



A.K. Stockmart Pvt. Ltd.



**Public Issue of Tax Free, Secured, Redeemable, Non-
Convertible Bonds issued by National Highway
Authority of India
[•] '2011**

Public Issue of Tax Free, Secured, Redeemable, Non-Convertible Bonds issued by

भारतीय राष्ट्रीय राजमार्ग प्राधिकरण
National Highways Authority Of India



HIGHLIGHTS OF TAX BENEFITS

- In exercise of the powers 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 authorizes National Highway Authority of India to issue during the FY 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 10,00,000 lacs
- The income by way of interest on these Bonds is fully exempt from Income Tax and shall not form part of Total Income as per provisions under section 10 (15) (iv) (h) of I.T. Act, 1961
- There will be no deduction of tax at source from the interest, which accrues to the bondholders in these bonds irrespective of the amount of the interest or the status of the investors
- Wealth Tax is not levied on investment in Bond under section 2(ea) of the Wealth-tax Act, 1957

HIGHLIGHTS

- An autonomous body of Government of India under the ministry of Road, Transport & Highways constituted on June 15, 1989 under section 3(1) of the National Highways Authority of India Act, 1988.
- The authority aims to survey, develop, maintain and manage the National Highways, to construct offices or workshops, to establish and maintain hotels, restaurants and rest rooms at or near the highways vested in or entrusted to it, to regulate and control the plying of vehicles, to develop and provide consultancy and construction services and to collect fees for services or benefits rendered in accordance with the Act.
- Government Support to NHA primarily comes from the yearly budgetary allocations from the Gol.
- Nodal agency for development of National Highway Projects under NHDP and allied programmes approved by the Government of India.
- As on August 31, 2011, NHA has awarded 141 BOT Toll based contracts valued at Rs. 1, 04,984 crores, 49 BOT Annuity based contracts valued at Rs. 29,081 crores through PPP mode.
- Sources of funds include (i) Government support in the form of capital base, cess funds, additional budgetary support, capital grants, maintenance grant, ploughing back of toll revenue and loan from Gol, (ii) loan from multilateral agencies and (iii) market borrowings.
- As on 31st March'2011, the shareholders fund of the organization was Rs. 55,607.04 crores against Rs. 44,860.07 crores in the previous year.
- As on June 30 ,2011 Capital Base & Cess Fund stands at 57,757.67 crores while Debt to Capital Ratio stood at 0.11x.

Source: Draft Shelf Prospectus (November 23 ' 2011)

SALIENT FEATURES OF THE PROPOSED Tax Free BONDS

- Tax benefits u/s 10 clause (15) of the Income Tax Act, 1961 – the interest received on such bonds are tax free in nature.
- Credit Rating(s) of CRISIL AAA/Stable, CARE AAA & FITCH AAA (ind)/Stable for existing outstanding bonds. Instruments with this rating are considered to have the highest degree of safety in terms of timely servicing of financial obligations.
- Bonds to be allotted on first-cum-first serve basis up to the issue size of relevant tranches
- Bonds are likely to be issued either in Demat form or physical form at the option of bondholders.
- Bonds are proposed to be listed on the BSE and the NSE

Strengths

- **NHAI is nodal agency for development of NH Projects under NHDP and allied programs approved by GoI:**
The nature and charter of NHAI make it a nodal agency for development of NH projects under NHDP and allied programs approved by GOI. NHAI infuses and channels private players participation and funds into immediate areas of development bringing about a healthy participatory economy, there are no direct competitors to NHAI.
- **Track record of consistent operational performance and growth**
NHAI has an established track record of consistent growth and performance. Over a period of last 5 years the company's project achievement has significantly gone up from 636 in FY 07 to 1,780 in FY 11 and stood at 682 up till date.
- **Pioneering initiatives in the road sector in India**
NHAI has initiated several innovative processes over the years which have been different from existing industry practices and have led to improved construction and service quality in the contracts
- **Strategic role in GoI initiatives and established relationships with infrastructure sector participants**
NHAI derives a strategic advantage from our strong relationship with the GoI and occupy a key position in plans for the growth and development of the Indian highway sector. The company has been involved in the development and implementation of various programmes, policies and structural and procedural reforms for the highway sector in India.
- **Favorable credit rating and access to various cost-competitive sources of funds**
NHAI receives funds through (i) Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughing back of toll revenue and loan from GOI; (ii) loan from multilateral agencies and (iii) market borrowing, thus dragging its average cost of capital. Further the highest credit rating of "AAA/stable" by CRISIL, CARE & Fitch India helps the company to borrow at competitive costs.

Source: Draft Shelf Prospectus (November 23, 2011)

Issue Structure

Issue Opening Date	As mentioned in the respective Tranche Prospectus
Issue Closing Date	As mentioned in the respective Tranche Prospectus, except that the Issue may close at the close of banking hours on the dates indicated above, with an option for early closure or extension by such period, upto a period of 30 days from the date of opening of the Issue, as may be decided by the Board of NHAI subject to necessary approvals. In the event of such early closure of the subscription list of the Issue, NHAI shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in a leading national daily newspaper.
Trading	Compulsorily in dematerialized form
Issue Size for FY 2011-12	Public Issue subject to overall limit of Rs. 10,000 crores in one or more tranches
Instrument	Public issue of 'Tax Free bonds' in the nature of secured, redeemable, nonconvertible debentures
Credit Rating	"CRISIL AAA (Stable)", "CARE AAA" & "Fitch AAA (ind) with Stable Outlook"
Tenor/Redemption Date	10 years / 15 Years (depending up on the series applied for)
Lead Managers to the Public Issue	SBI Capital Markets Ltd, A.K. Capital Services Ltd., ICICI Securities Ltd. & Kotak Mahindra Capital Company Ltd.
Trustee to the Public Issue	SBICAP Trustee Company Limited
Depositories	NSDL and CDSL
Proposed to be listed on	BSE & NSE Capital Market Segment
Interest on Application Money	Interest on application money on the amount allotted, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any applicants to whom Bonds are allotted pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of presentation of each application as acknowledged by the Bankers to the Issue) whichever is later up to one day prior to the Deemed Date of Allotment, at the rate of [●]% per annum.
Interest on Application Money which is liable to be refunded	Interest on application money which is liable to be refunded to the applicants in accordance with the provisions of the SEBI Debt Regulations, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of presentation of each application as acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of [●]% per annum

Source: Draft Shelf Prospectus (November 23, 2011)

Bond Particulars

Series	Tranche [●] Series [●]	Tranche [●] Series [●]
Face Value per Bond	Rs. 1000	Rs. 1000
In Multiples of	As specified in the Tranche Prospectus	As specified in the Tranche Prospectus
Frequency of Interest payment	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
Interest Rate p.a. (%)	As specified in the Tranche Prospectus	As specified in the Tranche Prospectus
Redemption /Maturity Date	At the end of 10 years from the Deemed Date of Allotment	At the end of 15 years from the Deemed Date of Allotment
Maturity Amount	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
Annualized Yield to Maturity (%)	As specified in the Tranche Prospectus	As specified in the Tranche Prospectus
Min & Max. Application Size	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
Redemption Amount	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
Credit Rating	CRISIL AAA/Stable, CARE AAA, Fitch AAA(ind)/Stable	

Source: Draft Shelf Prospectus (November 23, 2011)

Who can Apply?

Category	I	II (Above Rs. 5 Lakh)	III (Below & including Rs. 5 Lakh)
	Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the Bonds;	Resident Indian individuals;	Resident Indian individuals;
	Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds;	Hindu Undivided Families through the Karta	Hindu Undivided Families through the Karta
	Foreign Institutional Investors (including sub-accounts)	Non Resident Indians on repatriation as well as non-repatriation basis	Non Resident Indians on repatriation as well as non-repatriation basis
	Insurance Companies registered with the IRDA;		
	National Investment Fund; and		
	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		
	Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)		

Applications cannot be made by:

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

Source: Draft Shelf Prospectus (November 23, 2011)

Allotment Basis:

Category	I	II (Above Rs. 5 Lakh)	III (Below & including Rs. 5 Lakh)
Portion	Institutional Portion	HNI Portion	Retail Portion
Size in %	[●]% of Overall Issue Size on first come first serve basis	[●]% of Overall Issue Size on first come first serve basis	[●]% of Overall Issue Size on first come first serve basis
Size in Amount	Rs. [●] Crores	Rs. [●] Crores	Rs. [●] Crores

Under subscription:

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

- (i) Category III,
- (ii) Category II and
- (iii) Category I

Oversubscription:

In case of an oversubscription, 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).

Source: Draft Shelf Prospectus (November 23, 2011)

FINANCIAL HIGHLIGHTS

As on/For the year/Period ended	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11
Share Capital	22611.86	29711.92	36843.39	44448.09	55195.06
Reserve and Surplus	1440.63	1758.90	1765.31	411.98	411.98
Grants	9798.59	11573.71	13086.87	13356.54	13676.19
Borrowings	4923.25	5008.45	5590.18	5123.15	6800.69
Net Block	38.91	34.11	32.79	32.17	35.96
Current Assets, Loans & Advance	8840.11	8952.55	8359.19	5520.44	5980.32
Capital Work in Progress & Expenditure on completed projects awaiting transfer/ capitalisation	32772.81	42933.62	53932.23	65545.41	79163.94
Net Current Assets	5135.72	4218.31	2408.05	(3280.61)	(4185.76)
Income	127.10	224.70	12.57	37.84	37.92
Expenditure	73.10	70.56	105.38	114.71	149.83
Profit for the Year	54.09	154.14	(92.80)	(76.86)	(111.91)

(Rs. Crores)*Source: Draft Shelf Prospectus (November 23 ' 2011)*

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