series 1	Tranche 1 Series 2
Tenor	10 years	15 years
Redemption Date	At the end of 10 years from the Deemed Date of Allotment	At the end of 15 years from the Deemed Date of Allotment
Redemption Amount (₹/Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date
Frequency of Interest Payment	Annual	Annual
Minimum Application Size	₹ 50,000 (50 Bonds)	₹ 50,000 (50 Bonds)
In Multiples of	₹ 1,000 (1 Bond)	₹ 1,000 (1 Bond)
Face Value (₹/Bond)	₹ 1,000.00	₹ 1,000.00
Issue Price (₹/Bond)	₹ 1,000.00	₹ 1,000.00
Mode of Interest	Through various modes available*	Through various modes available*

Options	Series of Bonds	
	Tranche 1 Series 1	Tranche 1 Series 2
Payment		
Coupon Rate (%) p.a.	8.20% per annum	8.30% per annum
Nature of Indebtedness and Ranking	The Bonds shall rank pari passu inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first pari passu charge on the immovable properties situated at Ahmedabad and exclusive first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2011), being highway project comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI to the extent of 100% of the amounts outstanding in respect of the Bonds at any time. The mode of creation of security shall be by way of mortgage and the security creation requires prior approval and authorization by the Central Government as owner of the land. The NOC for the same has been received from the Central Government. The claims of the Bond holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements and shall rank pari passu to the claims of the secured creditors of NHAI	The Bonds shall rank pari passu inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first pari passu charge on the immovable properties situated at Ahmedabad and exclusive first charge on fixed assets of NHAI (as reflected in the Balance Sheet for the financial year ended March 31, 2011), being highway project comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways except those under the Surat-Manor Tollway Project entrusted to NHAI to the extent of 100% of the amounts outstanding in respect of the Bonds at any time. The mode of creation of security shall be by way of mortgage and the security creation requires prior approval and authorization by the Central Government as owner of the land. The NOC for the same has been received from the Central Government. The claims of the Bond holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements and shall rank pari passu to the claims of the secured creditors of NHAI
Credit Rating	“CRISIL AAA/Stable” by CRISIL, “CARE AAA” by CARE and “Fitch AAA(ind) with Stable Outlook” by FITCH	“CRISIL AAA/Stable” by CRISIL, “CARE AAA” by CARE and “Fitch AAA(ind) with Stable Outlook” by FITCH

* For various modes of interest payment, please refer to the section “**Terms of the Issue**” on page 32 in this Prospectus Tranche - 1.

** NHAI shall allocate and allot Tranche 1 Series 2 Bonds to all valid applications, wherein the applicants have not indicated their choice of the relevant Bond Series.

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, NHAI shall refund the amount paid on application to the Applicant.

ISSUE PROCEDURE

NHAI and the Lead Managers would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus Tranche - 1. Investors are advised to make their independent investigations and ensure that their Application does not exceed the investment limits or maximum number of Bonds that can be held by them under applicable law or as specified in this Prospectus Tranche - 1.

Availability of Prospectus and Application Forms

The abridged Prospectus containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from our Head Office, Lead Managers to the Issue, Consortium Members for marketing of the Issue, the Registrar to the Issue, as mentioned on the Application Form.

In addition, Application Forms would also be made available to all the recognised stock exchanges.

We may provide Application Forms for being filled and downloaded at such websites as we may deem fit.

Who can apply:

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

Category I:

- Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the Bonds;
- Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds; Insurance companies registered with the IRDA;
- National Investment Fund;
- Mutual Funds;
- Foreign Institutional Investors (including sub-accounts);
- Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds;
- Public/private charitable/religious trusts which are authorised to invest in the Bonds;
- Scientific and/or industrial research organisations, which are authorised to invest in the Bonds;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)

Category II:

The following investors applying for an amount aggregating to above ₹5 lakhs across all Series in each tranche

- Resident Indian individuals;
- Hindu Undivided Families through the Karta and
- Non Resident Indians on repatriation as well as non-repatriation basis.

Category III:

The following investors applying for an amount aggregating to upto and including ₹5 lakhs across all Series in each tranche

- Resident Indian individuals;
- Hindu Undivided Families through the Karta and
- Non Resident Indians on repatriation as well as non-repatriation basis.

Note: Participation of any of the aforementioned persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

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

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

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

The information below is given for the benefit of the investors. NHAI, the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus Tranche - 1.

Applications cannot be made by:

- Minors without a guardian name;
- Foreign nationals;
- Persons resident outside India other than NRIs ;
- Overseas Corporate Bodies

Applications by Mutual Funds

In terms of SEBI (Mutual Fund) Regulation, 1996, as amended, no mutual fund scheme shall invest more than 15% of its NAV in debt instruments issued by a single company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorised signatories. Failing this, NHAI reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

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

Commerical Banks, Co-operative banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. The application must be accompanied by certified true copies of (i) Board Resolution authorising investments; (ii) Letter of Authorisation. Failing this, NHAI reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by NRIs

We propose to issue Bonds to NRIs on a repatriable as well as non-repatriable basis. NRI applicants should note that only such applications as are accompanied by payment in Indian Rupees only shall be considered for Allotment. An NRI can apply for Bonds offered in the Issue subject to the conditions and restrictions contained in the FEMA (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 NRIs shall be subject to the application monies paid by the NRI as described below:

1. In case of NRIs applying under repatriation basis: If it is received either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through rupee denominated demand drafts/cheque 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) account maintained with an RBI authorised dealer or a RBI authorised bank in India. Payment will not be accepted out of Non- Resident Ordinary (NRO) Account of the Non-Resident Indians applying on a repatriation basis. Payment by demand draft by a Non-Resident on repatriable basis should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account.
2. In case of NRIs applying under non-repatriation basis- If it is received either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through rupee denominated demand drafts/cheque 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 and Non Resident External (NRE) maintained with an RBI authorised dealer or a RBI authorised bank in India. In the case of Bids by NRIs applying on a non-repatriation basis, payment by demand drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or a NRO Account.

Applications by NRI in physical form shall be submitted only at the Collection Centres located at Mumbai, Delhi, Ahemdabad, Hyderabad, Chennai, Bangalore, Chandigarh and Kochi.

The Issuer does not make any representations and does not guarantee eligibility of any foreign investor, including inter-alia NRIs and FIIs 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 RBI - FEMA notifications and guidelines as well as all relevant and applicable SEBI guidelines notifications and circulars pertaining to their eligibility to invest in the Issue at the stage of investment in every tranche, 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 into the Issue.

Issue and Allotment of Bonds to NRI applicants:

We confirm 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 is not less than 3 years;
- iii. NHAI does not and shall not carry on agricultural /plantation /real estate business/Trading in Transferable Development Rights (TDRs) 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 NRIs in connection with the Issue, full details of the remittances received, namely; (a) 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, (b) amount and date of receipt of remittance and its rupee equivalent; and (c) names and addresses of authorised dealers through whom the remittance has been received; The application money for the Bonds has to be paid in cheque 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; (a) 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 (b) a certificate from our compliance officer that all provisions of the FEMA Act, and rules and regulations made thereunder in connection with the issue of nonconvertible debentures have been duly complied with.

We further confirm that the monies received from 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.

Applications by FII

A registered Foreign Institutional Investor 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 the Foreign Institutional Investor with a designated branch of an authorised dealer in terms of the applicable regulations governing the same.

The Issuer does not make any representations and does not guarantee eligibility of any foreign investor, including inter-alia NRIs and FIIs 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 RBI - FEMA notifications and guidelines as well as all relevant and applicable SEBI guidelines notifications and circulars pertaining to their eligibility to invest in the Issue at the stage of investment in every tranche, 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 into the Issue.

Investments by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The present limit for investment in corporate debt Instruments like non-convertible debentures/bonds by FIIs is USD 25 billion. Following the announcement by the Union Finance Minister Shri Pranab Mukherjee in his budget 2011-12, the Government in consultation with the regulators had raised the limit for FII investment in long-term corporate bonds issued by companies in the infrastructure sector from USD 5 billion to USD 25 billion. This scheme was operationalised vide SEBI circular CIR/IMD/FIIC/5/2011 dated March 31, 2011. The present limit for investment in corporate debt Instruments like non-convertible debentures / bonds by FIIs is USD 25 billion as per SEBI circular CIR/IMD/FIIC/18 /2011, dated September 30, 2011, which is split as follows :

- i. 3 billion is separate for Qualified Foreign Investor (“QFI”) investing through the mutual fund route. With regard to the carve out investment limits of USD 5 billion out of the remaining USD 22 billion for FII investments in Long-term infrastructure bonds the investment limits are provided in the subsequent paragraphs(ii and iii);
- ii. FIIs can invest in long-term infra bonds, subject to the USD 5 billion limit, in bonds which have an initial maturity of five years or more at the time of issue and residual maturity of one year at the time of first purchase by FIIs. These investments are subject to a lock-in period of one year. FIIs can, however, trade amongst themselves but cannot sell to domestic investors during the lock-in period of one year.
- iii. Further, FIIs can invest in Long-term infrastructure bonds upto the balance USD 17 billion which have an initial maturity of five years or more at the time of issue and residual maturity of three years at the time of first purchase by FIIs. These investments are also subject to a lock-in period of three year. FIIs can, however, trade amongst themselves but cannot sell to domestic investors during the lock-in period of three years;

The Reserve Bank of India (RBI) vide its notification number RBI/2011-12/244 A.P. (DIR Series) Circular No. 42 dated November 03, 2011 has revised the terms of investment by Foreign Institutional Investors (FIIs) and the subjective conditions. The modifications stipulated in the aforesaid notification are as follows:

1. FII’s can now invest in non-convertible debentures/bonds issued by with “Infrastructure Finance Companies” who are Non-Banking Financial Companies (NBFC’s) up to a limit of USD 5 Billion within the overall USD 25 Billion limit.
2. The three year lock in period in respect of investments by FIIs up to USD five billion within the overall limit of USD 25 Billion stands reduced to one year.
3. The five year residual maturity on an instrument purchased by an FII now refers to the original maturity date of the instrument. The lock in period will be computed from the original maturity date of the investment.
4. These changes would also apply for Qualified Foreign Investors (QFI) investment in units of mutual fund debt schemes within the limit of USD three billion.

Additionally, there has been an increase in the FII investment limit in corporate bonds by US\$ 5 billion, raising the overall cap to US \$ 20 Billion. This incremental limit can be invested in listed corporate bonds vide SEBI Circular CIR/IMD/FIIC/20/2011, dated November 18, 2011.

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, as amended (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 a 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.

Further, as per FEMA, a FII may purchase, on repatriation basis, these Bonds, either directly from the issuer of such securities or through a registered stock broker on a recognised stock exchange in India; Provided that

- i) the FII shall restrict allocation of its total investment between equity and debt instruments (including dated Government Securities and Treasury Bills in the Indian capital market) in the ratio of 70:30, and
- ii) if the FII desires to invest upto 100 per cent in dated Government Securities including Treasury Bills, non-convertible debentures/bonds issued by an Indian company, it shall form a 100% debt fund and get such fund registered with SEBI.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The applications must be accompanied by certified copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorised signatories. Failing this, NHAI reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Failing this, NHAI reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Further, any trusts applying for Bonds pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in bonds, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Applications under Power of Attorney

In case of Investments made pursuant to a power of attorney by Category I investors, 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 and/or charter documents, as applicable, must be lodged along with the Application Form.

In case of Investments made pursuant to a power of attorney by Category II and Category III investors, a certified

copy of the power of attorney must be lodged along with the Application Form.

Application Size

Applications are required to be for a minimum of 50 Bonds and multiples of 1 Bond thereafter.

Application Form

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

Application Form

CATEGORY	COLOUR OF APPLICATION FORM*
Following investors under Category I: Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds, Insurance companies registered with the IRDA, National Investment Fund, Mutual Funds and Foreign Institutional Investors which are eligible to invest in the Bonds	Pink
All other category of Investors including eligible NRI applicants, eligible to invest in the Issue as not covered above.	White

Instructions for Completing the Application Form

- Applications to be made in prescribed form only
- The forms to be completed in block letters in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so completed. Applicants should note that the Bankers to the Issue will not be liable for errors in data entry due to incomplete or illegible Application Forms
- Applications should be in single or joint names not more than three, and in the same order as their Depository Participant details (in case of applicants opting for allotment in dematerialized form) and should be applied by Karta in case of HUF
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal.
- All Application Forms duly completed together with cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue or collection centre(s) as may be specified before the closure of the Issue. No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge the same by stamping (mandatorily having a date stamp) and returning the acknowledgement slip to the applicant.
- Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- All applicants are required to tick the relevant column of “*Category of Investor*” in the Application Form.

All Applications by Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, Insurance companies registered with the IRDA, National Investment Fund, Mutual Funds and Foreign Institutional Investors applicants shall be received only by the Lead Managers and their respective affiliates.

- APPLICANTS MAY NOTE THAT THE ALLOTMENT SHALL BE ON THE BASIS AS DESCRIBED UNDER THE HEADING-“BASIS OF ALLOTMENT”.
- **Applications for all the Series of Bonds may be made in a single Application Form only.**

NHAI would allot Tranche 1 Series 2 Bonds to all valid applications, wherein the applicants have not indicated their choice of the relevant series of Bonds in their Application Form.

General Instructions

Dos:

- **Check if you are eligible to apply;**
- **Read all the instructions carefully and complete the Application Form;**
- If the allotment 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 the Applications are submitted to the Bankers to the Issue before the closure of banking hours on the Issue Closing Date;
- Ensure that the Applicant’s name(s) given in the Application Form is exactly the same as the name(s) 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 mention your PAN allotted under the IT Act, Please note that it is mandatory for all applicants to furnish their PAN number as per CBDT circular.
- Ensure that the Demographic Details as provided in the Application Form are updated, true and correct in all respects.
- 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 Bonds pursuant to the Issue.
- **Applicant’s Bank Account Details:** The Bonds shall be allotted in dematerialised and physical form. For instructions on how to apply for Allotment in the physical form, please refer – *Applications for Allotment of Bonds in the physical form*” on page 53 of this Prospectus Tranche - 1. The Applicant should note that on the basis of the name of the Applicant, Depository Participant’s name, Depository Participant’s identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Applicant’s beneficiary account, the Applicant’s bank account details. The Applicants are advised to ensure that bank account details are updated in their respective beneficiary accounts as these bank account details would be printed on the refund order(s), if any. Failure to do so could result in delays in credit of refunds to Applicants at the Applicants sole risk and neither the Lead Managers nor NHAI nor the Refund Bank nor the Registrar to the Issue shall have any responsibility and undertake any liability for such delay.
- **Applications under Power of Attorney:** Unless NHAI specifically agree in writing, and subject to such terms and conditions as NHAI may deem fit, in the case of Applications made under power of attorney, a certified copy of the power of attorney is required to be lodged separately and relevant documents as specified on page 50 of the Prospectus Tranche - 1, along with the submission of the Application Form, indicating the name of the Applicant along with the address, Application number, date of submission of the Application Form, name of the bank and branch where it was deposited,

cheque/demand draft number and the bank and branch on which the cheque/demand draft was drawn.

- **Permanent Account Number:** All Applicants should mention their PAN allotted under the Income Tax Act in the Application Form. In case of joint applicants, the PAN of the all the Applicants should be provided and for HUFs, PAN of the HUF should be provided. The PAN would be the sole identification number for participants transacting in the securities markets, irrespective of the amount of the transaction. Any Application Form without the PAN is liable to be rejected. Further as per CBDT notification it is mandatory for all subscribers to provide their PAN numbers to NHAI. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground.
- **Joint Applications:** Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all refunds/interests/redemption amounts 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 at the address mentioned therein.
- **Multiple Applications:** An Applicant may make multiple applications for the total number of Bonds required and the same shall be considered valid. For the purposes of allotment of Bonds under the Issue, applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same.
- Applicants are requested to write their names and Application serial 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.
- 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 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; and
- Do not submit the Application Forms without the full Application Amount.

For further instructions, investors are advised to read this Prospectus Tranche -1 and Application Form carefully.

Applications for Allotment of Bonds in the physical form

Applicant(s) who wish to subscribe to, or hold, the Bonds in physical form can do so in terms of Section 8(1) of the Depositories Act and NHAI is obligated to fulfill such request of the Applicant(s). Accordingly, any Applicant who wishes to subscribe to the Bonds in physical form shall undertake the following steps:

- (i) **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.
- (ii) Please provide the following documents along with the Application Form:
 - (a) Self-attested copy of the PAN card;
 - (b) Self-attested copy of the 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
 - leave and license agreement or agreement for sale or rent agreement or flat maintenance bill;
- (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.

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 NHAI shall have any responsibility and undertake any liability for the same.

Applications for Allotment of the Bonds in physical form, which are not accompanied with the aforesaid documents, may be rejected at the sole discretion of NHAI.

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

- (i) An Applicant has the option to seek Allotment of Bonds in either electronic or physical mode. No partial Application for the Bonds shall be permitted and is liable to be rejected.
- (ii) In case of Bonds that are being issued in physical form, NHAI will issue one certificate to the Bondholder for the aggregate amount of the Bonds for each Series that are applied for (each such certificate a "**Consolidated Bond Certificate**").
- (iii) **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.**
- (iv) No separate Applications for issuance of the Bonds in physical and electronic form should be made. If such Applications are made, the Application for the Bonds in physical mode shall be rejected. This shall be considered as a ground for technical rejection.
- (v) NHAI 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.

Applications for Allotment of Bonds in the dematerialised form

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

- a) All Applicants can seek Allotment in dematerialised mode or in physical form. Applications made for receiving Allotment in the dematerialised form without relevant details of his or her depository account are liable to be rejected.
- b) An Applicant applying for the Bonds must have at least one beneficiary account with either of the Depository Participants of either of the Depositories, prior to making the Application.

- c) The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) in the Application Form.
- d) Allotment to an Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- e) Names in the Application Form should be identical to those appearing in the account details in the Depositories. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depositories.
- f) If incomplete or incorrect details are given under the heading 'Applicant's Depository Account Details', in the Application Form, it is liable to be rejected.
- g) The Applicant is responsible for the correctness of his or her demographic details given in the Application Form vis-à-vis those with his or her Depository Participant.
- h) Bonds in electronic form can be traded only on the stock exchange having electronic connectivity with the Depositories. BSE and NSE, where the Bonds are proposed to be listed, has electronic connectivity with the Depositories.
- i) The trading of the Bonds shall be in dematerialised form only.

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

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

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

PAYMENT INSTRUCTIONS

Escrow Mechanism

NHAI shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Applicants shall make out the cheque or demand draft in respect of his or her Application. Cheques or demand drafts received for the Application Amount from Applicants would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of this Prospectus Tranche-1 and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until the creation of security for the Bonds. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of the Bonds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account maintained with the Bankers to the Issue, provided that the sums received in respect of the Issue will be kept in the Escrow Account and NHAI will have access to such funds only after creation of security for the Bonds. The amount representing the Applications that have been rejected shall be transferred to the Refund Account. Payments of refund to the Applicants shall be made from the Refund Account as per the terms of the Escrow Agreement and this Prospectus Tranche-1.

Accordingly, NHAI shall open and maintain a separate escrow account with the Escrow Collection Bank(s) in connection with all application monies received from NRIs, (“**NRI Escrow Account**”). All application monies received from NRI applicants shall be deposited in the NRI Escrow Account maintained with each Escrow Collection Bank. Upon creation of security as disclosed in the Trust Deed, the Escrow Collection Bank(s) shall transfer the monies from the NRI Escrow Accounts to a separate bank account, (“**NRI Account**”), which shall be different from the Public Issue Account. NHAI shall at all times ensure that any monies kept in the NRI Escrow Account and/or the NRI Account shall be utilised only in accordance with applicable statutory and/or regulatory requirements.

NHAI shall open and maintain a separate escrow account with the Escrow Collection Bank(s) in connection with all application monies received from FIIs, (“**FII Escrow Account**”). All application monies received from FII applicants shall be deposited in the FII Escrow Account maintained with each Escrow Collection Bank. Upon creation of security as disclosed in the Trust Deed, the Escrow Collection Bank(s) shall transfer the monies from the FII Escrow Accounts to a separate bank account, (“**FII Account**”), which shall be different from the Public Issue Account. NHAI shall at all times ensure that any monies kept in the FII Escrow Account and/or the FII Account shall be utilised only in accordance with and subject to the restrictions provided in applicable statutory and/or regulatory requirements.

Method of payment of purchase consideration for FII

FIIs 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 the Foreign Institutional Investor with a designated branch of an authorised dealer with the approval of Reserve Bank of India. The payment of the application money shall be made in cheque or demand draft in rupee denominated currency only.

Payment into Escrow Account

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

- a) All Applicants would be required to pay the full Application Amount for the number of Bonds applied for, at the time of the submission of the Application Form.
- b) The Applicants shall, with the submission of the Application Form, draw a payment instrument for the full Application Amount in favour of the Escrow Account and submit the same to Bankers to the Issue. If the payment is not made favouring the Escrow Account along with the Application Form, the Application shall be rejected.
- c) The payment instruments from non-NRI and non-FII applicants shall be payable into the Escrow Account drawn in favour of “**Escrow Account NHAI – Tranche - I**”.
- d) The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.
- e) The payment instrument from NRI applicants shall be payable in the NRI Escrow Account drawn in favour of “**NRI Escrow Account NHAI – Tranche – I**”.
- f) The payment instrument from FII applicants shall be payable in the FII Escrow Account drawn in favour of “**FII Escrow Account NHAI – Tranche – I**”.
- g) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue. The Escrow Collection Bank shall also refund all amounts payable to Applicants whose Applications have not been allotted Bonds.
- h) 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.

- i) Cash/stock invest/money orders/postal orders will not be accepted.

Submission of Application Forms

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

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

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

All applications by Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, Insurance companies registered with the IRDA, National Investment Fund, Mutual Funds and Foreign Institutional Investors should be made in the form prescribed for these applicants and shall be received only by the Lead Managers and their respective affiliates.

Online Applications

Lead Managers may decide to offer an online Application facility for the Bonds, as and when permitted by applicable laws, subject to the terms and conditions prescribed. Accordingly the investors may download forms for this use and submit the same together with cheques/demand drafts to the Bankers to the Issue and their collecting centres. However, Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, Insurance companies registered with the IRDA, National Investment Fund, Mutual Funds and Foreign Institutional Investors can apply only through blue coloured physical application forms provided by the Lead Managers and their respective affiliates.

Other Instructions

A. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form and at the address mentioned therein.

B. Additional/Multiple Applications

An applicant is allowed to make one or more applications for the Bonds for the same or other series of Bonds, subject to a minimum application size of 50 Bonds and in multiples of 1 Bond, 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, any application made by any person in his individual capacity and an application made by such person in his capacity as a karta of a Hindu Undivided family and/or as joint applicant, shall not be deemed to be a multiple application.

For the purposes of allotment of Bonds under the Issue, applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together and treated as one application. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same

C. Depository Arrangements

We have entered into Tripartite Agreement dated September 1, 2000 among us, the Registrar to the Issue and NSDL and dated November 17, 2011, among us, the Registrar to the Issue and CDSL, respectively for offering depository option to the investors and for issue and holding of the Bonds in dematerialised form.

As per the provisions of the Depositories Act, 1996, the Bonds issued by us can be held in a dematerialized form as described under the heading - “Applications for Allotment of Bonds in dematerialized form” in this chapter.

D. Communications

All future Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the applicant and its application.

Applicants can contact the Compliance Officer of NHAI/Lead Managers or the Registrar to the Issue 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 the Compliance Officer of NHAI/Lead Managers or Registrar to the Issue.

Rejection of Applications

NHAI reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

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

- Number of Bonds applied for is less than the minimum Application size;
- Applications not duly signed by the sole/joint Applicants;
- Application amount paid not tallying with the number of Bonds applied for;
- Applications for a number of Bonds which is not in a multiple of one;
- Investor category not ticked;
- Bank account details not given;
- Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, including a minor without a guardian name;
- In case of Applications under Power of Attorney where relevant documents not submitted;
- Application by stock invest or accompanied by cash/money order/postal order;
- Applications without PAN;
- GIR number furnished 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 by any persons outside India, barring applications made by NRIs on a non-repatriable and applications made by NRIs under a repatriable basis and FIIs as described above;
- For option to hold Bonds in electronic/dematerialised form, Depository Participant identification number, Client ID and PAN mentioned in the Application Form do not match with the Depository Participant identification number, Client ID and PAN available in the records with the depositories;
- Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Address not provided in case of exercise of option to hold Bonds in physical form;
- Copy of KYC documents not provided in case of option to hold Bonds in physical form; and
- Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, Insurance companies registered with the IRDA, National Investment Fund, Mutual Funds and Foreign Institutional Investors applications not procured by the Lead Managers or their respective

affiliates.

- Applications made by investors belonging to a particular Category on an application form meant for other applicants and vice-versa.
- Bank certificate not provided along with demand draft for NRI Applicants.
- In case of NRI applications if the money is received from NRO account and the account number (in case of application in physical form) mentioned in the application form is a repatriable account or the status of the demat account mentioned is repatriable.
- In case of NRI applications, applying in physical form, submitted at collection centres other than the centres designated for submitting the application forms by NRI applicants applying in physical form.

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

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

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

Basis of Allotment

The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a maximum period of 30 days from the date of opening of the Issue, as may be decided by the Board of NHAI subject to necessary approvals. In the event of such early closure of the subscription list of the Issue, NHAI 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 a leading national daily newspaper. The issue shall remain open for subscription for a minimum period of 3 days. Further, allotment shall be made on first cum first serve basis for Category I and II Portion and proportionate basis for Category III Portion.

Grouping of Applications and Allocation Ratio:

Applications received from various applicants shall be grouped together on the following basis:

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

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

For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Categories, NHAI shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case NHAI opts to retain any oversubscription in the Issue upto the Shelf Limit of ₹ 10,00,000 lakhs. The aggregate value of Bonds decided to be allotted over and above the Base Issue Size, (in case NHAI 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 format and shall be indicated at the relevant Tranche Prospectus(es):

Particulars	Category I	Category II	Category III*
Size in %	40% of the Overall Issue Size	30% of the Overall Issue Size	30% of the Overall Issue Size

* For Category III, the allotment shall be done on a proportionate basis.

Basis of Allotment for Bonds

(a) Allotments in the first instance:

- i. Applicants belonging to the Category I, 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 receipt of each application duly acknowledged by the Bankers to the Issue);
- ii. Applicants belonging to the Category II, 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 receipt of each application duly acknowledged by the Bankers to the Issue);
- iii. Applicants belonging to the Category III, in the first instance, will be allocated Bonds upto 30% of Overall Issue Size on proportionate basis;

(b) Under Subscription:

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

- i. Category III Portion
- ii. Category II Portion
- iii. Category I Portion

(c) For Category I Portion and Category II Portion, all applications received on the same day by the Bankers to the Issue would be treated at par with each other.

(d) Minimum allotments of 1 Bond and in multiples of 1 Bond thereafter would be made in case of each valid application.

(e) Allotments in case of oversubscription:

In case of an oversubscription in Category I Portion and Category II Portion, 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 (based on the date of submission of each application to the Bankers to the Issue, in each Portion).

In case of oversubscription in Category III Portion, all valid applications received during the Issue Period, shall be treated at par and considered for allotment on a proportionate basis.

(f) Proportionate Allotments:

For Category III Portion, all valid applications received during the Issue Period shall be considered for allotment on a proportionate basis. For each Portion Category I and II Portion, on the date of oversubscription, allotment shall be made on a proportionate basis. 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 remain equal after the manner of distribution referred to above, NHAI will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(g) Applicant 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 SBICAP, AK Capital and Designated Stock Exchange.

All decisions pertaining to the basis of allotment of Bonds pursuant to the Issue shall be taken by NHAI in consultation with the SBICAP, AK Capital and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus Tranche - 1.

NHAI has the discretion to close the Issue irrespective of whether any of the Portion(s) are fully subscribed.

NHAI would allot Tranche 1 Series 2 Bonds to all valid applications, wherein the applicants have not indicated their choice of the relevant Series of Bonds.

NHAI shall finalise the Basis of Allotment in consultation with the SBICAP, AK Capital and the Designated Stock Exchange and in compliance with the aforementioned provisions. The Designated Stock Exchange along with NHAI, SBICAP, AK Capital and the Registrar shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

Allotment Advice/Refund Orders

The unutilised portion of the application money will be refunded to the applicant by an A/c Payee cheque/demand draft. In case the at par facility is not available, NHAI reserves the right to adopt any other suitable mode of payment. 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.

NHAI shall credit the allotted Bonds to the respective beneficiary accounts/dispatch the Letter(s) of Allotment or Letter(s) of Regret/Refund Orders to all applicants by Registered Post/Speed Post at the applicant's sole risk, within 30 days from the date of closure of the Issue.

Further,

- a) Allotment of Bonds offered to the public shall be made within a time period of 30 days from the date of closure of the Issue;
- b) Credit to demat account will be given within 2 working days from the date of allotment
- c) Interest at a rate of 15 per cent 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 30 days from the date of the closure of the Issue, for the delay beyond 30 days.
- d) NHAI will provide adequate funds to the Registrars to the Issue, for this purpose.

Filing of the tranche prospectus(es) with the Stock Exchanges

A copy of the tranche prospectus(es) shall be filed with the BSE and NSE.

Pre-Issue Advertisement

NHAI shall, on or before the Issue Opening Date, publish a pre- Issue advertisement, in the form prescribed by the SEBI Debt Regulations, in one national daily newspaper with wide circulation.

IMPERSONATION

“Any person who:

- a) *makes in a fictitious name, an application to NHAI for acquiring or subscribing for, any shares therein, or*
- b) *otherwise induces NHAI 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 BSE and NSE.

If the permission to deal in and for an official quotation of the Bonds is not granted by BSE and NSE, we shall forthwith repay, without interest, all such moneys received from the Applicants in pursuance of this Prospectus Tranche-1.

NHAI shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange are taken within fifteen Working Days from the date of Allotment.

Utilisation of Application Money

The sums received in respect of the Issue will be kept in the Escrow Account and NHAI will have access to such funds only after creation of security for the Bonds and as per applicable provisions of law(s), regulations and approvals. NHAI shall at all times ensure that any monies kept in the NRI Escrow Account shall be utilised only in accordance with the FEMA (Borrowing and Lending in Rupees) Regulations, 2000 and other applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

We undertake that:

- a) the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- b) we shall take necessary steps for the purpose of getting the Bonds listed within the specified time;
- c) the funds required for dispatch of refund orders/allotment advice/certificates by registered post shall be made available to the Registrar to the Issue by NHAI;
- d) necessary cooperation to the credit rating agency(ies) shall be extended in providing true and adequate information until the debt obligations in respect of the Bonds are outstanding;
- e) we shall forward the details of utilisation of the funds raised through the Bonds duly certified by our statutory auditors, to the Trustee at the end of each half year;
- f) we shall disclose the complete name and address of the Trustee in our annual report; and
- g) we shall provide a compliance certificate to the Trustee (on an annual basis) in respect of compliance of with the terms and conditions of issue of Bonds as contained in the tranche prospectus(es).
- h) We shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by NHAI from time to time.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by NHAI or entered into more than two years before the date of this Prospectus Tranche - 1) which are or may be deemed material have been entered or are to be entered into by NHAI. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Head Office of NHAI from 10.00 a.m. to 5.00 p.m., from the date of this Prospectus Tranche - 1 until closing of Issue.

MATERIAL CONTRACTS

1. Engagement Letter dated November 21, 2011 issued by NHAI for appointment of the Lead Managers.
2. The Memorandum of Understanding dated November 23, 2011 among NHAI and the Lead Managers.
3. The Memorandum of Understanding between NHAI and the Registrar to the Issue dated November 22, 2011.
4. Debenture Trustee Agreement dated November 23, 2011 executed between NHAI and the Debenture Trustee.
5. Escrow agreement dated December 15, 2011 executed by NHAI, the Registrar, the Escrow Collection Bank(s) and the Lead Managers.
6. Consortium Agreement dated December 22, 2011 executed by NHAI and Consortium Members for marketing of the Issue.

MATERIAL DOCUMENTS

1. The NHAI Act.
2. Copy of the Board resolution dated October 14, 2011 approving the Issue.
3. Consents of the Members of the Board, Lead Managers to the Issue, Consortium Members for marketing of the Issue, Legal Advisor, Credit Rating Agencies, Registrars to the Issue and the Debenture Trustee to include their names in the Prospectus to act in their respective capacities.
4. The consents of the Independent Auditors for NHAI namely ASP & Co., for inclusion of (a) their name as the Independent Auditor, (b) Auditor's report on Reformatted Financial Information of NHAI in the form and context in which they appear in the Shelf Prospectus, (c) Limited Review Report, have been obtained and the same has been filed along with a copy of the Draft Shelf Prospectus with the Designated Stock Exchange.
5. The consents of the SPVs Auditors namely Garg Singla & Co., V. K. Thapar & Co., Goyal & Goyal, Bholusaria & Co., A.K. Batra & Associates and Parm & Smrn for inclusion of (a) their name as the SPVs Auditor, (b) Auditor's report on Reformatted Financial Information of our SPVs in the form and context in which they appear in the Shelf Prospectus, have been obtained and the same has been filed along with a copy of the Draft Shelf Prospectus with the Designated Stock Exchange.
6. Annual report/Financial Statement of NHAI for the last five Financial Years.
7. Report of the ASP & Co. dated November 22, 2011 in relation to financial information of NHAI included herein.
8. Report of the auditors of the Subsidiaries of NHAI in relation to financial information of Subsidiaries of NHAI included herein.
9. Credit Rating letter dated November 9, 2011, November 7, 2011 and November 8, 2011 by CRISIL, CARE and FITCH respectively for inclusion of their rating in the Shelf Prospectus.
10. The Issuer's letter to SEBI dated November 2, 2011 and SEBI's responses through letters dated November 17, 2011.
11. In principle listing approval dated December 1, 2011 and December 5, 2011 received from BSE and NSE respectively.

12. Due diligence certificates dated December 13, 2011 filed by the SBICAP and AK Capital with SEBI.
13. Due diligence certificate from the Debenture Trustee to be issued prior to the Issue Opening.
14. Tripartite Agreement among the NSDL, NHAI and Registrar dated September 1, 2000 and Tripartite Agreement among the CDSL, NHAI and the Registrar dated November 17, 2011.

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

DECLARATION

No statements made in this Prospectus Tranche - 1 contravene any of the provisions of the Act or the rules or regulations made there under or any provisions of the SEBI Debt Regulations. All the legal requirements connected with the said Issue and also the guidelines, instructions etc. issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We confirm that this Prospectus Tranche - 1 does not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that no statements in this Prospectus Tranche - 1 are false, untrue or misleading, and that this Prospectus Tranche - 1 does not contain any mis-statements.

Signed by all the members on the Board of NHAI

FULL TIME MEMBERS

Shri A. K. Upadhyay, IAS
Chairman, NHAI

Shri. Rajiv Yadav, IAS
Member (Administration), NHAI

Dr. J. N. Singh, IAS
Member (Finance), NHAI

Shri. V. L. Patankar
Member (Technical), NHAI

Shri. B. N. Singh
Member (Project), NHAI

PART TIME MEMBERS

Shri A. K. Upadhyay, IAS
Secretary, (MoRT&H)

Smt. Sudha Pillai, IAS (Retd.)
Member Secretary, Planning Commission

Shri. Sumit Bose, IAS
Secretary, Department of Expenditure, MoF

Shri. R. P. Indoria
**Director General, Road Development and
Special Secretary, MoRTH**

Place: New Delhi

Dated: December 22, 2011

ANNEXURE I
SHELF PROSPECTUS DATED DECEMBER 13, 2011