



HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED

Our Company was incorporated as Housing and Urban Development Finance Corporation Private Limited on April 25, 1970 as a private limited company under the Companies Act, 1956, as amended (the “Companies Act”) and was granted a certificate of incorporation by the then Registrar of Companies, Delhi. Subsequently the name of our Company was changed to its present name and a fresh certificate of incorporation dated July 9, 1974 was issued by the then Registrar of Companies, Delhi and Haryana. For further details, see the section titled “History and Certain Corporate Matters” on page 64 of the Shelf Prospectus.

Registered and Corporate Office: HUDCO Bhawan, Core- 7A, India Habitat Centre, Lodhi Road, New Delhi 110003, India.

Telephone: +91 11 2464 9610; **Facsimile:** +91 11 2464 8179

Company Secretary and Compliance Officer: Mr. H. Verma; **Telephone:** +91 11 2464 9610; **Facsimile:** +91 11 2464 8179

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PUBLIC ISSUE BY HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED (“COMPANY” OR THE “ISSUER”) OF TAX FREE BONDS OF FACE VALUE OF ₹ 1,000 EACH IN THE NATURE OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES, HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AS AMENDED (“BONDS”) AGGREGATING ₹ 2,000 CRORES (“ISSUE”) WITH AN OPTION TO RETAIN AN OVERSUBSCRIPTION UPTO THE SHELF LIMIT (i.e. ₹ 4,684.72 CRORES). THIS ISSUE IS BEING OFFERED BY WAY OF THIS PROSPECTUS TRANCHE- I WHICH CONTAINS, INTER ALIA, ALL TERMS AND CONDITIONS OF THE TRANCHE- I (THE “PROSPECTUS TRANCHE- I”), WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS DATED JANUARY 23, 2012 FILED WITH THE BSE, THE NSE AND SEBI (THE “SHELF PROSPECTUS”). THE SHELF PROSPECTUS, TOGETHER WITH THE PROSPECTUS TRANCHE- I SHALL CONSTITUTE “THE PROSPECTUS”.

The Issue is being made under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (“SEBI Debt Regulations”) and pursuant to notification No. 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, as amended.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the investors is invited to “Risk Factors” on page 8 of the Shelf Prospectus and “Recent Developments” on page 10. This document has not been and will not be approved by any regulatory authority in India, including the National Housing Bank (“NHB”), Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”), any registrar of companies or any stock exchange in India.

ISSUER’S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Prospectus does contain all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in 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 at the time of the Issue.

CREDIT RATING

CARE has assigned a rating of ‘CARE AA+’ to the Bonds vide letter dated December 30, 2011. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Fitch has assigned a rating of ‘Fitch AA+ (ind)’ to the Bonds vide letter dated December 29, 2011. For the rationale for this rating, see Annexure B of the Shelf Prospectus. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agency(ies) and should be evaluated independently of any other ratings.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated January 11, 2012 was filed with the National Stock Exchange of India Limited (“NSE”), the Designated Stock Exchange, pursuant to the provisions of the SEBI Debt Regulations and was open for public comments for a period of seven Working Days, i.e., until 5 p.m. on January 20, 2012.

LISTING

The Bonds are proposed to be listed on the NSE and the BSE Limited (“BSE”). Application for in-principle listing approval was made to NSE and the BSE through letters dated January 11, 2012 and January 18, 2012 respectively. NSE and BSE have given their in-principle listing approvals through letters dated January 20, 2012. The Designated Stock Exchange for the Issue is NSE.

LEAD MANAGERS TO THE ISSUE

REGISTRAR TO THE ISSUE

TRUSTEE FOR THE BONDHOLDERS

 Enam Securities Private Limited 801/802, Dalamal Towers Nariman Point Mumbai 400 021, India Telephone: +91 22 6638 1800 Facsimile: +91 22 2284 6824 Email ID: hudcotaxfree@enam.com Website: www.enam.com Investor Grievance ID: complaints@enam.com Contact Person: Mr. Akash Aggarwal Compliance Officer: Mr. M. Natarajan SEBI Registration Number: INM000006856*	 SBI Capital Markets Limited 202, Maker Tower E, Cuffe Parade Mumbai 400 005, India Telephone: +91 22 2217 8300 Facsimile: +91 22 2218 8332 Email ID: hudcobonds@sbicaps.com Website: www.sbicaps.com Investor Grievance ID: investor.relations@sbicaps.com Contact Person : Mr. Gitesh Vargantwar/ Mr. Puneet Deshpande Compliance Officer: Mr. Bhaskar Chakraborty SEBI Registration Number: INM00003531*	 Karvy Computershare Private Limited Plot No. 17 to 24, Vithal Rao Nagar Madhapur, Hyderabad 500 081, India Telephone: +91 40 4465 5000 Facsimile: +91 40 2343 1551 Email ID: einward.ris@karvy.com Website: http://karisma.karvy.com Investor Grievance ID: hudco.bonds@karvy.com Contact Person : Mr. M. Murali Krishna SEBI Registration Number: INR000000221	 SBICAP Trustee Company Limited 8, Khetan Bhavan 5 th Floor, 198, J. Tata Road Churchgate Mumbai 400 020, India Telephone: +91 22 4302 5555 Facsimile: +91 22 4302 5500 Email: corporate@sbicaptrustee.com Investor Grievance ID: investor.cell@sbicaptrustee.com Website: www.sbicaptrustee.com Contact person: Mr. Vishwas Pathak SEBI Registration No: IND000000536
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ISSUE PROGRAMME**

ISSUE OPENS ON: JANUARY 27, 2012

ISSUE CLOSES ON: FEBRUARY 6, 2012

* The SEBI registration certificate of Enam Securities Private Limited and SBI Capital Markets Limited expired on October 15, 2011 and July 31, 2011 respectively. As required under Regulation 9(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and in compliance with SEBI Circular No. SEBI/MIRSD/DR-2/SRP/Cir-2/2005 dated January 4, 2005, an application dated June 21, 2011 and April 29, 2011 for renewal of the said certificate of registration, in the prescribed manner, was made on June 24, 2011 and April 29, 2011 to SEBI by Enam Securities Private Limited and SBI Capital Markets Limited respectively, three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited.

** 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 period of 30 days from the date of opening of the Issue, as may be decided by the Board of Directors or a duly constituted committee thereof. In the event of such early closure of the subscription list of the Issue, our company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper. Further, Allotment shall be made on a first come first serve basis with our Company having the discretion to close the Issue early irrespective of whether any of the portions are fully subscribed.

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DEFINITIONS AND ABBREVIATIONS

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

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

Company Related Terms

Term	Description
Articles/ Articles of Association/AoA	Articles of association of our Company.
Board/ Board of Directors	Board of directors of our Company.
Equity Shares	Equity shares of our Company
Memorandum/Memorandum of Association/MoA	Memorandum of association of our Company.
“Registered Office” or “Corporate Office” or “Registered Office and Corporate Office”	The registered office and corporate office of our Company, situated at ‘HUDCO Bhawan’, Core- 7A, India Habitat Centre, Lodhi Road, New Delhi – 110003.
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana.
Statutory Auditors/Auditors	The statutory auditors of our Company being Agiwal & Associates.

Issue Related Terms

Term	Description
Allotment/ Allot/ Allotted	The issue and allotment of the Bonds to the successful Applicants, pursuant to the Issue.
Allottee	A successful Applicant to whom the Bonds are allotted pursuant to the Issue.
Applicant/Investor	A person who applies for issuance of Bonds pursuant to the terms of this Prospectus Tranche- I and the Application Form.
Application Amount	The aggregate value of the Bonds applied for, as indicated in the Application Form.
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for Allotment of Bonds in terms of this Prospectus Tranche- I.
Application Interest	Interest payable on application money in a manner as more particularly detailed in the section titled “Terms of the Issue –Interest” on page 31.
Base Issue Size	₹ 2,000 crores.
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as bankers to the Issue, with whom the Escrow Account will be opened and in this case being Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, IndusInd Bank Limited, Kotak Mahindra Bank Limited, Punjab National Bank, State Bank of India and Yes Bank Limited.
Bond Certificate(s)	Certificate issued to the Bondholder(s) in case the Applicant has opted for physical bonds based on request from the Bondholders pursuant to Allotment.
Bondholder(s)	Any person holding the Bonds and whose name appears on the beneficial owners list provided by the Depositories (in case of bonds in dematerialized form) or whose name appears in the Register of Bondholders maintained by the Issuer (in case of bonds in physical form).
Bonds	Tax free secured redeemable non-convertible bonds in the nature of debentures of face value of ₹ 1000 each having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961 proposed to be issued by Company under this Prospectus Tranche- I.
BSE	BSE Limited.
CARE	Credit Analysis and Research Limited.
Category I	Public Financial Institutions, Statutory Corporations, Scheduled 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; Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the

Term	Description
	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.
Category II	The following investors applying for an amount aggregating to above ₹ 5 lakhs across all series in this tranche <ul style="list-style-type: none"> i. Resident Indian individuals; ii. Hindu Undivided Families through the Karta.
Category III	The following investors applying for an amount aggregating to up to and including ₹ 5 lakhs across all series in this tranche <ul style="list-style-type: none"> i. Resident Indian individuals; ii. Hindu Undivided Families through the Karta.
Consolidated Bond Certificate	The certificate issued by the Issuer to the Bondholder for the aggregate amount of the Bonds that are applied in physical form or rematerialized and held by such Bondholder for each Series of Bonds under this Issue.
Consortium Members	Axis Bank Limited and SBICAP Securities Limited (in their capacity of being an affiliate of SBI Capital Markets Limited).
Credit Rating Agencies	For the present Issue, Credit Rating Agencies are CARE and Fitch.
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and the Company, within three months from the Deemed Date of Allotment.
Debenture Trustee/ Trustee	Trustee for the Bondholders in this case being SBICAP Trustee Company Limited.
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Board of Directors/or any committee thereof approves the Allotment of the Bonds for this Issue. All benefits relating to the Bonds including interest on Bonds (as specified in this Prospectus Tranche- I) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Designated Date	The date on which Application Amounts are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, following which the Board of Directors, or any committee thereof 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 .
Designated Stock Exchange	NSE.
Draft Shelf Prospectus	The draft shelf prospectus dated January 11, 2012 filed by the Company with the Designated Stock Exchange in accordance with the provisions of SEBI Debt Regulations.
DSE	Delhi Stock Exchange Limited
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.
Escrow Agreement	Agreement dated January 21, 2012 entered into amongst the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
Fitch	Fitch Ratings India Private Limited.
Interest Payment Date	The date, which is the day falling one year from the Deemed Date of Allotment, in the case of the first interest payment, and the same date, till the date of redemption for subsequent interest payments.
Issue	Public issue by our Company of tax free bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, aggregating ₹ 2,000 crores with an option to retain an oversubscription upto the Shelf Limit (i.e. ₹ 4,684.72 crores).
Issue Closing Date	February 6, 2012.
Issue Opening Date	January 27, 2012.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms (minimum 3 days).
Lead Managers/LMs	Enam Securities Private Limited and SBI Capital Markets Limited.
Limited Review Financial Statements	The unaudited financial results of our Company for the six months ended September 30, 2011 on which the Auditor's have prepared a limited review

Term	Description
	report. For details, see the section titled “Annexure A- Financial Statements” on page 135 of the Shelf Prospectus.
Market Lot	One Bond.
Notification/CBDT Notification	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.
NSE	National Stock Exchange of India Limited.
Prospectus Tranche- I	This Prospectus Tranche- I dated January 23, 2012 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 this Issue and the Shelf Prospectus as an annexure.
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date.
Record Date	15 (fifteen) days prior to the relevant Interest Payment Date, relevant Redemption Date for Bonds issued under Prospectus Tranche- I.
Redemption Date/ Maturity Date	For Tranche-I Series 1 Bonds, the date falling 10 years from the Deemed Date of Allotment and for Tranche- I Series 2 Bonds, the date falling 15 years from the Deemed Date of Allotment.
Reformatted Audited Financial Statements	The reformatted audited financial statements of our Company on which the Auditor’s have submitted a report. For details, see the section titled “Annexure A- Financial Statements” on page 135 of the Shelf Prospectus.
Refund Account	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Application Amount shall be made.
Refund Banks	Axis Bank Limited and IDBI Bank Limited.
Refund Interest	Interest paid on Application Amount in a manner as more particularly detailed in the section titled “Terms of the Issue –Interest” on page 31.
Register of Bondholders	The register of Bondholders maintained by the Issuer in accordance with the provisions of the Companies Act, 1956 and as more particularly detailed in the section titled “Terms of the Issue – Register of Bondholders” on page 30.
Registrar to the Issue or Registrar	Karvy Computershare Private Limited.
Registrar MoU	Memorandum of understanding dated January 10, 2011 entered into between our Company and the Registrar to the Issue.
Residual Shelf Limit	In relation to this Issue, this shall be the Shelf Limit less the aggregate amount of Bonds allotted under this Issue.
Security	The Bonds proposed to be issued are secured by a floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.
Series Bond holder(s)	A holder of the Bond(s) of a particular Series issued under this Issue.
Series of Bonds	A series of Bonds which are identical in all respects including, but not limited to terms and conditions, listing and ISIN number and as further stated to be an individual series in this Prospectus Tranche- I.
Shelf Limit	The aggregate limit of the issue being ₹ 4,684.72 crores to be issued under the Shelf Prospectus, through one or more tranches.
Shelf Prospectus	The shelf prospectus dated January 23, 2012 filed with RoC, the BSE, the Designated Stock Exchange and SEBI after incorporation of comments received from the public on the Draft Shelf Prospectus, pursuant to the provisions of the SEBI Debt Regulations.
Tranche- I Series 1 Bonds	Bonds of series 1 issued pursuant to this Prospectus Tranche- I, the terms of which are described in the sections titled “The Issue”, “Terms and Conditions in connection with the Bonds” and “Terms of the Issue” on pages 8, 27 and 28 respectively.
Tranche- I Series 2 Bonds	Bonds of series 2 issued pursuant to this Prospectus Tranche- I, the terms of which are described in the sections titled “The Issue”, “Terms and Conditions in connection with the Bonds” and “Terms of the Issue” on pages 8, 27 and 28 respectively.
Tripartite Agreements	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories agree to act as depositories for the securities issued by the Issuer.
Working Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act,

Term	Description
	1881.

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
Companies Act	The Companies Act, 1956.
AGM	Annual General Meeting.
AS	Accounting Standards issued by Institute of Chartered Accountants of India.
CAGR	Compounded Annual Growth Rate.
CBDT	Central Board of Direct Taxes.
CBO	Community based organisations.
CDSL	Central Depository Services (India) Limited.
CJM	Chief Judicial Magistrate
CRAR	Capital to Risk Assets Ratio.
CSR	Corporate Social Responsibility.
CrPC	The Code of Criminal Procedure, 1973
Debt Listing Agreement	The agreement for listing of debt securities on the Stock Exchanges.
DIN	Director Identification Number.
Depository(ies)	CDSL and NSDL.
Depositories Act	Depositories Act, 1996.
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996.
DRR	Debenture Redemption Reserve.
DRT	Debt Recovery Tribunal
DTC	Direct Tax Code.
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999.
FIMMDA	Fixed Income Money Market and Derivative Association of India.
FIR	First Information Report
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year.
GDP	Gross Domestic Product.
GoI or Government	Government of India.
HUF	Hindu Undivided Family.
IAS	Indian Administrative Service.
IA&AS	Indian Audits and Accounts Service.
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
Income Tax Act	Income Tax Act, 1961.
India	Republic of India.
Indian GAAP	Generally accepted accounting principles followed in India.
IPC	The Indian Penal Code, 1860
IT	Information technology.
JV	Joint Venture
LIBOR	London Inter-Bank Offer Rate.
MoF	Ministry of Finance, GoI.
MoHUPA	Ministry of Housing and Urban Poverty Alleviation, GoI.
MCA	Ministry of Corporate Affairs, GoI.
NBFC	Non Banking Finance Company, as defined under applicable RBI guidelines.
NECS	National Electronic Clearing System.
NEFT	National Electronic Fund Transfer.
NGO	Non governmental organisations.
NSDL	National Securities Depository Limited.
p.a.	<i>Per annum.</i>
PAN	Permanent Account Number.
PAT	Profit After Tax.
PFI	Public Financial Institution, as defined under Section 4A of the Companies Act, 1956.
PPP	Public Private Partnership.
RBI	Reserve Bank of India.
₹ or Rupees or Indian Rupees	The lawful currency of India.
RTGS	Real Time Gross Settlement.
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
SEBI	Securities and Exchange Board of India.

Term/Abbreviation	Description/ Full Form
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

Business / Industry Related Terms

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

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

Certain Conventions

All references in this Prospectus Tranche- I to “India” are to the Republic of India and its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in this Prospectus Tranche- I is derived from our audited financial statements, prepared in accordance with Indian GAAP and the Companies Act for the Fiscal 2011, 2010, 2009, 2008 and 2007 and from our limited review financial information prepared in accordance with the debt listing agreement for the half year ended on September 30, 2011. In this Prospectus Tranche- I, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to one decimal point.

The current financial year of our Company commences on April 1 and ends on March 31 of the next year, so all references to particular “financial year”, “fiscal year” and “Fiscal” or “FY”, unless stated otherwise, are to the 12 months period ended on March 31 of that year.

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

Currency and Unit of Presentation

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

Industry and Market Data

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

Exchange Rates

The exchange rates (₹) of the USD and JPY as for last 5 years and 6 months ended September 30, 2011 are provided below:

Currency	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	September 30, 2011
USD	43.59	39.97	50.95	45.14	44.65	48.92
JPY	0.3700	0.4008	0.5187	0.4844	0.5402	0.639

(Source: RBI reference rates)

FORWARD LOOKING STATEMENTS

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

- our ability to manage our credit quality;
- interest rates and inflation in India
- growth prospects of the Indian housing and urban infrastructure sector and related policy developments;
- changes in the demand and supply scenario in housing and urban infrastructure sector in India;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- competition in the Indian and international markets;
- availability of adequate debt and equity financing at reasonable terms;
- performance of the Indian debt and equity markets;
- changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India; and
- other factors discussed in this Prospectus Tranche- I, including under the section titled “Risk Factors” on page 8 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 section titled “Our Business” on page 49 of the Shelf Prospectus. The forward-looking statements contained in this Prospectus Tranche- I are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

THE ISSUE

The Central Board of Direct Taxes has, by a notification (bearing no. No. 52/2011. F. No. 178/56/2011 - (ITA.1)) dated September 23, 2011, authorised our Company to raise the Bonds aggregating to ₹ 5,000 crores, out of which our Company has already raised an amount of ₹ 315.28 crores on a private placement basis through information memorandums dated September 28, 2011, October 12, 2011 and November 3, 2011. For details, see the section titled “Financial Indebtedness” on page 77 of the Shelf Prospectus. Our Company proposed to raise the balance ₹ 4,684.72 crores through a public issue of the Bonds in one or more tranches prior to March 31, 2012.

The following is a summary of the terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled “Terms of the Issue” on page 28.

COMMON TERMS FOR ALL SERIES OF THE BONDS

Issuer	Housing and Urban Development Corporation Limited.
Issue of Bonds	Public issue of tax free bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act aggregating ₹ 2,000 crores with an option to retain an oversubscription upto the Shelf Limit (i.e. ₹ 4,684.72 crores).
Face value (in ₹)	1,000.
Objects of the Issue	See the section titled “Objects of the Issue” on page 17.
Issue Price (in ₹)	1,000.
Minimum application size	₹ 10,000 (10 Bonds) with multiples of one Bond thereafter. 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.
Market Lot/ Trading Lot	One Bond.
Pay-in date	Application Date (full Application amount is payable on Application).
Credit ratings	‘CARE AA+’ from CARE and ‘Fitch AA+ (ind)’ from Fitch. These credit ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by assigning rating agencies and should be evaluated independently of any other ratings. For the rationale for these ratings, see Annexure B on page 242 of the Shelf Prospectus.
Listing	BSE and NSE.
Security	The Bonds proposed to be issued are secured by a floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.
Security cover	At least 100% of the outstanding Bonds at any point of time.
Debenture Trustee	SBICAP Trustee Company Limited.
Depositories	NSDL and CDSL.
Registrar	Karvy Computershare Private Limited.
Modes of payment	(i) At-par cheques; (ii) Demand drafts.
Issuance	Dematerialised form or physical form* as specified by an Applicant in the Application Form.
Trading	In dematerialised form only.
Issue opening date	January 27, 2012.
Issue closing date**	February 6, 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 period of 30 days from the date of opening of the Issue, as may be decided by the Board of Directors/ or a duly constituted committee

	thereof of our Company. In the event of such early closure of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.
Deemed date of Allotment	The date on which the Board or a duly constituted committee thereof approves the Allotment of the Bonds for this Issue. All benefits relating to the Bonds including interest on Bonds (as specified in this Prospectus Tranche- I) shall be available to the investors from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Lead Managers	Enam Securities Private Limited and SBI Capital Markets Limited.

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

***The Issue shall remain open for subscription during banking hours for the period indicated above.*

SPECIFIC TERMS FOR EACH SERIES OF BONDS

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

Options	Series of Bonds*	
	Tranche- I Series 1 Bonds	Tranche- I Series 2 Bonds
Tenor	10 years.	15 years.
Redemption Date	10 years from the Deemed Date of Allotment.	15 years from the Deemed Date of Allotment.
Redemption Amount (₹/ Bond)	Repayment of the Face Value and any interest that may have accrued on the Redemption Date.	Repayment of the Face Value and any interest that may have accrued on the Redemption Date.
Frequency of interest payment	Annual	Annual
Minimum Application size	₹10,000 (10 Bonds).	₹10,000 (10 Bonds).
In multiples of	₹ 1,000 (One Bond).	₹ 1,000 (One Bond).
Face Value (₹/ Bond)	₹ 1,000	₹ 1,000
Issue Price (₹/ Bond)	₹ 1,000	₹ 1,000
Modes of interest payment	Through various available modes.**	Through various available modes.**
Coupon Rate (%) p.a.	8.10% p.a.	8.20% p.a.
Options	Additional Coupon Rate*** for Category III Investors: 0.12% p.a.	Additional Coupon Rate*** for Category III Investors: 0.15% p.a.
	Aggregate Coupon Rate for Category III Investors: 8.22% p.a.	Aggregate Coupon Rate for Category III Investors: 8.35% p.a.
Annualised Yield	For Category I Investors: 8.10%	For Category I Investors: 8.20%
	For Category II Investors: 8.10%	For Category II Investors: 8.20%
	For Category III Investors: 8.22%	For Category III Investors: 8.35%

** Our Company shall allocate and Allot Bonds of Tranche- I Series 1 Bonds maturity to all valid applications, wherein the applicants have not indicated their choice of the relevant Bond series.*

*** For various modes of interest payment, see the section titled “Terms of the Issue – Modes of Payment” on page 34.*

**** For further details, see the section titled “Terms of the Issue - Interest” on page 31.*

RECENT DEVELOPMENTS

There are no recent developments in relation to the Company as disclosed in the sections titled “Risk Factors”, “Selected Financial Information”, “Capital Structure”, “Summary of Business”, “Our Business”, “Regulations and Policies”, “Our Management”, “History and Certain Corporate Matters”, “Financial Indebtedness”, “Outstanding Litigations and Material Developments” and “Main Provisions of the Articles of Association of the Company” in the Shelf Prospectus which would make them misleading in any material respect.

All disclosures made in this Prospectus Tranche-I, 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-I 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

Our Company was incorporated as Housing and Urban Development Finance Corporation Private Limited on April 25, 1970 as a private limited company under the Companies Act and was granted a certificate of incorporation by the then Registrar of Companies, Delhi. Subsequently the name of our Company was changed to its present name and a fresh certificate of incorporation dated July 9, 1974 was issued by the then Registrar of Companies, Delhi and Haryana. For further details, see the section titled “History and Certain Corporate Matters” on page 64 of the Shelf Prospectus. Our Company was notified as a public financial institution under Section 4A of the Companies Act, on December 9, 1996. The President of India holds 100% of the paid up equity share capital of our Company, either directly or through nominee shareholders.

Registered and Corporate Office

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

Registration

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

Address of the Registrar of Companies

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

Company Secretary and Compliance Officer

Mr. H. Verma
HUDCO Bhawan, Core- 7A
India Habitat Centre
Lodhi Road
New Delhi - 110003
Telephone: +91 11 2464 9610
Facsimile: +91 11 2464 8179
E-mail: taxfreebonds@hudco.org

Investors 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, Bond certificates (for those who opt for allotment in physical form) etc.

Lead Managers to the Issue

Enam Securities Private Limited
801/802, Dalamal Towers
Nariman Point
Mumbai 400 021, India

Telephone: +91 22 6638 1800
Facsimile: +91 22 2284 6824
Email ID: hudcotaxfree@enam.com
Website: www.enam.com
Investor Grievance ID: complaints@enam.com
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
SEBI Registration Number: INM000006856*

SBI Capital Markets Limited

202, Maker Tower E, Cuffe Parade
Mumbai 400 005, India
Telephone: +91 22 2217 8300
Facsimile +91 22 2218 8332
Email ID: hudcobonds@sbicaps.com
Website: www.sbicaps.com
Investor Grievance ID: investor.relations@sbicaps.com
Contact Person : Mr. Gitesh Vargantwar/ Mr. Puneet Deshpande
Compliance Officer: Mr. Bhaskar Chakraborty
SEBI Registration Number: INM 000003531*

** The SEBI registration certificate of Enam Securities Private Limited and SBI Capital Markets Limited expired on October 15, 2011 and July 31, 2011 respectively. As required under Regulation 9(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and in compliance with SEBI Circular No. SEBI/MIRSD/DR-2/SRP/Cir-2/2005 dated January 4, 2005, an application dated June 21, 2011 and April 29, 2011 for renewal of the said certificate of registration, in the prescribed manner, was made on June 24, 2011 and April 29, 2011, 2011 to SEBI by Enam Securities Private Limited and SBI Capital Markets Limited respectively, three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited.*

Consortium Members

Axis Bank Limited

Axis House, E Wing
Level 5, Bombay Dyeing Mills Compound
P.B. Marg, Mumbai 400 025
Maharashtra, India
Telephone: +91 22 2425 3122
Facsimile: +91 22 4325 7100
Email: hudcoipo@axisbank.com
Website: www.axisbank.com
Investor grievance ID: axbmbd@axisbank.com
Contact person: Mr. Kartik Shah/ Mr. Neelabh Dubey
SEBI registration number: INM000006104

SBICAP Securities Limited (in their capacity of being an affiliate of SBI Capital Markets Limited)

Registered office address: 191, Maker Tower 'F', Cuffe Parade
Mumbai 400 005, India.
Correspondence address: Mafatlal Chambers, C- Wing
2nd floor, N M Joshi Marg,
Lower Parel, Mumbai 400 013
Telephone: +91 22 4227 3300
Facsimile: +91 22 4227 3390
Email: Archana.dedhia@sbicapsec.com
Website: www.sbicapsec.com
Investor grievance ID: complaints@sbisec.com
Contact person: Ms. Archana Dedhia
SEBI registration number: INB 231052938

Debenture Trustee

SBICAP Trustee Company Limited

8, Khetan Bhavan
5th Floor, 198, J. Tata Road
Churchgate
Mumbai 400 020, India
Telephone: +91 22 4302 5555
Facsimile: +91 22 4302 5500
Email: corporate@sbicaptrustee.com
Investor Grievance ID: investor.cell@sbicaptrustee.com
Website: www.sbicaptrustee.com
Contact person: Mr. Vishwas Pathak
SEBI Registration No: IND000000536

Registrar to the Issue

Karvy Computershare Private Limited

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

Statutory Auditors

Agiwal & Associates
Lal Kothi, 2nd Floor
3830, Pataudi House Road
Darya Ganj, New Delhi - 110 002
Telephone: + 91 11 2328 3612
Facsimile: + 91 11 2326 7461
Email ID: agiwal@vsnl.net
Firm Registration Number: 000181N

Legal Counsel to the Company

Luthra & Luthra Law Offices

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

Bankers to the Company

IDBI Bank Limited

3rd Floor, Indian Red Cross Society Building
Red Cross Road
New Delhi 110001
Telephone: +91 11 2375 2723
Facsimile: +91 11 2375 2730
Email: rajiv.sharma@idbi.co.in
Contact person: Mr. Rajiv Sharma
Website: www.idbi.com

Axis Bank Limited

148, Statesman House
Barakhamba Road
New Delhi 110001
Telephone: +91 11 2331 1043/ +91 11 4742 5120
Facsimile: +91 11 2331 1054/ +91 11 4350 6565
Email: newdelhi.branchhead@axisbank.com
Contact person: Mr. Sandeep Kumar/ Mr. Ashish
Dhall/ Mr. Rajeev Taneja
Website: www.axisbank.com

Vijaya Bank

D-65, Hauz Khas

ICICI Bank Limited

9A, Phelps Building

New Delhi 110016
Telephone: +91 11 2696 3242
Facsimile: +91 11 2696 1524
Email: del.hauzkhas6015@vijayabank.co.in
Contact person: Mr. Ashok Kumar Shetty
Website: www.vijayabank.com

IndusInd Bank Limited

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

Union Bank of India

Motibagh Branch
Pallika Bhawan Sec. 13 R.K. Puram
Telephone: + 91 11 2410 0083
Facsimile: +91 2467 6843
Email: motibagh@unionbankofindia.com
Contact person: Mr. S.K. Jha
Website: www.unionbankofindia.com

Escrow Collection Banks / Bankers to the Issue

Axis Bank Limited

148, Statesman House
Barakhamba Road
New Delhi 110 001
Telephone: +91 11 4742 5120
Facsimile: +91 11 2331 1054
Email: newdelhi.branchhead@axisbank.com
Contact person: Mr. Sandeep Kumar/ Mr. Ashish
Dhall/ Mr. Rajeev Taneja
Website: www.axisbank.com
SEBI Registration Number: INBI00000017

ICICI Bank Limited

Capital Market Division
Rajabhadur Mansion, 30
Mumbai Samachar Marg
Fort, Mumbai 400 001
Telephone: +91 22 6631 0322
Facsimile: +91 22 6631 0350
Email: anil.gadoo@icicibank.com
Contact person: Mr. Anil Gadoo
Website: www.icicibank.com
SEBI Registration Number: INBI00000004

IndusInd Bank Limited

CMS, Solitaire Corporate Park
No. 1001, Building no. 10
Ground floor, GH Marg

A-Block, Connaught Place
New Delhi 110001
Telephone: +91 11 6631 0445
Facsimile: +91 11 6631 0340
Email: vineet.tyagi@icicibank.com
Contact person: Mr. Vineet Tyagi
Website: www.icicibank.com

Punjab National Bank

28A, K.G. Marg,
New Delhi
Telephone: +91 11 2332 3357/ +91 11 2373 9131
Facsimile: +91 11 2331 8570/ +91 11 2332 4788
Email: bo1120@pnb.co.in
Contact person: Mr. Mukesh Dave
Website: www.pnbindia.com

HDFC Bank Limited

FIG-OPS Department- Lodha
I Think Techno Campus, O-3 Level
Next to Kanjurmarg Railway Station
Kanjurmarg (East), Mumbai 400 042
Telephone: +91 22 3075 2928
Facsimile: +91 22 2579 9801
Email: uday.dixit@hdfcbank.com
Contact person: Mr. Uday Dixit
Website: www.hdfcbank.com
SEBI Registration Number: INBI00000063

IDBI Bank Limited

Unit No. 2, Corporate Park
Sion Trombay Road, Chembur
Mumbai 400 071
Telephone: +91 22 6690 8402
Facsimile: +91 22 2528 6173
Email: ipoteam@idbi.co.in
Website: www.idbi.com
Contact person: Mr. V. Jayananthan
SEBI Registration Number: INBI00000076

Kotak Mahindra Bank Limited

5th Floor, Dani Corporate Park 158
CST Road, Santacruz (E)
Mumbai 400 098

Andheri East, Mumbai 400 093
Telephone: +91 22 6772 3901
Facsimile: +91 22 6772 3998
Email: sanjay.vasarkar@indusind.com
Contact person: Mr. Sanjay Vasarkar
Website: www.indusind.com
SEBI Registration Number: INBI00000002

Punjab National Bank

Capital Market Services Branch
5, Sansad Marg
New Delhi 110 001
Telephone: +91 11 2373 7531
Facsimile: +91 11 2373 7528
Email: bo4552@pnb.co.in
Contact person: Mr. A.K. Jain
Website: www.pnbindia.com
SEBI Registration Number: INBI00000084

Yes Bank Limited

3rd Floor, Ion House
Dr. E. Moses Road
Mahalaxmi, Mumbai 400 011
Telephone: +91 22 6622 9031
Facsimile: +91 22 2497 4875
Email: dlbtiservices@yesbank.in
Contact person: Mr. Mahesh Shirali
Website: www.yesbank.in
SEBI Registration Number: INBI00000935

Refund Banks

Axis Bank Limited

148, Statesman House
Barakhamba Road
New Delhi 110 001
Telephone: +91 11 4742 5120
Facsimile: +91 11 2331 1054
Email: newdelhi.branchhead@axisbank.com
Contact person: Mr. Sandeep Kumar/ Mr. Ashish
Dhall/ Mr. Rajeev Taneja
Website: www.axisbank.com
SEBI Registration Number: INBI00000017

Telephone: +91 22 6759 5336
Facsimile: +91 22 6759 5374
Email: amit.kr@kotak.com
Website: www.kotak.com
Contact person: Mr. Amit Kumar
SEBI Registration Number: INBI00000927

State Bank of India

Videocon Heritage (Killic House)
Ground Floor, Charanjit Rai Marg
Mumbai 400 001
Telephone: +91 22 2209 4932
Facsimile: +91 22 2209 4921
Email: nib.11777@sbi.co.in
Website: www.statebankofindia.com
Contact person: Mr. R.K. Prasad
SEBI Registration Number: INBI00000038

IDBI Bank Limited

Unit No. 2, Corporate Park
Sion Trombay Road, Chembur
Mumbai 400 071
Telephone: +91 22 6690 8402
Facsimile: +91 22 2528 6173
Email: ipoteam@idbi.co.in
Website: www.idbi.com
Contact person: Mr. V. Jayananthan
SEBI Registration Number: INBI00000076

Credit Rating Agencies

Credit Analysis & Research Limited

4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai – 400022, India.
Telephone: +91 22 67543456; Facsimile: +91 22 67543457
Email: care@careratings.com
Website: http://www.careratings.com
SEBI Registration No.: IN/CRA/004/1999

Fitch Ratings India Private Limited

Apeejay House, 6th Floor,
3 – Dinshaw Vaccha Road,

Churchgate, Mumbai 400020, India.
Telephone: +91 22 40001700; Facsimile: +91 22 4001701
Email: rajesh.patel@fitchratings.com
Website: <http://www.fitchindia.com>
SEBI Registration No.: IN/CRA/002/1999*

** The SEBI registration certificate of Fitch Ratings India Private Limited expired on November 4, 2011. As required under Regulation 10(2) of the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999, an application dated July 27, 2011 for renewal of the said certificate of registration, in the prescribed manner, was made on July 28, 2011 to SEBI by Fitch Ratings India Private Limited, three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited.*

Credit Rating and Rationale

CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated December 30, 2011. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Fitch has assigned a rating of 'Fitch AA+ (ind)' to the Bonds vide letter dated December 29, 2011. For details in relation to the rationale for the credit rating, please refer to the Annexure B to the Shelf Prospectus.

Expert Opinion

Except the letters dated December 30, 2011 and December 29, 2011 issued by CARE and Fitch, respectively, in respect of the credit rating for the Bonds, and the report on Limited Review Financial Statements dated November 4, 2011, Reformatted Audited Financial Statements dated January 10, 2012 and statement of tax benefits dated January 10, 2012 issued by the Auditor, our Company has not obtained any expert opinions.

Minimum Subscription

Under the SEBI Debt Regulations, our Company is required to stipulate a minimum subscription amount which it seeks to raise. The consequence of minimum subscription amount not being raised is that the Issue shall not proceed and the application moneys received are refunded to the Applicants.

Our Company has decided to set no minimum subscription for the Issue.

Issue Programme

ISSUE PROGRAMME*	
ISSUE OPENS ON	ISSUE CLOSURES ON
January 27, 2012	February 6, 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 period of 30 days from the date of opening of the Issue, as may be decided by the Board of Directors or a duly constituted committee thereof. In the event of such early closure of the subscription list of the Issue, our company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper. Further, Allotment shall be on a first come first serve basis with our Company having the discretion to close the Issue early irrespective of whether any of the portions are fully subscribed.*

OBJECTS OF THE ISSUE

Issue Proceeds

The Central Board of Direct Taxes has, by a notification (bearing No. 52/2011. F. No. 178/56/2011 - (ITA.1)) dated September 23, 2011, authorised our Company to raise the Bonds aggregating to ₹ 5,000 crores, out of which our Company has already raised an amount of ₹ 315.28 crores on a private placement basis through information memorandums dated September 28, 2011, October 12, 2011 and November 3, 2011. The funds proposed to be raised through the Issue shall be utilized towards lending purposes, augmenting the resource base of our Company and other operational requirements.

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

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

Issue expenses

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

Particulars	Amount (₹ in Crore)	As Percentage of Issue proceeds* (in %)	As Percentage of total expenses of the Issue (in %)
Fees payable to Intermediaries			
Registrar to the Issue	0.30	0.01	1.11
Debenture Trustee	0.03	0.00	0.09
Advertising and marketing	0.70	0.01	2.60
Lead Managers' fees, Selling and Brokerage commission	23.51	0.50	87.35
Printing and distribution	0.70	0.01	2.60
Other Miscellaneous Expenses	1.68	0.04	6.24
Total	26.92	0.57	100.00

* *Estimated Issue Expenses have been calculated considering the Shelf Limit.*

Interim use of Proceeds

The Board of Directors, in accordance with the policies formulated by them from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in deposits with banks or as may be approved by the Board. Such investment would be in accordance with the Board approved guidelines prepared on the basis of directions received from DPE.

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board of Directors of our Company shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant financial year commencing from Fiscal 2012, the utilization of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Further, in accordance with the Debt Listing Agreement, our Company will furnish to the stock exchange on a half yearly basis, a statement indicating material deviations, if any, in the use of Issue proceeds and shall also publish the same in newspapers simultaneously with the half-yearly financial results. We

shall utilize the proceeds of the Issue only upon execution of the documents for creation of security as stated in this Prospectus Tranche- I in the section titled “Terms of the Issue” on page 28 and upon the listing of the Bonds.

STATEMENT OF TAX BENEFITS

Under the current tax laws, the following possible tax benefits, among other things, 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 (43 of 1961), the Central Government vide notification no 52/2011.F.No.178/56/2011-(ITA-1) dated 23rd September 2011 authorizes our Company to issue during the Financial year 2011-12, tax free, secured, redeemable, non-convertible bonds of rupee 1,000 each in case of public issue for the aggregate amount of Rs. 5,000 crores subject to the other following conditions namely –

- (i) Tenure of Bonds:- The tenure of the bonds shall be ten or fifteen years.
- (ii) Permanent Account Number:- It shall be mandatory for the subscribers of such bonds to furnish their permanent account number to the issuer.
- (iii) Interest Rate:- 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.
- (iv) The benefit under the said section shall be admissible only if the holder of such bonds registers his or her name and holding with the issuer.

- b) Section 10(15)(iv)(h) to be read with Section 14A(1) provides that in computing the total income of a previous year of any person, interest payable by any public sector company in respect of such bonds or debentures and subject to such conditions, including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may, by notification in the Official Gazette, specify in this behalf shall not be included; However, for the purpose of computing the total income under the Income Tax Act, no deduction shall be allowed in respect of expenditure incurred by assessee in relation to income which do not form part of total income under the Income Tax Act, 1961.

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. However, interest on application money would be liable to taxation as per present tax rules.

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, Rs.190,000 in case of resident women, Rs 250,000 in case of resident senior citizens and Rs.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. All the rates disclose above are taken as per the present tax rates.

- 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 (a) above would also apply to such short-term capital gains.

- c) Under section 54 EC of the Act and subject to the conditions and to the extent specified therein at present, long term capital gains arising to the bondholders on transfer of their bonds in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54 EC of the Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80 C of the Act.

- d) 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.

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 / capital gain or loss in accordance with and subject to the provisions of the Income Tax Act applicable time to time.

4. Taxation on gift

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

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

shall be taxable as the income of the recipient.

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

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

B. WEALTH TAX

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

C. Proposals made in Direct 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 Agiwal & Associates
Chartered Accountants
Firm's Regn. No.: 000181N**

**Place: New Delhi
Date: January 10, 2012**

**P.C. Agiwal
Partner
Membership no. 80475**

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Central Board of Direct Taxes has, by a notification (bearing no. No. 52/2011. F. No. 178/56/2011 - (ITA.1)) dated September 23, 2011, authorised our Company to raise the Bonds aggregating to ₹ 5,000 crores, out of which our Company has already raised an amount of ₹ 315.28 crores on a private placement basis through an information memorandum dated September 28, 2011, October 12, 2011 and November 3, 2011. Our Company proposed to raise the balance ₹ 4,684.72 crores through a public issue of the Bonds in one or more tranches prior to March 31, 2012.

The Board of Directors have, pursuant to resolutions dated March 24, 2011, January 10, 2012 and January 20, 2012, approved the Issue of 'tax free bonds' in one or more tranche(s), of secured, redeemable, non-convertible, cumulative/ non-cumulative debentures of face value of ₹ 1,000 each, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, for an amount up ₹ 4,684.72 crores, subject to the provisions of the Notification.

Eligibility to make the Issue

Our Company, the persons in control of our Company or the promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

Consents

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

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

Expert Opinion

Except the letters dated December 30, 2011 and December 29, 2011 issued by CARE and Fitch, respectively, in respect of the credit rating for the Bonds, and the report on Limited Review Financial Statements dated November 4, 2011, Reformatted Audited Financial Statements dated January 10, 2012 and statement of tax benefits dated January 10, 2012 issued by the Auditor, our Company has not obtained any expert opinions.

Common Form of Transfer

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

Minimum Subscription

Under the SEBI Debt Regulations, our Company is required to stipulate a minimum subscription amount which it seeks to raise. The consequence of minimum subscription amount not being raised is that the Issue shall not proceed and the application moneys received are refunded to the Applicants.

Our Company has decided to set no minimum subscription for the issue.

No Reservation or Discount

There is no reservation in this Issue nor will any discount be offered in this Issue, to any category of investors.

Previous Public Issues by our Company during last five years

Our Company has not made any public issue during the last five years.

Commission or Brokerage on Previous Public Issues

Our Company has not made any public issue during the last five years.

Change in auditors of our Company during the last three years

For the Fiscal 2009, S.N. Dhawan & Co. were the statutory auditors of our Company. In Fiscal 2010 and 2011, our Board, as approved by the Office of Comptroller and Auditor General of India, appointed Agiwal & Associates as our statutory Auditors.

Revaluation of assets

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

Utilisation of Proceeds

The funds proposed to be raised through the Issue shall be utilized towards lending purposes, augmenting the resource base of our Company and other operational requirements. For more information pertaining to utilisation of proceeds, see the section titled "Objects of the Issue" on page 17.

Statement by the Board of Directors:

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

The funds raised by us from previous 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/157311-K dated January 20, 2012 permission to the Issuer to use NSE's name in this offer document as one of the stock exchanges on which the Issuer's securities are proposed to be listed. The NSE has scrutinised the Draft Shelf Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the 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 the Issuer's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE 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 January 20, 2012, permission to the Company to use the Exchange's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinised the Draft Shelf Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. The Exchange does not in any manner:

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b) warrant that the Company's securities will be listed or will continue to be listed on the Exchange; or
- c) take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Listing

The Bonds will be listed on the NSE and the BSE. NSE and BSE have given their in-principle listing approvals through letters dated January 20, 2012.

If the permission to list and trade the Bonds has not been granted by the BSE or the NSE, our Company shall forthwith repay, without interest, all such moneys received from the Applicant in pursuance of this Prospectus Tranche- I. If any such money is not repaid within eight days after our Company becomes liable to repay it, our Company and every Director who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at 15% per annum, as prescribed under section 73 of the Companies Act.

Our Company shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the NSE and the BSE will be taken within fifteen Working Days from the date of Allotment.

Dividend

For details of dividends paid by our Company for the financial years ended March 31, 2007, 2008, 2009 and 2011 and the six months ended September 30, 2011, see the section titled "Annexure A- Financial Statements" on page 135 of the Shelf Prospectus.

Mechanism for redressal of investor grievances

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

ISSUE STRUCTURE

The Central Board of Direct Taxes has, by a notification (bearing No. 52/2011. F. No. 178/56/2011 - (ITA.1)) dated September 23, 2011, authorised our Company to raise the Bonds aggregating to ₹ 5,000 crores, out of which our Company has already raised an amount of ₹ 315.28 crores on a private placement basis through information memorandums dated September 28, 2011, October 12, 2011 and November 3, 2011. The Issue is for the balance amount of ₹ 4,684.72 crores. Our Company shall issue the Bonds up to an aggregate amount of ₹ 4,684.72 crores through this issue during Fiscal 2012 as approved by its Board pursuant to resolutions dated March 24, 2011, January 10, 2012 and January 20, 2012.

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 the section titled “Terms of the Issue” on page 28.

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

Particulars	Terms and Conditions
Minimum application size	₹ 10,000 (10 Bonds) and multiples of one Bond thereafter The minimum number of Bonds per application form will be calculated on the basis of the total number of Bonds applied for under each such Application Form and not on the basis of any specific option.
Mode of allotment	Both in dematerialised form as well as in physical form, as specified by the Applicant in the Application 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, Scheduled 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; 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. <p>Category II: The following investors applying for an amount aggregating to above ₹5 lakhs across all series in this tranche</p> <ul style="list-style-type: none"> Resident Indian individuals; and Hindu Undivided Families through the Karta. <p>Category III: The following investors applying for an amount aggregating to up to and including ₹5 lakhs across all series in this tranche</p> <ul style="list-style-type: none"> Resident Indian individuals; and Hindu Undivided Families through the Karta.

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 demat account is

also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

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

For further details, see the section titled “Issue Procedure” on page 41.

TERMS AND CONDITIONS IN CONNECTION WITH THE BONDS

Nature of the Bonds

The Bonds being issued are in form of tax free bonds of face value of ₹ 1,000 each in the nature of secured, redeemable, non-convertible debentures, having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961, to be issued by Company in terms of this Prospectus Tranche- I.

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

Options	Series of Bonds*	
	Tranche- I Series 1 Bonds	Tranche- I Series 2 Bonds
Tenor	10 years	15 years
Redemption Date	10 years from the Deemed Date Of Allotment	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	₹ 10,000 (10 Bonds)	₹ 10,000 (10 Bonds)
In Multiples of	One Bond	One Bond
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.	8.10% p.a.	8.20% p.a.
Options	Additional Coupon Rate*** for Category III Investors: 0.12% p.a.	Additional Coupon Rate*** for Category III Investors: 0.15% p.a.
	Aggregate Coupon Rate for Category III Investors: 8.22% p.a.	Aggregate Coupon Rate for Category III Investors: 8.35% p.a.
Annualized Yield	For Category I Investors: 8.10%	For Category I Investors: 8.20%
	For Category II Investors: 8.10%	For Category II Investors: 8.20%
	For Category III Investors: 8.22%	For Category III Investors: 8.35%
Credit Rating	CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated December 30, 2011 and Fitch has assigned a rating of 'Fitch AA+ (ind)' to the Bonds vide letter dated December 29, 2011.	CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated December 30, 2011 and Fitch has assigned a rating of 'Fitch AA+ (ind)' to the Bonds vide letter dated December 29, 2011.

* Our Company shall allocate and Allot Bonds of Tranche- I Series 1 Bonds maturity to all valid applications, wherein the applicants have not indicated their choice of the relevant Bond series.

** For various modes of interest payment, see the section titled "Terms of the Issue – Modes of Payment" on page 34.

*** For further details, see the section titled "Terms of the Issue - Interest" on page 31.

Terms of Payment

The entire Face Value per Bond is payable on Application. In the event of Allotment of a lesser number of Bonds than applied for, our Company shall refund the amount paid on application to the Applicant, in accordance with the terms of this Prospectus Tranche- I.

TERMS OF THE ISSUE

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

1. Authority for the Issue

The Central Board of Direct Taxes, 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 our Company to issue the said Bonds up to an aggregate amount of ₹ 5,000 crores during Fiscal 2012.

Our Company shall issue the Bonds up to an aggregate amount of ₹ 4,684.72 crores through this issue during Fiscal 2012 out of the amount of ₹ 5,000 crores, as approved by its Board pursuant to resolutions dated March 24, 2011, January 10, 2012 and January 20, 2012. Our Company has already raised tax free bonds through private placement for a sum of ₹ 315.28 crores till date. The Issue is for the balance amount of ₹ 4,684.72 crores.

2. Issue and status of Bonds

- 2.1. Public issue by our Company of tax free bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, aggregating ₹ 2,000 crores with an option to retain an oversubscription upto the Shelf Limit (i.e. ₹ 4,684.72 crores).
- 2.2. The Bonds shall be secured pursuant to a Debenture Trust Deed and underlying security documents. The Bondholders are entitled to the benefit of the Debenture Trust Deed and are bound by and are deemed to have notice of all the provisions of the Debenture Trust Deed.
- 2.3. The Bonds are issued in the form of tax free bonds of face value of ₹ 1,000 each in the nature of secured, redeemable, non-convertible debentures, having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961, and are proposed to be secured by a floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.
- 2.4. The claims of the Bond holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

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

3.1.1. Form of Allotment

The Allotment of the Bonds shall be in a dematerialized form as well as physical form. Our Company has made depository arrangements with CDSL and NSDL for the issuance of the Bonds in dematerialized form, pursuant to the tripartite agreement dated September 20, 2011 among our Company, the Registrar and CDSL and the tripartite agreement dated September 20, 2011 among our Company, the Registrar and NSDL (collectively “**Tripartite Agreements**”).

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

3.1.3. In case of Bonds issued in physical form, whether on Allotment or on rematerialization of Bonds allotted in dematerialised form, our Company will issue one certificate for each Series of 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), our Company 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 our Company.

3.2. **Face Value**

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

3.3. **Title**

3.3.1 In case of:

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

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

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

3.4. **Listing**

The Bonds will be listed on the BSE and the NSE. BSE has given its in-principle listing approval vide its letter no. DCS/SP/PI-BOND/08/11-12 dated January 20, 2012 and the NSE has given its in-principle listing approval vide its letter no. NSE/LIST/157311-K dated January 20, 2012 for listing of the Bonds. The NSE is the Designated Stock Exchange for this Issue.

3.5. **Market Lot**

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

3.5.2. For details of Allotment, see the section titled “Issue Structure” on page 25.

3.6. Procedure for rematerialisation of Bonds

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

3.7 Procedure for dematerialisation of Bonds

Bondholders who have been allotted Bonds in physical form and wish to hold the Bonds in dematerialized form may do so by submitting his or her request to his or her Depository Participant in accordance with the applicable procedure stipulated by the Depository Participant.

4. Transfer of the Bonds, issue of Consolidated Bond Certificates, etc.

4.1. Register of Bondholders

Our Company shall maintain at its registered office or such other place, as permitted by section 152A of the Companies Act, a register of Bondholders containing such particulars of the legal owners of the Bonds. Further, the register of beneficial owners maintained by Depositories for any Bond in dematerialised form under Section 11 of the Depositories Act shall also be deemed to be a register of Bondholders for this purpose.

4.2. Transfers

4.2.1 *Transfer of Bonds held in dematerialised form:*

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

4.2.2 *Transfer of Bonds in physical form:*

The Bonds may be transferred in a manner as may be prescribed by our Company for the registration of transfer of Bonds. Purchasers of Bonds are advised to send the Consolidated Bond Certificate to our Company or to such persons as may be notified by our Company from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialised form, the Bonds may be dematerialised 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 our Company, but on payment (or the giving of such indemnity as our Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and our Company being satisfied that the requirements concerning transfers of Bonds, have been complied with.

4.4 Debenture Redemption Reserve (“DRR”)

Pursuant to Regulation 16 of the SEBI Debt Regulations and section 117C of the Companies Act, any company that intends to issue debentures needs to create a DRR to which adequate

amounts shall be credited out of the profits of our company until the redemption of the debentures. Further, the Ministry of Corporate Affairs (“MCA”) has, through its circular dated April 18, 2002, specified that public financial institutions shall create a DRR to the extent of 50% of the value of the debentures issued through public issue. Accordingly, our Company shall create DRR of 50% of the value of Bonds issued and allotted in terms of this Prospectus Tranche- I, for the redemption of the Bonds. Our Company shall credit adequate amounts to the DRR from its profits every year until the Bonds are redeemed. The amounts credited to the DRR shall not be utilized by our Company for any purpose other than for the redemption of the Bonds.

5. Application Amount

The Bonds are being issued at par and full amount of face value per Bond is payable on application. Eligible Applicants can apply for any amount of the Bonds subject to a minimum application size of 10 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 on which the Board of Directors of our Company or any Committee thereof approves the Allotment of the Bonds for this Issue. 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	January 27, 2012
Issue Closes on	February 6, 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 period of 30 days from the date of opening of the Issue, as may be decided by the Board of Directors/ or a duly constituted committee thereof of our Company. In the event of such early closure of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.

7.2. Underwriting

The Issue is not underwritten

7.3. Minimum Subscription

Under the SEBI Debt Regulations, our Company is required to stipulate a minimum subscription amount which it seeks to raise. The consequence of minimum subscription amount not being raised is that the Issue shall not proceed and the application moneys received are refunded to the Applicants.

Our Company has decided to set no minimum subscription for the issue.

8. Interest

8.1. Interest

For all the categories Tranche-I Series 1 Bonds and Tranche- I Series 2 Bonds shall carry interest at the coupon rate of 8.10% p.a. and 8.20% p.a., respectively, payable annually on the

Interest Payment Date. Interest is payable to Bondholders appearing in the register of Bondholders (in case of physical holding) and as per the beneficiary holding downloaded as on the relevant Record Date.

However, an additional interest at the rate of 0.12% p.a. and 0.15% p.a. shall be payable to the Allottees under Category III for the Tranche-I Series 1 Bonds and Tranche- I Series 2 Bonds respectively. Accordingly, Tranche-I Series 1 Bonds and Tranche- I Series 2 Bonds Allotted to Category III Investors, shall carry an aggregate coupon rate of 8.22% p.a. and 8.35% p.a., respectively, payable annually on the Interest Payment Date. Interest is payable to Bondholders appearing in the register of Bondholders (in case of physical holding) and as per the beneficiary holding downloaded as on the relevant Record Date. The effective yield to Category III Investors would be 8.22% p.a. and 8.35% p.a. for the Tranche-I Series 1 Bonds and Tranche- I Series 2 Bonds, respectively.

Please note that the aforesaid additional interest of 0.12% p.a. and 0.15% p.a. shall only be available to the original Allottees and shall not be available in the following instances:

- (i) In case the Bonds are sold and/or transferred by the original allottee, the transferee will not be entitled to receive the interest at the coupon rate of 8.22% p.a. and 8.35% p.a., for the Tranche- I Series 1 Bonds and Tranche- I Series 2 Bonds respectively and shall only be entitled to receive the interest at the coupon rate of 8.10% p.a. and 8.22% p.a., for the Tranche- I Series 1 Bonds and the Tranche- I Series 2 Bonds respectively. However, in case of any transfer by a permanently disabled Allottee to their legal heir(s), the transferee shall continue to be entitled to receive interest at the coupon rate of 8.22% p.a. and 8.35% p.a., for the Tranche- I Series 1 Bonds and the Tranche- I Series 2 Bonds respectively; and
- (ii) Where the Bonds are held in joint names and subsequently there is a change in the sequence of the names of the joint Bondholders, the joint Bondholders subsequent to such change in sequence of names, will no longer be entitled to receive the interest at the coupon rate of 8.22% p.a. and 8.35% p.a., for the Tranche- I Series 1 Bonds and the Tranche- I Series 2 Bonds respectively and shall only be entitled to receive the interest at the coupon rate of 8.10% p.a. and 8.20% p.a., for the Tranche- I Series 2 Bonds and the Tranche- I Series 2 Bonds respectively. However, in case of change in name of any of the joint Bondholders, such joint Bondholders shall continue to be entitled to receive interest at the coupon rate of 8.22% p.a. and 8.35% p.a., for the Tranche- I Series 1 Bonds and the Tranche- I Series 2 Bonds respectively.

However in case of transmission of the Bond(s) in accordance with the Articles of Association of the Company, to the nominee in the event of demise of the Bondholder (single or joint holders) who was originally allotted Bonds under Category III, the new Bondholder (single or joint holders) shall continue to be entitled to receive interest at the coupon rate of 8.22% p.a. and 8.35% p.a., for the Tranche- I Series 1 Bonds and the Tranche-I Series 2 Bonds respectively.

Please note that for the purpose of classifying Investors into various categories, the Applications will be consolidated on the basis of PAN. Consequent to such consolidation of Applications, if an Applicant falls in any category other than Category III, such Applicant will not be entitled to the additional interest at the rate of 0.12% p.a. and 0.15% p.a. for the Tranche- I Series 1 Bonds and the Tranche- I Series 2 Bonds, respectively.

8.2. Day count convention

Interest on the Bonds shall be computed on an actual basis for the broken period.

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 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 three days from the date of banking 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% per annum.

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 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, our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, and/or (b) applications which are withdrawn by the applicant. See the section titled “Issue Procedure- Rejection of Applications” at page 51.

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 our Company on the Record Date fixed for the purpose of redemption without there being a requirement for the surrender of the physical Consolidated Bond Certificate(s).

10. Payments

10.1. Payment of Interest on Bonds

Payment of interest on the Bonds will be made to those Bondholders whose name appears first in the Register of Bondholders maintained by the Depositories and/or our Company and/or the Registrar to the Issue, as the case may be as, on the Record Date.

10.2. **Record Date**

The record date for the payment of interest or the Maturity Amount shall be 15 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 Interest Payment Date or Redemption Date 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 our Company will use the electronic mode for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, our Company proposes to use other modes of payment to make payments to the Bondholders, including through the dispatch of cheques through courier, or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depositories and/or our Company and/or the Registrar to the Issue, as the case may be as, on the Record Date. Our Company shall pay interest 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 our Company becomes liable to pay such amounts.

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

11. **Manner and Mode of Payment**

11.1. **Manner of Payment:**

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

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

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

11.1.2. ***For Bonds held in physical form***

The bank details will be obtained from the Registrar to the Issue for effecting payments.

11.2. **Modes of Payment**

The mode of interest/refund/redemption payments shall be undertaken in the following order of preference:

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 our Company.

11.2.2. **NECS**

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

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

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

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

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

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

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

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

11.2.5. **Cheques or demand drafts**

By cheques or demand drafts made in the name of the Bondholders whose names appear in the Register of Bondholders as maintained by our Company and/or as provided by the Depositories. All cheques or demand drafts as the case may be, shall be sent by registered/speed post/courier at the Bondholder’s sole risk.

11.3. Printing of bank particulars

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

12. Special Tax Benefit

For the details of tax benefits, see the section titled "Statement of Tax Benefits" on page 42.

13. Taxation

The Bonds are tax free in nature and the interest on the Bonds will not form part of the total income. For further details, see the section titled "Statement of Tax Benefits" on page 42.

14. Security

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

15. Events of default

15.1. The Debenture Trustee at its discretion may, or if so requested in writing by the holders of not less than 75% in principal amount of the Bonds then outstanding or if so directed by a Special Resolution shall (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to our Company specifying that the Bonds and/or any particular Series of Bonds, in whole but not in part are and have become due and repayable at the early redemption amount on such date as may be specified in such notice, among other things, if any of the events listed in 15.2 below occur.

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

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

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

15.5. In case of default in the redemption of Bonds, in addition to the payment of interest and all other monies payable hereunder on the respective due dates, our Company shall also pay interest on the defaulted amounts.

16. Bondholders' rights, nomination, etc.

16.1. Rights of Bondholders

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

- a) The Bonds shall not, except as provided in the Companies Act, confer on Bondholders any rights or privileges available to members of our Company including the right to

receive notices or annual reports of, or to attend and / or vote, at the Company's general meeting(s). However, if any resolution affecting the rights of the Bondholders is to be placed before the shareholders, such resolution will first be placed before the concerned registered Bondholders for their consideration. In terms of Section 219(2) of the Companies Act, Bondholders shall be entitled to a copy of the balance sheet on a specific request made to the Company.

- b) The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the Bondholders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a special resolution passed at a meeting of the concerned Bondholders. However, in the event that such consent or special resolution pertains to modify or vary the terms and conditions governing the Bonds, such consent or resolution shall not be operative against our Company in the event that such consent or resolution is not acceptable to the Company.
- c) The registered Bondholder or in case of joint-holders, the person whose name stands first in the Register of Bondholders shall be entitled to vote in respect of such Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder shall be entitled to one vote on a show of hands and on a poll, his or her voting rights shall be in proportion to the outstanding nominal value of Bonds held by him or her on every resolution placed before such meeting of the Bondholders.
- d) Bonds may be rolled over with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders after providing at least 21 days prior notice for such roll-over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the Bonds of all the Bondholders, who have not given their positive consent to the roll-over.

The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be as per the terms of the Shelf Prospectus, the Prospectus Tranche-I and the Debenture Trust Deed to be executed by our Company with the Debenture Trustee.

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

16.2. Succession

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

16.3. Nomination Facility to Bondholder

- 16.3.1. The sole Bondholder or first Bondholder, along with other joint Bondholders (being individual(s)) may nominate any one person (being an individual) who, in the event

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

- 16.3.2. The Bondholders are advised to provide the specimen signature of the nominee to our Company to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.
- 16.3.3. Any person who becomes a nominee under any applicable laws shall on the production of such evidence as may be required by our Company's Board or Committee of Directors, as the case may be, elect either:
 - (a) to register himself or herself as the holder of the Bonds; or
 - (b) to make such transfer of the Bonds, as the deceased holder could have made.
- 16.3.4. Notwithstanding anything stated above, Applicants who are allotted bonds in dematerialised form need not make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bondholder will prevail. If the Bondholders require changing their nomination, they are requested to inform their respective Depository Participant. For Applicants who opt to hold the Bonds in physical form, the Applicants are required to fill in the details for 'nominees' as provided in the Application Form.
- 16.3.5. Further, our Company's Board or Committee of Directors, as the case may be, may at any time give notice requiring any nominee of the deceased holder to choose either to be registered himself or herself or to transfer the Bonds, and if the notice is not complied with, within a period of 90 days, our Company's Board or Committee of Directors, as the case may be, may thereafter withhold payment of all interests or other monies payable in respect of the Bonds, until the requirements of the notice have been complied with.

17. Debenture Trustee

- 17.1. Our Company has appointed SBICAP Trustee Company Limited to act as the Trustee for the Bondholders. Our Company intends to enter into a Debenture Trust Deed with the Debenture Trustee, the terms of which will govern the appointment and functioning of the Debenture Trustee and shall specify the powers, authorities and obligations of the Debenture Trustee. Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds on the rate specified under this Prospectus Tranche- I 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 Debenture Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by our Company to the Debenture Trustee on behalf of the Bondholders shall discharge our Company pro tanto to the Bondholders. All the rights and

remedies of the Bondholders shall vest in and shall be exercised by the Debenture Trustee without reference to the Bondholders. No Bondholder shall be entitled to proceed directly against our Company unless the Debenture Trustee, having become so bound to proceed, failed to do so.

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

18. **Miscellaneous**

18.1. **Loan against Bonds**

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

18.2. **Lien**

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

18.3. **Lien on pledge of Bonds**

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

18.4. **Joint-holders**

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

18.5. **Sharing of information**

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

18.6. **Notices**

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

18.7. **Issue of duplicate Consolidated Bond Certificate(s)**

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

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

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

18.8. Future borrowings

Our Company shall be entitled at any time in the future during the term of the Bonds or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or bonds or any other securities in any form, manner, ranking and denomination whatsoever and to any eligible persons whatsoever and to change its capital structure including through the issue of shares of any class, on such terms and conditions as our Company may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Debenture Trustee in this connection.

18.9. Jurisdiction

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

ISSUE PROCEDURE

Our Company 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- I. 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- I.

Availability of Abridged 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 Registered Office, Lead Managers to the Issue, the Consortium Members and the Registrar to the Issue, as mentioned on the Application Form.

In addition, Application Forms would also be made available to the BSE and NSE where the listing of the Bonds is sought.

Our Company may, in consultation with the Lead Managers, also provide Application Forms for being filled and downloaded at such websites as our Company 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, Scheduled 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;
- 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.

Category II:

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

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

Category III:

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

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

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

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, their respective associates and affiliates and the Consortium Members are permitted to subscribe in the Issue.

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

Applications cannot be made by:

- a) Minors without a guardian name;
- b) Foreign nationals;
- c) Persons resident outside India;
- d) Overseas Corporate Bodies;
- e) Non Resident Indians; and
- f) Foreign Institutional Investors.

However, where the applications by a minor for Allotment in electronic form, based on the information provided by the depository, our Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship).

Applications by Mutual Funds

In terms of SEBI (Mutual Fund) Regulation, 1996, no mutual fund scheme shall invest more than 15% of its Net Asset Value (“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 (“AMC”).

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 true 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) Trust Deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorised signatories. Failing this, Our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

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

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

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority (“IRDA”), a certified true copy of certificate of registration issued by the IRDA must be lodged along with Application Form. The applications must also be accompanied by certified true copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions; and (iv) Specimen signatures of authorised signatories. Failing this, Our Company

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

Applications by Trusts

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

Further, any trusts applying for Bonds 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 true copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified true 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 true 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 10 Bonds and multiples of one 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 which are eligible to invest in the Bonds: Public Financial Institutions, Statutory Corporations, Scheduled 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 and Mutual Funds.	Pink
All other category of Investors, 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 in this Prospectus Tranche- I 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 are required to be for a minimum of such Bonds and in multiples of such Bonds thereafter as specified in this Prospectus Tranche- I.
- 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 applicants shall be received only by the Lead Managers and the Consortium Members.

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.**

Our Company shall allocate and Allot Bonds of Tranche- I Series 1 Bonds maturity to all valid applications, wherein the applicants have not indicated their choice of the relevant Bond Series.

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 Income Tax Act. Please note that it is mandatory for all applicants to furnish their PAN number as per the 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, see the sub-section titled “ – Applications for Allotment of Bonds in the physical form” on page 45. 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 our Company 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 our Company specifically agrees in writing, and subject to such terms and conditions as our Company may deem fit, in the case of Applications made under power of attorney, a certified true copy of the power of attorney is required to be lodged separately and relevant documents as specified on page 47, 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 our Company. 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; and
- Tick the Series of Bonds in the Application Form that you wish to apply for.

Don'ts:

- Do not apply for lower than the minimum application size;
- Do not pay the application amount in cash, by money order, postal order, stock invest;
- Do not 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- I 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 our Company 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
 - registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill;
 - Self-attested copy of registered office address in case of applicants under Category I; or
 - Life insurance policy.
 - (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 our Company shall have any responsibility and undertake any liability for the same.

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

In relation to the issuance of the Bonds in physical form, 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.

In case of Bonds that are being issued in physical form, our Company 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").
- (ii) **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.**
- (iii) 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.
- (iv) Our Company shall dispatch the Consolidated Bond Certificate to the address of the Applicant provided in the Application Form.

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

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 our Company, 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. The BSE and NSE, where the Bonds are proposed to be listed, have electronic connectivity with the Depositories.
- i) The trading of the Bonds shall be in dematerialised form only.

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

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

- (a) With respect to investments by Mutual Funds, a certified true 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 IRDA, in addition to the above, a certified true copy of the certificate of registration issued by the IRDA 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 true copy of certificate of registration issued.

Consolidated list of documents required for various categories

For the sake of simplicity we hereby provide the details of documents required to be submitted by various categories of investors while submitting the Application Form:

Type of Investors	Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorized to invest in the Bonds, Companies; bodies corporate and societies registered under the applicable laws in India and authorized to invest in the Bonds; Scientific and/or industrial research organizations,	<p>The application must be accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • Any Act/ Rules under which they are incorporated • Board Resolution authorizing investments

Type of Investors	Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
which are authorized to invest in the Bonds, Multilateral and bilateral development financial institutions, State industrial development corporations	<ul style="list-style-type: none"> Specimen signature of authorized person
Insurance companies registered with the IRDA	<p>The applications must be accompanied by certified copies of</p> <ul style="list-style-type: none"> Any Act/Rules under which they are incorporated Registration documents (i.e. IRDA registration) Resolution authorizing investment and containing operating instructions (Resolution) Specimen signature of authorized person
Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the Bonds; and National Investment Fund	<p>The application must be accompanied by certified true copies of:</p> <ul style="list-style-type: none"> Any Act/Rules under which they are incorporated Board Resolution authorizing investments Specimen signature of authorized person
Mutual Funds	<p>The application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> SEBI registration Certificate and trust deed (SEBI Registration) Resolution authorizing investment and containing operating instructions (Resolution) Specimen signature of authorized person
Registered trust which are authorized to invest in the Bonds;	<p>The applicants must submit a</p> <ul style="list-style-type: none"> Certified copy of the registered instrument for creation of such trust Power to Attorney, if any, in favour of one or more trustees Such other documents evidencing registration thereof under applicable statutory/ regulatory requirements. Specimen signature of authorized person
Partnership firms in the name of the partners Limited Liability partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)	<ul style="list-style-type: none"> Partnership Deed Any documents evidencing registration thereof under applicable statutory/ regulatory requirements. Resolution authorizing investment and containing operating instructions (Resolution) Specimen signature of authorized person.
Power of Attorney under Category I	<ul style="list-style-type: none"> A certified copy of the power of attorney or the relevant resolution or authority, as the case may be A certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged along with the Application Form.
Resident Indian individuals under Category III	N.A.
HUF through the Karta under Category III	<ul style="list-style-type: none"> Self-attested copy of PAN card of HUF. Bank details of HUF i.e. copy of passbook/bank statement/cancelled cheque indicating HUF status of the applicant. Self-attested copy of proof of Address of karta, identity proof of karta.
Power of Attorney under Category II and Category III	<ul style="list-style-type: none"> A certified copy of the power of attorney has to be lodge with the Application Form

PAYMENT INSTRUCTIONS

Escrow Mechanism

Our Company 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- I 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 our Company 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- I.

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 the Applicants shall be payable into the Escrow Account drawn in favour of "HUDCO Tax Free Bonds- Escrow Account".
- d) The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.
- e) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue. The Escrow Collection Bank shall also refund all amounts payable to Applicants, whose Applications have not been allotted Bonds.
- f) Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- g) Cash/stock invest/money orders/postal orders will not be accepted.

Submission of Application Forms

All Application Forms duly completed and accompanied by account payee cheques or drafts and relevant documents, as applicable, 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 should be made in the form prescribed for these applicants and shall be received only by the Lead Managers and the Consortium Members.

Online Applications

Our Company, in consultation with the 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 and the documents, as applicable, 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 can apply only through pink coloured physical application forms provided by the Lead Managers and Consortium Members.

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 10 Bonds and in multiples of one 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 Agreements dated September 20, 2011 among us, the Registrar to the Issue and NSDL and dated September 20, 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 dematerialized form.

As per the provisions of the Depositories Act, 1996, the Bonds issued by us can be held in a dematerialized form as described in the sub-section titled “- Applications for Allotment of Bonds in dematerialized form” on page 46.

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 our Company, 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 our Company, Lead Managers or Registrar to the Issue.

Rejection of Applications

Our Company 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 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,;
- 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 applications not procured by the Lead Managers or the Consortium Members;
- Applications made by investors belonging to a particular Category on an application form meant for other applicants and vice-versa;
- Applications providing an inoperative demat account number.

Our Company, the Lead Managers, their affiliates and the Consortium Members and 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, or a committee constituted by the Board, subject to necessary approvals. In the event of such early closure of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in a leading national daily newspaper. The issue shall remain open for subscription for a minimum period of 3 days.

Our Company shall finalise the Basis of Allotment in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus Tranche- I. The Designated Stock Exchange along with our Company, Lead Managers and the Registrar shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

Grouping of Applications and Allocation Ratio:

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

- i) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, ("**Category I Portion**");
- ii) Applications received from Category II applicants: Applications received from Category II shall be grouped together, ("**Category II Portion**");
- iii) Applications received from Category III applicants: Applications received from Category III applicants shall be grouped together, ("**Category III Portion**").

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, our Company shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue upto the Shelf Limit of ₹ 4,684.72 crores. The aggregate value of Bonds decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of Bonds upto the Base Issue Size shall be collectively termed as the "**Overall Issue Size**".

Allocation Ratio

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

Particulars	Category I	Category II	Category III
Size in %	45% of the Overall Issue Size	25% of the Overall Issue Size	30% of the Overall Issue Size

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 45 % of the 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 25% 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 first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Bankers to the Issue);

(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 all Portions, 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 10 Bonds 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 any of the Categories, 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). 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, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(f) 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 the Lead Managers and the Designated Stock Exchange.

All decisions pertaining to the basis of allotment of Bonds pursuant to the Issue shall be taken by our Company in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of the Shelf Prospectus/this Prospectus Tranche- I.

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

Our Company would allot Tranche-I Series 1 Bonds to all valid applications, wherein the applicants have not indicated their choice of the relevant Series of Bonds.

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, our Company 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.

Our Company 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 annum will be paid if the allotment has not been made and 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) Our Company will provide adequate funds to the Registrars to the Issue, for this purpose.

Filing of the this Prospectus Tranche- I with the stock exchanges

A copy of this Prospectus Tranche- I shall be filed with the NSE and the BSE.

Pre-Issue Advertisement

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

IMPERSONATION

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

“Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

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

Listing

The Bonds will be listed on the BSE and the NSE.

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

Our Company shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the NSE and the BSE 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 our Company 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.

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 our Company;
- 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 Debenture Trustee in our annual report; and
- g) we shall provide a compliance certificate to the Debenture Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of Bonds as contained in this Prospectus Tranche- I.
- h) we shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

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

MATERIAL CONTRACTS

1. Memorandum of Understanding dated January 10, 2012 and addendum dated January 21, 2012 between our Company and the Lead Managers.
2. Memorandum of Understanding dated January 10, 2012 between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated January 10, 2012 and addendum dated January 21, 2012 between our Company and the Debenture Trustee.
4. Escrow Agreement dated January 21, 2012 between our Company, the Registrar, the Escrow Collection Bank(s), and the Lead Managers.
5. Tripartite Agreement dated September 20, 2011, between CDSL/NSDL, our Company and the Registrar to the Issue.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.
2. Copy of shareholders resolution dated December 20, 2006 under section 293 (1) (d) of the Companies Act on borrowing limit.
3. Copy of the Board resolutions dated March 24, 2011, January 10, 2012 and January 20, 2012 approving the Issue.
4. Letter dated November 4, 2011 from SEBI to our Company regarding disclosure of financial statements in the Draft Shelf Prospectus, the Shelf Prospectus and this Prospectus Tranche- I.
5. Letter dated December 30, 2011 by CARE assigning a rating of 'CARE AA+' to the Bonds.
6. Letter dated December 29, 2011 by Fitch assigning a rating of 'Fitch AA+ (ind)' to the Bonds.
7. Consents of each of the Directors, the Compliance Officer, Lead Managers, the Consortium Members, Legal Counsel to the Company, Registrar to the Issue, Bankers to the Issue, Bankers to our Company, the Debenture Trustee for the Bonds and the Credit Rating Agencies to include their names in the Shelf Prospectus and this Prospectus Tranche- I, in their respective capacities.
8. Consent of the Auditors, for inclusion of their name and the report on the Accounts in the form and context in which they appear in the Shelf Prospectus and their statement on tax benefits mentioned herein.
9. Auditor's Report dated January 10, 2012 on the reformatted financial information prepared under Indian GAAP for the financial year March 31, 2007, 2008, 2009, 2010 and 2011.
10. Limited review financial information for the half year ended September 30, 2011.
11. 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.
12. Annual Report of our Company for the last five Fiscals.
13. In-principle listing approval from BSE vide its letter no. DCS/SP/PI-BOND/08/11-12 dated January 20, 2012 and from the NSE vide its letter no. NSE/LIST/157311-K dated January 20, 2012.
14. Due Diligence Certificate dated January 23, 2012 filed by the Lead Managers with SEBI.

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

DECLARATION

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

We further certify that all the statements in this Prospectus Tranche- I are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus Tranche- I does not contain any mis-statements.

Signed by the Board of Directors of the Company

Veerappa Parameshwarappa Baligar
Chairman and Managing Director

Aruna Sundararajan
Director

Sudha Krishnan
Director

Dr. Radha Binod Barman
Director

Nassereddin Munjee
Director

Nirmala Samant Prabhavalkar
Director

Dinesh Bhikhubhai Mehta
Director

Place: New Delhi

Date: January 23, 2012

ANNEXURE A- SHELF PROSPECTUS DATED JANUARY 23, 2012