NATIONAL HIGHWAYS AUTHORITY OF INDIA

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

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

INR 30,000,000,000 7.30 per cent. Synthetic INR Notes due 18 May 2022
Issue price: 100.00 per cent.

The INR 30,000,000,000 7.30 per cent. Synthetic INR Notes due 18 May 2022 (the **"Notes"**) will be issued by the National Highways Authority of India (the **"Issuer"**). The Notes will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall, at all times, rank *pari passu* and without any preference or priority among themselves and shall also rank *pari passu* with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Issuer (subject to any obligations preferred under mandatory provisions of the law prevailing from time to time). The Notes will settle in U.S. dollars. The Issue Price will be payable in U.S. dollars in the amount of USD 466,531,787.14 at the agreed conversion rate of INR 64.3043 per one U.S. dollar, such conversion rate reported by the Reserve Bank of India (**"RBI"**) and displayed on Reuters page "RBIB" at approximately 1:30 p.m., Mumbai time, on 12 May 2017.

The Notes mature on 18 May 2022. The Notes are also subject to redemption in whole, at their principal amount, together with accrued interest, at the option of the Issuer at any time prior to the Maturity Date in the event of certain changes affecting taxation in India, subject to RBI consent. See "*Terms and Conditions of the Notes - Redemption for Tax Reasons*". The Notes will bear interest on their principal amount from time to time outstanding from and including 18 May 2017 at the rate of 7.30 per cent. per annum payable annually in arrear on 18 May in each year commencing on 18 May 2018. Although the Notes are denominated in INR, all payments of principal, interest on the Notes will be made in U.S. dollars without deduction for or on account of taxes imposed or levied by the Republic of India to the extent described under "*Terms and Conditions of the Notes – Taxation*".

For Indian regulatory purposes, the Notes constitute "Rupee denominated bonds" as per the RBI Master Directions RBI/ FED/2015-2016FED Master Direction No. 5/2015-16, dated 1 January 2016, as amended. (**"ECB Regulations"**).

Application has been made to the Financial Conduct Authority in its capacity as competent authority (the **"UK Listing Authority"**) for the Notes to be admitted to the official list of the UK Listing Authority (the **"London Official List"**) and to the London Stock Exchange plc's regulated market (the **"Market"**). The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/ EC).

Application has also been made to the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) for the listing and quotation of the Notes on the official list of the SGX-ST(the **"SGX Official List"**). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the SGX Official List of the SGX-ST and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer or the Notes. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 or its equivalent in other currencies.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus. The Prospectus does not describe all of the risks of an investment in the Notes.

The Notes will not be rated. The Notes are not guaranteed or otherwise subject to any credit protection.

The Notes will be offered and sold in offshore transactions outside the United States to non-U.S. persons in reliance on Regulation S (**"Regulation S"**) under the U.S. Securities Act of 1933, as amended (the **"Securities Act"**).

THE NOTES HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAW, AND THE NOTES MAY NOT BE, OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS SUCH TERMS ARE DEFINED IN REGULATION S), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

The Notes will be issued in registered form in minimum denominations of INR 10 million and integral multiples of INR 10 million in excess thereof.

The Notes will initially be represented by beneficial interests in a global certificate (the **"Global Certificate"**) which will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV (**"Euroclear"**) and Clearstream Banking, S.A. (**"Clearstream, Luxembourg"**). It is expected that delivery of the Global Certificate will be made on 18 May 2017 or such later date as may be agreed (the **"Issue Date"**) by the Issuer and the Joint Bookrunners and Lead Managers (as defined under "*Subscription and Sale*"). Definitive note certificates (the **"Definitive Note Certificates"**) evidencing holdings of Notes will be available only in certain limited circumstances. See "*Summary of Provisions Relating to the Notes in Global Form*".

This Prospectus has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act, 1956, the Companies Act, 2013, (each as amended, supplemented or re-enacted from time to time, the **"Companies Act"**) and other applicable Indian laws for the time being in force. This Prospectus has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India (**"SEBI"**), any Registrar of Companies or any stock exchange in India. This Prospectus and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. See "*Subscription and Sale*".

Joint Bookrunners and Lead Managers

AXIS BANK | NOMURA | SBICAP SBI Capital Markets | Standard Chartered

The date of this Prospectus is 12 May 2017

This Prospectus comprises a prospectus for the purposes of Article 5.3 of the Directive 2003/71/EC. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (it having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is or has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or any of the Joint Bookrunners and Lead Managers (as defined under "*Subscription and Sale*" below). The Bank of New York Mellon, London Branch (the **"Trustee"**), or any Agent (as defined below). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Prospectus does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or the Joint Bookrunners and Lead Managers to subscribe for, or purchase, any of the Notes. This Prospectus does not constitute an offer and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. See "*Subscription and Sale*" below.

None of the Joint Bookrunners and Lead Managers, the Trustee or any Agent has separately verified the information contained or incorporated herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Bookrunners and Lead Managers (or any of them), the Trustee or the Agents as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

To the fullest extent permitted by law, none of the Joint Bookrunners and Lead Managers accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Joint Bookrunners and Lead Managers or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Joint Bookrunners and Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such statement. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and the Joint Bookrunners and Lead Managers or any affiliate of the Joint Bookrunners and Lead Managers is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Joint Bookrunners and Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

None of the Trustee or any Agent accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Trustee or any Agent or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Trustee and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such statement.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or any Agent that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any of the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Joint Bookrunners and Lead Managers (or any of them), the Trustee or any Agent to any person to subscribe for or to purchase any Notes.

The Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States.

As per the provisions of applicable Indian regulations, only investors from jurisdictions that are Financial Action Task Force (**"FATF"**) compliant or who are from jurisdiction whose securities market regulator is a signatory to IOSCO's Multilateral Memorandum of Understanding or a signatory to a bilateral Memorandum of Understanding with the SEBI for information sharing arrangements are eligible to purchase the Notes. Further, the notes will not be offered as security sold or transferred on the secondary market to investors who do not comply with the aforementioned requirements, and banks incorporated in India are not permitted to purchase or hold the Notes in any manner whatsoever. However, they may act as arrangers or underwriters to the issue of Notes subject to compliance with the applicable prudential norms. If a bank incorporated in India is underwriting the issue of Notes, its holding cannot be more than 5 per cent. of the issue size after 6 months from the issue. By purchasing the Notes, each investor shall be deemed to have represented that such investor does not violate any of the restrictions set forth in this paragraph.

This Prospectus is directed solely at (i) persons outside the United Kingdom, (ii) persons with professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order, 2005 as amended (the **"Order"**) (iii) high net worth entities, or (iv) any other persons to whom an invitation or inducement to engage in investment activities may lawfully be communicated, falling within Article 49(2)(a) to (d) of the above Order (all such persons in (i)-(iv) above being **"relevant persons"**). Any investment activity to which this communication relates will only be available to and will only be engaged with relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus.

For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Prospectus, see "*Subscription and Sale*" below.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to investment laws and regulations, review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) investments in the Notes are legal for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase of, or creating encumbrances over, the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or any Agent represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or any Agent which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of the Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Notes in India, the United States and the United Kingdom, see "*Subscription and Sale*".

IN CONNECTION WITH THE ISSUE OF THE NOTES, STANDARD CHARTERED BANK (OR PERSONS ACTING ON THEIR BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT STANDARD CHARTERED BANK (OR PERSONS ACTING ON THEIR BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY

BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY STANDARD CHARTERED BANK (OR PERSONS ACTING ON THEIR BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Prospectus, references to **"US$"**, **"USD"** and **"U.S. dollars"** are to the legal currency of the United States of America, references to **"INR"**, **"Rs."**, **"Indian Rupees"** and **"Rupees"** are to the legal currency of India and references to **"£"** and **"GBP"** are reference to pounds Sterling, the legal currency of the United Kingdom. All references herein to the **"US"** or **"U.S."** or the **"United States"** are to the United States of America and its territories and possessions. All references herein to **"India"** are to the Republic of India and its territories and possessions and all references herein to the **"Government"** or the **"Central Government"** or the **"State Government"** are to the Government of India, central or state, as applicable. References herein to the **"MoRTH"** are to the Ministry of Road Transport and Highways of India. The "Index of Defined Terms" section provides an index of certain defined terms used in this Prospectus.

References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the word *crore* means "10 million" and the word *billion* means "1,000 million" or "100 crore". Except as otherwise set out in this Prospectus, all figures set out in this Prospectus have been rounded off to the extent of two decimal places and all figures, in percentage terms, have been rounded off to the extent of one decimal place.

The financial information of the Issuer set forth herein, has unless otherwise indicated, been derived from its audited standalone financial statements as at and for the years ended 31 March 2015 and 31 March 2016 and unaudited limited review financial statements for the nine month period ended 31 December 2016. Such audited financial statements and unaudited financial statements of the Issuer are set out in this Prospectus under "*Financial Statements*". The financial information of the special purpose vehicles (**"SPVs"**) set forth herein, has unless otherwise indicated, been derived from its audited standalone financial statements as at and for the years ended 31 March 2015 and 31 March 2016. Such audited financial statements of the SPVs are set out in this Prospectus under "*Financial Statements*".

The financial year of the Issuer commences on 1 April of each calendar year and ends on 31 March of the following calendar year and, unless otherwise specified or if the context requires otherwise, all references to a particular **"Fiscal Year"** or **"Fiscal"** or **"financial year"** or **"FY"** are to the 12 month period ended on 31 March of that year.

The Issuer publishes its financial statements in Indian Rupees. The Issuer is an autonomous authority of the Government of India under the MoRTH constituted on 15 June 1989 by The National Highways Authority of India Act, 1988, (the **"NHAI Act"**) and is not a company incorporated under the Companies Act. Therefore, the Accounting Standards (**"AS"**) issued by the Institute of Chartered Accountants of India (the **"ICAI"**) and notified under the Companies Act are *prima facie* not applicable to the Issuer.

In this Prospectus, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The degree to which the financial information prepared in accordance with Indian Generally Accepted Accounting Principles (**"GAAP"**) and the NHAI Act, which is included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP and the NHAI Act. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP and the NHAI Act on the financial disclosures presented in this Prospectus should accordingly be limited.

INDUSTRY AND MARKET DATA

Information included in this Prospectus regarding market position, growth rates and other industry data pertaining to the businesses of the Issuer consists of estimates based on data reports compiled by Government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which the Issuer operates. Unless stated otherwise statistical information included in this Prospectus pertaining to the various sectors in which the Issuer operates has been reproduced from trade, industry and Government publications and websites. The Issuer confirms that such information and data has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, Government bodies or other organisations) to validate market-related analysis and estimates, so the Issuer has relied on internally developed estimates.

None of the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or any Agent has independently verified this data, nor do the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or any Agent make any representation regarding the accuracy of such data. Similarly, while the Issuer believes that its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or any Agent can assure potential investors as to their accuracy.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Issuer are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding the Issuer's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Issuer's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Prospectus that are not historical facts. These forward-looking statements and any other projections contained in this Prospectus (whether made by the Issuer or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Issuer that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of the Issuer to be materially different from any of the forward-looking statements include, among others:

- growth prospects of the Indian infrastructure sector and related policy developments;
- general, political, economic, social and business conditions in Indian and other global markets;
- the Issuer's ability to successfully implement its strategy, growth and expansion plans;
- availability of adequate debt and Government funding at reasonable terms;
- performance of the Indian capital markets;
- changes in laws and regulations applicable to infrastructure industry in India, including the Government's budgetary allocation for the same;
- significant changes in the Government's economic liberalisation and deregulation policies;
- changes in foreign exchange rates and controls, interest rates; and
- a decline in India's foreign exchange reserves.

Additional factors that could cause actual results, performance or achievements of the Issuer to differ materially include, but are not limited to, those discussed under the sections - "*Risk Factors*", "*Industry*" and "*Description of the Issuer's Business*" of this Prospectus.

The forward-looking statements contained in this Prospectus are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of the Issuer. Although the Issuer believes that the expectations reflected in such forward-looking statements are reasonable at this time, it 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. In any event, these statements speak only as of the date of this Prospectus or the respective dates indicated in this Prospectus, and none of the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or any Agent undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of the Issuer's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Issuer could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Issuer are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is an autonomous body under the MoRTH, Government of India, constituted under the NHAI Act. Substantially all of the Members (a"**Member**" being an appointee of the Central Government) and executive officers of the Issuer reside in India, and all or a substantial portion of the assets of the Issuer and the assets of such Members and executive officers are located in India. As a result, it may be difficult for investors to effect service of process upon the Issuer or such Members and executive officers outside India or to enforce judgments against them obtained in courts outside India predicated upon civil liabilities of the Issuer or such Members and executive officers under laws other than Indian law.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code (**"Civil Code"**), on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Republic of Singapore and Hong Kong (among others) are some of the countries that have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with the public policy of India. Further, any judgment or award in a foreign currency would be converted into INR at the applicable foreign exchange rate on the date of such judgment or award becomes enforceable and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered and any such amount may be subject to income tax in accordance with applicable laws. The Issuer cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

The Issuer irrevocably and unconditionally with respect to any dispute (i) waives any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any competent jurisdiction in relation to any dispute and (iii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment in connection with any dispute. Notwithstanding the preceding paragraph, pursuant to Section 28 of the NHAI Act (i) no suit, prosecution or other legal proceeding shall lie against the Issuer or any Member or officer or employee of the Issuer for anything which is in good faith done or intended to be done under the NHAI Act or the rules or regulations made there under; and (ii) no suit, prosecution or other legal proceeding shall lie against the Issuer or any Member or officer or employee of the Issuer for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under the NHAI Act or the rules or regulations made thereunder. Although the Issuer has contractually waived the immunity, judicial pronouncements by the courts in India have held that such a statutory right cannot be waived if the waiver affects public interest or public policy, there can be no assurance that any action brought by any Noteholders to accelerate the Notes upon the occurrence of any Event of Default including a default in payment of interest or principal, will not be held to be against public interest or public policy.

EXCHANGE RATES

The Notes will be settled entirely in U.S. dollars. Since the Notes are denominated in Indian Rupees, fluctuations in the exchange rate between the Indian Rupee and the U.S. dollar will affect the amount of interest and principal investors in the Notes will receive on an Interest Payment Date (as defined in the "*Terms and Conditions of the Notes*") or, as appropriate, on any redemption of the Notes. See "*Terms and Conditions of the Notes*" and "*Risk Factors – Risks related to an investment in INR denominated Notes – INR denominated Notes are subject to exchange rate risks and exchange controls*".

The following table sets forth information with respect to the exchange rates between the Indian Rupee and the U.S. dollar (in per US$), for or as of the end of the periods indicated. The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Indian Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

As of 31 March 2017, the exchange rate (RBI reference rate) was 64.84 to US$1.00 (*Source: www.rbi.org.in*)

(Per US$)

	Period end(1)	**Average(2)**	**High(3)**	**Low(4)**
Fiscal:				
2017	64.84	67.09	68.72	64.84
2016	66.33	65.46	68.78	62.16
2015	62.59	61.15	63.75	58.43
2014	60.10	60.50	68.36	53.74
Quarter ended:				
31 March 2017	64.84	67.01	68.23	64.84
31 December 2016	67.95	67.46	68.72	66.43
30 September 2016	66.66	66.96	67.50	66.36
30 June 2016	67.62	66.93	68.01	66.24
31 March 2016	66.33	67.50	66.18	68.78
31 December 2015	66.33	65.93	64.73	67.04
30 September 2015	65.74	64.91	66.74	63.37
30 June 2015	63.75	63.50	64.20	62.16

Notes:

(1) Period ends are based on the last trading day of the relevant Fiscal.

(2) Average of the official rate for each working day of the relevant period.

(3) Maximum of the official rate for each working day of the relevant period.

(4) Minimum of the official rate for each working day of the relevant period.
(Source: www.rbi.org.in)

SUMMARY DESCRIPTION OF THE ISSUER'S BUSINESS

The following information is qualified in its entirety, and should be read together with the more detailed financial and other information included in this Prospectus, including the information contained in the section of this Prospectus headed "Risk Factors".

OVERVIEW

The Issuer is an autonomous authority of the Government of India under the MoRTH and was constituted on 15 June 1989 by the NHAI Act. The NHAI Act governs the functions of the Issuer and frames the rules and regulations pursuant to which it operates. It commenced operations in February 1995.

The Issuer was established by the Government for the provision and maintenance of a national highway network consistent with global standards, to meet road users' expectations in the most efficient and cost effective manner and to provide a national infrastructure system capable of supporting a sustainable economic growth. The objectives of the Issuer are provided in the NHAI Act pursuant to which the Issuer is responsible for the development, maintenance and management of the national highways entrusted to it by the Government and for matters connected or incidental thereto. The Issuer's functions include the survey, development, maintenance and management of the national highways and, *inter alia*, to construct offices or workshops, to establish and maintain hotels, restaurants and rest rooms on or near the highways entrusted to it, to regulate and control regular traffic volume, to develop and provide consultancy and construction services and to collect service and usage fees in accordance with the NHAI Act.

The Issuer's original mandate was limited to a number of pilot projects, undertaken with the assistance of the Asian Development Bank ("**ADB**") and the Japan Bank for International Cooperation ("**JBIC**"). Subsequently, in 1998, the Government, in conjunction with the Issuer, announced the National Highways Development Programme ("**NHDP**") comprising two initial major phases. The first phase comprised the Golden Quadrilateral project, which established modern road transportation links between a number of major Indian cities including New Delhi, Chennai, Kolkatta, Mumbai, Bangalore and Jaipur. The Golden Quadrilateral project was split into four sections totalling 5,846 km of road network. The second phase involved the development of the North South corridor and the East West corridor (**"NS-EW Corridors"**), which established highways through central India connecting Srinagar (North), Kanyakumari (South), Porbandar (West) and Silchar (East), totalling approximately 7,142 km. As of 31 December 2016, over 90 per cent. of the NS-EW Corridor projects totalling 6,513 km were complete. See "*Description of the Issuer's Business - The Issuer's Projects*" below for progress on the NHDP and other similar projects.

Since the inception of the NHDP programme, the approach to implementing the NHDP has changed significantly. Initially NHDP projects were implemented through EPC contracts. Since 2005, as a policy, the Government has been implementing NHDP projects through PPP models. The various PPP models followed include BOT models, being the BOT (Toll), BOT (Annuity) and BOT (Hybrid Annuity) models (See "*Public Private Partnership ("PPP") in Highway Developments"* below). As at 31 December 2016, the Issuer has awarded 163 BOT (Toll) based contracts at a total project cost of INR 1319.70 billion, 48 BOT (Annuity) based contracts at a total project cost of INR 297.26 billion, 28 BOT (Hybrid Annuity) based contracted at a total project cost of INR 260.07 billion and 429 EPC contracts at a projected cost of INR 1396.87 billion.

The Issuer has adopted a business model that relies on outsourcing a number of activities including design, construction, supervision, operation and maintenance of national highways, rather than undertaking such activities through its own employees. This has allowed the Issuer to maintain an efficient organisational structure which focuses on operational decision-making.

The Issuer is also involved in the implementation of the Specially Accelerated Road Development Programme for North Eastern Region ("**SARDP-NE**") to provide connectivity to all the State capitals and district headquarters in the north-east region of India. The proposal would include upgrading other stretches of national highways and state highways considered critical for the economic development of the north-east region.

In December 2000, a mandate was given by the Central Government to the Issuer under NHDP Phase-I to upgrade the road connectivity to the major ports in the country. Port-road connectivity projects are being implemented by setting up SPVs where the Issuer contributes to the project cost by way of an equity investment or equity participation.

As at the date of this Prospectus, the Issuer has set up 11 SPVs comprising four wholly owned companies and seven joint venture companies. See sub-section "*Subsidiaries*" below.

SUMMARY OF MAJOR EVENTS

Year:	Event:
1989	Establishment of the Issuer under the NHAI Act.
1995	The Issuer became fully operational with the appointment of a full-time Chairman and other Members.
1998	Announcement of the NHDP programme, whereby the Issuer would be entrusted with road construction totalling 46,200 km to be completed in seven phases.
2000	Government approval obtained from the Cabinet Committee on Economic Affairs (**"CCEA"**) for Phase I of the NHDP.
2003	Government approval obtained from CCEA for NHDP Phase II
2005	Government approval obtained from CCEA for NHDP Phase III and IV
2006	Government approval obtained from CCEA for NHDP Phase V and VI
2007	Government approval obtained from CCEA for NHDP Phase VII
2009	Approval received from the Government of India for a revised strategy to implement the NHDP, based on the B. K. Chaturvedi Committee Report.
2012	The Issuer successfully raised the first public issue of tax free bonds under the Income Tax Act (**"IT Act")** totalling an aggregate sum of INR 100 billion.
2014	The Issuer successfully raised a further INR 50 billion through tax free bonds.
2016	The Issuer successfully raised an additional INR 190 billion through tax free bonds.

THE ISSUER'S STRENGTHS

Central role in Government initiatives in policy making in the infrastructure sector

The Issuer believes that it has a strategic advantage owing to its strong relationship with the Central Government and the central position it occupies in the plans by the Central Government for the development and implementation of various programmes, policies and structural and procedural reforms for the roads and highway infrastructure sector in India.

The Issuer is the primary agency responsible for the development of the national highways infrastructure projects under the NHDP

The NHAI Act has designated the Issuer as the primary agency responsible for the development of the national highway infrastructure under the NHDP and related programmes approved by the Central Government. The Issuer manages the development of the NHDP under the mandate of MoRTH and the Central Government. There are no comparable agencies within the Central Government for the development of the national highway infrastructure. This ensures that funds can be deployed to the various infrastructure projects under the NHDP relatively efficiently and also allows the Issuer to enable private sector participation in the development of the national highway infrastructure in India. The PPP models implemented by the Issuer vary from short-term simple management contracts (with or without investment requirements) to long-term and very complex BOT forms like Design, Build, Finance, Operate and Transfer (**"DBFOT"**). As well as the NHDP, the Issuer has implemented several other highway projects commissioned together with the Government, such as the SARDP-NE, the port connectivity projects and other projects. See "*The Issuer's Projects*" below.

The Issuer believes that the absence of direct competition for the implementation of the projects under the NHDP places it in a unique position as the developer of the national highway infrastructure.

Track record of consistent operational performance and growth

The Issuer believes that it has established a track record for consistent growth. See "*Description of the Issuer's Business*" - "*The Issuer's Projects*" below which illustrates the performance and growth of the national highway infrastructure as implemented by the Issuer.

Pioneering initiatives in the road sector in India

The Issuer believes that it has initiated several innovative processes which are different from the practices generally followed in the infrastructure industry. Further to the adoption of performance based contracts with bonus and penalty provisions in both EPC and PPP projects, the Issuer believes that there has been an improvement in construction and service quality associated with such EPC and PPP projects. Detailed project reports (**"DPRs"**) relating to each project currently undergo peer reviews by specialist engineers, selected from a panel of consultants, in order to enhance quality and efficiency. Mechanisms have been implemented to accelerate the process of dispute resolution, especially in relation to EPC projects. Umbrella state support agreements have also been put in place for projects undertaken within a single state. Each state support agreement executed between the Issuer and the State Government provides a legal framework for providing support and services to executing agencies to procure necessary support from the State Government for implementation of the projects in accordance with their defined schedule. Some of the other innovations introduced by the Issuer include electronic tendering ("**e-tendering**"), electronic procurement (**"e-procurement"**), introduction and implementation of wayside amenities on highways, road asset management systems, advanced traffic management systems, road user applications, green highways, safety engineering and adaptation of the some of the national highways to provide emergency landing facilities for military aircraft. The Issuer has also recently entered into a memorandum of understanding with the Indian Space Research Organisation and the North East Center for Technology Application and Research for the use of spatial technology for the monitoring and managing of national highways. Recently the Issuer has also been involved in the plans by the Central Government and the Delhi Development Authority to enable the decongestion of Delhi-NCR region.

Experienced and committed management and employee base with in-depth sector expertise.

The Issuer believes that it has an experienced, qualified and committed management and employee base. The Issuer believes that it is one of the few organisations where people with extensive experience in the road and highways and finance sectors are regularly seconded from various central or state services, departments and organisations to share their expertise. As of 31 December 2016, the Issuer has a total workforce of 990 employees, including 270 officers seconded from other Indian state services or departments. The Issuer is organised in a manner so as to facilitate faster operational decision-making. Supervision consultants and independent engineers are appointed through a rigorous recruitment process in order to select the most qualified professionals.

Furthermore, all projects are monitored centrally at the Issuer's headquarters by both a technical and financial division. These divisions are operated separately, each with their own management and sub-management structure.

Economies of scale

Given the scale of operations of the Issuer and the legislative mandate to the Issuer pursuant to the NHAI Act, the Issuer benefits from a large volume of commercial projects. The Issuer enjoys significant cost benefits as a result of its centralised decision making system. The Issuer aims to manage its projects efficiently so that equipment is stored more efficiently, manpower is deployed appropriately and redundant assets are minimised. The Issuer therefore achieves large scale efficiencies and benefits from economies of scale owing to the size of its operations.

STRATEGIES

The Issuer's long term goal is to develop a highly-advanced highway network suitable for meeting the increasing demands of commercial transportation and heavy industrial use. The Issuer aims to achieve this goal through the following areas of strategic focus.

Decentralisation of local level decisions and activities

The Issuer is aiming to decentralise its field level decisions and activities in order to achieve a greater level of operational efficiency. To this end the Issuer has set up 23 regional offices and 135 project implementation units, each with an appropriate management structure for the effective co-ordination and monitoring of local projects. Each regional office has been delegated the necessary powers and capacity to engage, where necessary, such technical experts as are required to achieve the most efficient outcome in the implementation of such regional office's projects.

Strengthening of core processes for the NHDP implementation and management

The Issuer believes that it pays significant attention to institutionalising knowledge and best practices within the project cycle. This includes preparing guidelines of best practice in land acquisition and preconstruction activities adopted in different Indian states, adopting "resettlement and rehabilitation" practices, in particular for externally aided projects, and preparing guidelines and standardised procedures for implementing amendments to existing project scopes and timelines. The Issuer has also developed an e-procurement system and an online platform for interaction with various service providers. These steps, the Issuer believes, will enhance its productivity and ability to implement its projects more efficiently.

Strengthening of the quality audit and review processes

As the Issuer relies frequently on outsourcing in the implementation of projects, its strategy is to invest resources in infrastructure required to carry out advanced audits and performance reviews of its service providers. This strategy includes improving the review process of project designs, greater involvement of the Issuer's field unit and supervision consultants at an earlier stage in a project, strengthening independent quality audits during the construction stage of EPC and PPP projects and receiving continuous feedback from stakeholders which enables it to enhance its wider monitoring framework.

Greater focus on human resources

The Issuer expects an increase in the scale and complexity of future national highways projects, which will require continued growth within its human resources both in terms of size and expertise. The Issuer plans to extend its outsourcing of personnel to its different areas of operation in order that the right level of expertise is available where necessary. On occasions, especially in relation to projects where land acquisition matters are involved, the Issuer intends to hire retired officers who were working in the various state and national level government bodies and also other third party service providers. The Issuer believes that by doing so it shall be able to utilise the experience and expertise of these personnel to enhance its business and areas of operation.

Developing strong institutional relationships with external stakeholders

The Issuer's strategy is to engage with and build strong relationships with a variety of stakeholders across various aspects of its operations. These include, but are not limited to, the Central Government, the Niti Aayog, state and local governments and agencies, implementing authorities such as the police and health service, contractors, concessionaires, technical, financial and legal consultants, audit firms, financial institutions, investors, industry associations, academic institutions, the media, and both multilateral and bilateral funding agencies such as the World Bank, the ADB and the JBIC.

Greater use of information technology ("IT")

The rapid advance in IT resources across various aspects of highway development and management has resulted in a stronger incentive for the Issuer to maximise the application of these resources within its operations. Significant focus on IT is one of the key strategies for the Issuer in its plans for corporate growth. The Issuer has already instituted various information technology systems across its various operations. Examples include e-tendering, electronic tolling, advanced traffic management systems and road asset management systems. The Issuer expects to expend more resources towards the implementation of information technology across it operations to enhance its productivity and its results of operations.

OVERVIEW OF THE OFFERING

Issuer:	National Highways Authority of India. The Issuer is an autonomous body under the MoRTH, constituted on 15 June 1989 pursuant to the NHAI Act, having its head office at G-5 & 6, Sector 10, Dwarka, New Delhi, the Republic of India.
Trustee:	The Bank of New York Mellon, London Branch.
Principal Paying and Calculation Agent:	The Bank of New York Mellon, London Branch.
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch
Transfer Agent:	The Bank of New York Mellon SA/NV, Luxembourg Branch
The Issue:	INR 30,000,000,000 7.30 per cent. Synthetic INR Notes due 18 May 2022. For Indian regulatory purposes, the Notes constitute "Rupee denominated bonds" as per the ECB Regulations.
Issue Price:	100 per cent. of the principal amount of the Notes. The Issue Price will be payable in U.S. dollars in the amount of USD 466,531,787.14at the agreed conversion rate of INR 64.3043 per one U.S. dollar, such conversion rate reported by the RBI and displayed on Reuters page "RBIB" at approximately 1:30 p.m., Mumbai time, on 12 May 2017.
Issue Date:	18 May 2017.
Maturity Date:	18 May 2022.
Interest Rate:	The Notes will bear interest at the rate of 7.30 per cent. per annum from and including 18 May 2017 to but excluding the Maturity Date (as defined in the "*Terms and Conditions of the Notes*").
Settlement Currency:	Although the Notes are denominated in INR, all payments of principal and interest on the Notes will be made in U.S. dollars. All payments shall be made at the prevailing market rate as of the date of settlement.
Yield:	7.30 per cent. per annum.
Interest Payment Dates:	Interest will be payable annually in arrear on 18 May in each year, commencing on 18 May 2018 (each as may be subject to adjustment in accordance with Condition 4.1 (*Interest on the Notes*).
Withholding Taxes:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of India, unless the withholding is required by law subject to certain exceptions contained in Condition 7 (*Taxation*).

Events of Default:	Events of Default include, *inter alia*, non-payment of principal in respect of the Notes on the due date for payment thereof or any amount of interest in respect of the Notes within three days, non-performance of the Issuer's other obligations under the Notes or the Trust Deed, insolvency, cross-default, cessation of business, failure to take action, unlawfulness and certain other events. See Condition 9 (*Events of Default and Enforcement*).
Tax Redemption:	The Notes are also subject to redemption in whole, at their principal amount, together with accrued interest, at the option of the Issuer at any time prior to the Maturity Date in the event of certain changes affecting taxation in India, subject to RBI consent.
Use of Proceeds:	The net proceeds of the issue of the Notes are estimated to be approximately INR 30,000,000,000. Subject to compliance with applicable laws and regulations, the net proceeds of the Notes, are intended to be used for general corporate purposes as permitted under the ECB Regulations.
Form of the Notes:	The Notes will be issued in registered form in the minimum denomination of INR 10 million and denominations which are integral multiples of INR 10 million in excess thereof. The Notes will be represented by the Global Certificate which will be registered in the name of a nominee for Euroclear and Clearstream, Luxembourg on or around the Issue Date. Definitive Note Certificates (as defined in the "*Terms and Conditions of the Notes*") evidencing holdings of Notes will be available only in certain limited circumstances. See "*The Global Certificate*".
Listing and Clearing:	Application has been made to list the Notes on the London Official List and to trading on the Market. Application has also been made to the SGX-ST for the listing and quotation of the Notes on the SGX Official List. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg with the following ISIN and Common Code: ISIN: XS1606949391 Common Code: 160694939
Guarantee:	The Notes will not be guaranteed.
Governing Law:	The Notes, and any non-contractual obligations arising out of or in connection with the Notes, will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	The offering and sale of Notes is subject to applicable laws and regulations including, without limitation, those of the United States, the United Kingdom and India. See "*Subscription and Sale*".
Ratings:	The Notes will not be rated.
Risk Factors:	Investing in the Notes involves a high degree of risk. See "*Risk Factors*".

RISK FACTORS

An investment in the Notes is subject to a number of risks. Investors should carefully consider the risks described below as well as other information contained in this Prospectus before deciding to invest in the Notes. If anyone or a combination of the risks described below actually occurs, the Issuer's and/or business, prospects, financial condition, results of operations and cash flows could be seriously affected. The market price of the Notes could decline due to any of these risks and investors may lose part or all of their investment. Unless specified in the risk factors below, the Issuer is not in a position to quantify the financial implications of any of the risks mentioned below.

The Issuer has described the risks and uncertainties that all management believes are material and may affect its ability to fulfil its obligations in respect of the Notes. Most of these factors are contingencies which may or may not occur and the risks set out in this Prospectus may not be exhaustive or complete and additional risks and uncertainties not presently known to the Issuer, or which the Issuer currently deems to be immaterial, may arise or may become material in the future. In addition, factors which the Issuer believes are material for the purposes of assessing the market risks associated with the Notes are also described below.

This Prospectus also contains forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Prospectus. In making an investment decision, investors must rely on their own examination of the Issuer including the merits and risks involved.

Unless otherwise stated, the financial information used in this section is derived from the Issuer's financial statements as set out under "Financial Statements".

RISKS RELATING TO THE ISSUER'S BUSINESS

The Issuer is presently involved in a number of civil proceedings, including arbitration, environmental and land acquisition cases. In the event that these cases are decided against the Issuer or if there is a failure by the Issuer to adequately recover its claims against the other parties it may have an adverse effect on the Issuer's operations.

The Issuer is party to various legal proceedings and claims relating to its business and operations in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. These legal proceedings include civil suits, arbitration claims, environmental proceedings and proceedings involving the acquisition of land for its operations. No assurance can be given that these legal proceedings will be decided in the Issuer’s favour. Any adverse decision in these proceedings may have a significant adverse effect on the Issuer’s, business and results of operations. There is also no assurance that similar proceedings will not be initiated against the Issuer in the future. Further, should any new developments arise, such as a change in Indian law or rulings against the Issuer by appellate courts or tribunals, the Issuer may face an increase in the costs of construction which could in turn increase the Issuer's expenditure. The Issuer may need to make provisions in its financial statements, to reflect its increased expenses and liabilities. Additionally, the Central Government has made a direction to all concerned entities, including the Issuer, that in relation to arbitration proceedings where the Issuer is challenging the arbitral awards, it should make a payment of up to 75 per cent. of the amount claimed against a bank guarantee pending final adjudication of the appeal proceedings. It is expected this directive would affect the Issuer's financial condition and limit its ability to allocate its financial resources towards the implementation of its projects. See - *"Legal and Other Information, Outstanding Litigation and Material Developments"*.

The Issuer's operations are significantly dependent on the funding received from the Central Government and any delay or decrease in the funding plan by the Central Government or any Government entities may adversely affect the Issuer's operations.

The Issuer's operations are very capital intensive and any reduction in the budgetary allocation of capital, funding or grants by the Central Government may materially affect the Issuer's performance and operations. As the Issuer's growth plans are mainly determined by the amount of Central Government support in the form of budgetary allocations, any adverse developments in the policy of the Central Government in the manner in which it seeks to address the development of the infrastructure needs of India will have a material and adverse effect on the Issuer's business. If funding from the Central Government reduces or if there is any adverse change in the pattern of allocation of the cess collected by the Central Government or if there is a downturn in the macroeconomic environment in India or in sectors which are directly dependent on the road infrastructure, the results of the Issuer's operations and future performance could be materially and adversely affected.

The Issuer's operations are dependent on the policies of the Central Government and the State Governments and the initiatives implemented by them to develop the road infrastructure in India. Any lack of support or any delay in the implementation of regulatory initiatives will adversely affect the Issuer's operations.

The Issuer believes that the development of India's infrastructure is dependent on the formulation and effective implementation of State Government and Central Government programs and policies that facilitate and encourage private sector investment in the infrastructure sectors in India. Many of these programs and policies are evolving and their successful implementation may depend on whether they are properly designed to address the infrastructure development needs in India. Additionally, these programs will need continued support from stable and experienced regulatory regimes that not only encourage the continued movement of private capital into infrastructure development but also lead to increased competition, appropriate allocation of risk, transparency, effective dispute resolution and more efficient and cost-effective services to the end-consumer. Additionally, policies of the Central Government and State Governments which mandate development in certain specific sectors, or areas, including but not limited to rural, coastal and/or border areas may not be economically remunerative. In the event that State Government and Central Government's initiatives and regulations in the infrastructure industry do not proceed or progress in the anticipated manner, the results of the Issuer's operations could be materially affected.

Further, for a successful implementation of a project, an efficient process for the acquisition of land is necessary. Whilst a modified land acquisition policy is presently being formulated by the Central Government in conjunction with the State Governments, it is yet to be finalised. Any delay in the acquisition of land will lead to delays in the implementation of the relevant projects which could in time materially affect the Issuer's operation and growth.

The Issuer's operations may also be affected by an increase in the prices of raw materials or shortages of raw materials which may lead to an increase in the cost of construction of road projects.

Any increase in the prices of raw materials or a shortage of raw materials necessary for a project may affect the financial viability of a project or cause delays in the implementation of a project. Additionally some engineering, procurement and construction (**"EPC"**) contracts may contain provisions where the payment made to the contractor will need to be adjusted to the wholesale prices index or the consumer prices index in India. These adjustments may lead to further increases in the construction cost for the projects.

The Issuer's operations are dependent on forecasting traffic volumes.

In some of the Issuer's projects, the user fee generated from highway stretches tolled by the Issuer is remitted to the Central Government and is received back by the Issuer from the Central Government. Any material decrease between the actual traffic volume and the forecasted traffic volume on account of inaccurate forecasting or (any other reason which may cause a difference between actual traffic volume and forecasts) may therefore have a material adverse effect on the Issuer's capital flows and performance.

During Fiscal 2016, the Issuer deposited an amount of INR 67.4584 billion including toll revenue received by the Issuer from roads operated by it to the Consolidated Fund of India (**"Consolidated Fund of India"**). This amount excludes any amounts raised by concessionaires under the Issuer's public private partnership (**"PPP"**) projects. Toll revenues depend on toll receipts and are affected by changes in traffic volumes. Factors that affect traffic volumes include:

(i) toll rates;
(ii) fuel prices in India;
(iii) the affordability of automobiles;
(iv) the quality, convenience and travel time on alternate routes outside the Issuer's network;
(v) the availability of alternative means of transportation, including rail networks and air transport;
(vi) the level of commercial, industrial and residential development in areas served by the Issuer's projects;
(vii) growth of the Indian economy;
(viii) adverse weather conditions; and
(ix) seasonal holidays.

Revenue from toll receipts is affected by traffic volume and tariff rates, both of which are beyond the Issuer's control. The user fee structure is laid down under National Highways (Rate of Fee) Rules, 1997 and National Highways Fee (Determination of Rates and Collection) Rules, 2008 as amended and is uniformly applicable. Reduced growth of traffic on account of an economic slowdown, restrictions on mining, a decline in manufacturing and/or exports may decrease the Issuer's toll revenues. Further, any change in the applicable toll policies or other applicable laws which affects the category of vehicle or fuel, may lead to an increase or a decrease in the toll revenue and may affect the Issuer's capital inflows thereby affecting the Issuer's results. In the event of significant decrease in traffic volumes on such stretches of the road network, the Issuer may experience a corresponding decrease in the capital which the Issuer receives from the Central Government, which may reduce its future execution capabilities.

Leakage of traffic and toll collection on roads operated by the Issuer may affect the volume of collections and inflows which may in turn affect the capital which the Issuer receives from the Central Government and the Issuer's future project execution capabilities.

The success of toll road projects is dependent on the toll rates that are levied from the users. Any material decrease between the actual traffic volume and forecast traffic volume, or increase between the actual operation and maintenance expenses for such roads will lead to a decrease in toll receipts. Toll receipts are also primarily dependent on the integrity of toll collection systems. The revenues derived from the collection of tolls may be reduced by leakage through toll evasion, fraud, theft or technical faults in toll collection systems. If toll collection is not adequately monitored, leakage may reduce toll revenue. Although the Issuer has systems in place to minimise leakage through fraud and theft, any significant failure by the Issuer to control leakage in toll collection could have a material adverse effect on the Issuer's operations and prospects. Further, there may be situations where toll collection is disrupted or stopped due to public disturbances which may result in reduced revenue collection by the relevant concessionaire or contractor or by the Issuer. Any such disruption or stoppage of toll collection may adversely affect revenue collections.

Fluctuations in interest rates and exchange rates on the Issuer's external borrowings may adversely affect its operations.

As of 31 December 2016, the Issuer has outstanding multilateral external borrowings of INR 6554.75 million from the ABD. Any increase in the interest rates and/or any adverse fluctuation in the exchange rates may increase the cost of the Issuer's borrowings, thereby increasing the cost of the relevant projects.

The Issuer may raise further borrowings for funding various projects under the NHDP and other related programmes. Any increase in domestic and/or international interest rates may have adverse impact on the Issuer's cost of borrowings and projects.

The Issuer does not own the trademark of logo of the Issuer. The Issuer may be unable to adequately protect its intellectual property if it is used by any third party. Furthermore, the Issuer may be subject to claims alleging breach of third party intellectual property rights if the Issuer's logo is otherwise being used by any other third party.

To the best of its belief, the Issuer is the sole user of the Issuer's logo. Although the Issuer has a nationwide grassroots presence and is identified by widespread usage of this logo, it does not benefit from a trademark protection of its logo. Since the logo is not registered it is possible that the Issuer may be exposed to claims or litigation from other third parties. In the event that the Issuer in not able to successfully defend its use of the logo, it is possible that its financial conditions and operations may be affected.

The Issuer's financial condition and physical performance could be materially affected if the Issuer does not complete its projects as planned or if its projects experience delay.

The Issuer has experienced time and cost overruns in the past. There may be a delay in implementation or completion of projects or a change of scope, due to factors such as delays or failures to obtain necessary permits, or authorisations which are beyond the Issuer's control or the control of the relevant contractor or concessionaire. Delays in the completion of a project may also lead to cost overruns. Such delays in the completion of projects may delay the commencement of the Issuer's toll collections thereby affecting its operations and physical performance.

Any delay in the completion of the projects may also trigger the delay mechanism in the underlying contract and adverse consequences under the relevant contract could follow.

The Issuer's operations and financials may become adversely affected due to any delay in completion of the relevant projects and resulting in an increase in the costs for the relevant concessionaire or contractor and in some situations delaying the accrual of revenue to the Issuer.

The Central Government can, pursuant to the powers vested in it under Section 32 of the NHAI Act supecede the Issuer.

If, at any time, the Central Government is of the opinion that (i) on account of a grave emergency, the Issuer is unable to discharge the functions and duties imposed on it by or under the provisions of the NHAI Act; or (ii) the Issuer has persistently made a default in complying with any direction issued by the Central Government under the NHAI Act; or (iii) in the discharge of the functions and duties imposed on it by or under the provisions of the NHAI Act; or (iv) circumstances exist which render it necessary in the public interest to do so, the Central Government may supercede the Issuer.

Should the Central Government therefore exercise its power to supercede the Issuer pursuant to the power vested in it under the NHAI Act, the Issuer may not be able to carry out its business or carry out its obligations under the Notes.

The Issuer's operations may also be adversely affected if it is unable to manage its business as it grows. The Issuer's business operations may be affected by shortcomings and failures in the Issuer's internal processes and systems.

The Issuer's business is highly dependent on its ability to process and monitor a large number of projects. As the Issuer grows its business, the inability of its systems to accommodate an increasing volume of projects could also constrain its ability to expand its businesses. Additionally, shortcomings or failures in the Issuer's internal processes or systems could lead to an impairment of its financial condition, financial loss, disruption of its business and reputational damage. Any inability of the Issuer to successfully scale up its resources will adversely affect its business and results of operations. The Issuer's ability to operate will depend in part on its ability to maintain and upgrade its contract management systems and policies on a timely and cost-effective basis. The information made available to the Issuer's management through its existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in the Issuer's operations. The Issuer may experience difficulties in upgrading, developing and expanding its systems quickly enough to accommodate its growing requirements. The Issuer's failure to maintain or improve or upgrade its management information systems in a timely manner could materially and adversely affect its operations.

The Issuer may also be subject to disruptions of its operating systems, arising from events that are wholly or partially beyond the Issuer's control including, but not limited to, computer viruses or electrical or telecommunication service disruptions, which may result in a loss or liability to it.

The Comptroller and Auditor General of India ("CAG") has expressed serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Issuer.

In its audit report for Fiscal 2015 and Fiscal 2014, the CAG has expressed serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Issuer. The CAG has observed that the Issuer, *inter alia*, has not followed the applicable accounting policies and has not maintained proper records in respect of the utilisation of project based borrowed funds. In their audit report for Fiscal 2014, the CAG noted, *inter alia*, that (i) the Issuer did not maintain records in respect of the utilisation of project-based borrowed funds and the total borrowed costs allocated to completed and incomplete projects could not be verified; (ii) the allocation of 'net establishment expenses for the year' to completed projects was against generally accepted accounting principles; (iii) adjustments had not been made in the accounts for 16 road projects passed to concessionaires for upgrade and five other road projects transferred to State Governments; and (iv) depreciation had not been accounted for in stretches of highways of completed projects, leading to an overstatement of assets. The CAG also noted in their audit report for Fiscal 2015 that due to books of the Issuer not being maintained in a proper manner, there has been an overstatement of its fixed assets capital work in progress. In some instances the CAG was also not able to verify the capital work in progress due to the absence of project-based details of expenditure on ongoing as well as completed projects. The CAG has in their audit report for Fiscal 2015 and Fiscal 2014 stated that they are not able to provide an audit opinion as to whether the financial statements of the Issuer for these periods give a true and fair view in accordance with the generally accepted accounting principles in India.

In its audit report for Fiscal 2016, the CAG has provided an audit opinion that the Issuer's balance sheet and profit and loss account give a true and fair view in conformity with the generally accepted accounting principles of India. However, the CAG has made a number of observations. The observations from the CAG include, *inter alia*, statements that (i) the Issuer has not maintained proper books of accounts and other relevant records; and (ii) certain statements made by the Issuer in the offering documents relating to the Tax Free Bonds (as defined below) were not complied with. For further details please see the risk factor immediately below this risk factor

The audit report for Fiscal 2016 also includes other observations from the CAG which includes (i) non-adherence by the Issuer to certain NHAI Rules; (ii) the need for the internal control systems of the Issuer to be strengthened; and (iii) that are some instances in which the Issuer has not taken corrective action following observations or comments in their past audit reports.

For further details on these audit reports including the replies provided by the management of the Issuer to the CAG to its observations, please see "*Financial Statements" – Annexure 1* from page F-1 of this Prospectus.

Although the Issuer believes that it has complied with the undertakings provided by it in the issue documents of the Tax Free Bonds, the CAG in its audit report has remarked that that the Issuer has not complied with certain undertakings. In the event that the Issuer is determined by the trustee or otherwise to have breached such undertakings this could have a material adverse impact on the Issuer's prospects, operations financial condition and/or reputation.

The Issuer has issued the Tax Free Bonds and had provided certain undertakings in the issue documents for the Tax Free Bonds stating that (i) all proceeds received out of each tranche issue of the bonds to the public shall be transferred to a separate bank account; (ii) details of all proceeds utilised out of each tranche shall be disclosed under an appropriate separate heading in its balance sheet indicating the purpose for which such proceeds were utilised; and (iii) details of all unutilised proceeds from each tranche issue, if any, shall be disclosed under an appropriate separate head in its balance sheet indicating the form in which such unutilised proceeds have been invested. Under the terms of the Tax Free Bonds, it is an event of default if *inter alia*, any information provided by the Issuer in its issue documents and any other information furnished, and the warranties given or deemed to be given by the Issuer to bondholders or beneficial owners relating to the issue of the Tax Free Bonds is found to be misleading or incorrect in any material respect or any warranty is found to be incorrect.

The Issuer believes that it has complied with the undertaking to transfer proceeds from the offerings of the Tax Free Bonds to a separate bank account by crediting the issue proceeds to an escrow account established under the terms of the respective escrow agreements. The proceeds were further transferred to the NHAI Fund upon receipt of written notice from the Issuer and the managers to the issue confirming execution of the respective security documents under the Tax Free Bonds.

The details of the respective escrow agreements along with details of transfer of proceeds is as provided below:

1. For 2011 Tax Free Bonds:

   Escrow agreement dated 15 December 2011 entered into between the Issuer, SBI Capital Markets Limited, A.K Capital Services Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited, MCS Limited and State Bank of India, Axis Bank Limited, ICICI Bank Limited, Syndicate Bank Limited, Union Bank of India and HDFC Bank Limited.

Escrow bank	***Escrow account number(s)***	***Date of credit into escrow account***	***Amount credited in INR***	***Date of transfer to the NHAI Fund***
Axis Bank	(i) 911020066736591 (ii) 911020066736748 (iii) 911020066736832	28 December 2011 to 5 January 2012	31,150,852,000	7 February 2012
HDFC Bank	(i) 00030350015081 (ii) 00030350015106 (iii) 00030350015098	28 December 2011 to 5 January 2012	16,674,435,000	7 February 2012
ICICI Bank	(i) 000405100352 (ii) 000405100353 (iii) 000405100354	28 December 2011 to 5 January 2012	46,761,066,000	7 February 2012
State Bank of India	(i) 32107995792 (ii) 32107996525 (iii) 32107997132	28 December 2011 to 5 January 2012	4,036,184,000	7 February 2012
Syndicate Bank	(i) 90623170000046 (ii) 90623170000050 (iii) 90623170000065	28 December 2011 to 5 January 2012	618,040,000	7 February 2012
Union Bank	(i) 536401010000585 (ii) 536401010000583 (iii) 536401010000584	28 December 2011 to 5 January 2012	759,423,000	7 February 2012

2. For 2014 Tax Free Bonds:

Escrow agreement dated 9 January 2014 entered into between the Issuer, Edelweiss Financial Services Limited, A.K Capital Services Limited, Axis Capital Limited, ICICI Securities Limited, Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IndusInd Bank Limited, IDBI Bank Limited, Syndicate Bank Limited and Karvy Computershare Private Limited.

Escrow bank	***Escrow account number(s)***	***Date of credit into escrow account***	***Amount credited in INR***	***Date of transfer to the NHAI Fund***
IndusInd Bank	(i) 200999371420 (ii) 200999371437	15 January 2014 to 27 January 2014	27,381,777,000	12 February 2014
Axis Bank	(i) 914020001457427 (ii) 914020001457621	15 January 2014 to 27 January 2014	4,441,969,000	12 February 2014
HDFC Bank	(i) 00030350018544 (ii) 00030350018554	15 January 2014 to 27 January 2014	3,288,555,000	12 February 2014
IDBI Bank	(i) 0127103000014234 (ii) 0127103000014243	15 January 2014 to 27 January 2014	80,262,000	12 February 2014
ICICI Bank	(i) 000405104456 (ii) 000405104457	15 January 2014 to 27 January 2014	1,791,437,000	12 February 2014

3. For 2016 Tax Free Bonds:

Escrow agreement dated 20 October 2015 entered into between the Issuer, A.K Capital Services Limited, SBI Capital Markets Limited, Axis Capital Limited, Edelweiss Financial Services Limited, ICICI Securities Limited, IndusInd Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, Axis Bank Limited, State Bank of India, Syndicate Bank Limited and Karvy Computershare Private Limited.

(a) 2016 Tax Free Bonds issued through tranche prospectus dated 11 December 2015

Escrow bank	***Escrow account number(s)***	***Date of credit into escrow account***	***Amount credited in INR***	***Date of transfer to the NHAI Fund***
Axis Bank	(i) 915020056420736 (ii) 915020056421373	17 December 2015 to 31 December 2015	5,890,467,000	14 January 2016
HDFC Bank	(i) 00030350022021 (ii) 00030350022031	17 December 2015 to 31 December 2015	20,813,071,000	14 January 2016
IDBI Bank	(i) 0011103000013545 (ii) 0011103000013554	17 December 2015 to 31 December 2015	213,753,000	14 January 2016
ICICI Bank	(i) 000405110068	17 December	21,456,244,000	14 January

Escrow bank	*Escrow account number(s)*	*Date of credit into escrow account*	*Amount credited in INR*	*Date of transfer to the NHAI Fund*
	(ii) 000405110067	2015 to 31 December 2015		2016
IndusInd Bank	(i) 201000264609 (ii) 201000264618	17 December 2015 to 31 December 2015	43,368,435,000	14 January 2016
State Bank of India	(i) 35344311018 (ii) 35344314756	17 December 2015 to 31 December 2015	8,255,330,000	14 January 2016
Syndicate Bank	(i) 90623170000104 (ii) 90623170000119	17 December 2015 to 31 December 2015	2,700,000	14 January 2016

(b) 2016 Tax Free Bonds issued through tranche prospectus dated 22 February 2016

Escrow bank	*Escrow account number(s)*	*Date of credit into escrow account*	*Amount credited in INR*	*Date of transfer to the NHAI Fund*
Axis Bank	(i) 915020056420736 (ii) 915020056421373	24 February 2016 to 26 February 2016	453,814,000	11 March 2016
HDFC Bank	(i) 00030350022021 (ii) 00030350022031	24 February 2016 to 26 February 2016	1,395,731,000	11 March 2016
IDBI Bank	(i) 0011103000013545 (ii) 0011103000013554	24 February 2016 to 26 February 2016	73,908,000	11 March 2016
ICICI Bank	(i) 00405110068 (ii) 000405110067	24 February 2016 to 26 February 2016	3,141,349,000	11 March 2016
IndusInd Bank	(i)201000264609 (ii) 201000264618	24 February 2016 to 26 February 2016	22,541,132,000	11 March 2016
State Bank of India	(i) 35344311018 (ii) 35344314756	24 February 2016 to 26 February 2016	5,391,056,000	11 March 2016

However, the CAG's observations in its audit reports for Fiscals 2013, 2014, 2015 and 2016 were that the Issuer has not complied with the above undertaking as no separate accounts were maintained by the Issuer for the Tax Free Bonds. The Issuer, in its management reply has provided responses to each of the remarks of the CAG. For further details in relation to the responses provided in relation to the audit report for Fiscal 2016, see *"Financial Statements" – Annexure 1* from page F-1 of this Prospectus. The Issuer believes that it has complied with the undertakings to provide details under an appropriate head in its balance sheet disclosing (a) the purpose for which the proceeds from the Tax Free Bonds have been utilised and (b) the details of investment of the unutilised proceeds from the Tax Free Bonds. Further, the proceeds from the Tax Free Bonds have been utilised for financing various projects implemented by the Issuer. This is in accordance with the objects of the issue provided under the issue documents for the Tax Free Bonds and therefore the requirement to disclose the use separately is satisfied as the utilisation of proceeds from the Tax Free Bonds have been disclosed as part of the capital work in progress in the balance sheet of the Issuer.

Further, the Issuer believes that it has complied with the undertaking in relation to it providing the details of investment of the unutilised proceeds from each of the Tax Free Bonds in its financial statements by disclosing such investments as part of balances with scheduled banks in its balance sheet.

Therefore, the Issuer is of the opinion that it has duly complied with the undertakings provided by it under the Tax Free Bonds notwithstanding adverse remarks of the CAG.

In the event that the Issuer is determined by the relevant trustee under the Tax Free Bonds or otherwise to have breached such undertakings this could have a material adverse impact on the Issuer's prospects, operations financial condition and/or reputation. Such adverse material affect may include but is not limited to default, cross-default, acceleration and/or enforcement of the Tax Free Bonds and litigation and/or other disputes. As described above, any determination by the trustee under the relevant issue documents relating to the Tax Free Bonds that the Issuer had not complied with the terms of the Tax Free Bonds ((as reported by the CAG) may result in an event of default being called by the trustee. If the trustee gives a notice of occurrence of an event of default, it may not be possible for the Issuer to cure such a breach which will result in an event of default occurring and may have a material adverse impact on the financial condition and reputation of the Issuer.

Further, in the audit reports for the year Fiscals 2014 and 2015, the CAG has also remarked that the response to the CAG's remarks provided in the notes to accounts of the financial statements of the Issuer were inadequate. The CAG further remarked that the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**) provide that if an auditor, in his audit report, in respect of the financial results of any previous financial year has any remarks, the listed entity, in its notes to account, should provide how the reservation has been resolved or if the same has not been resolved, the reason thereof and the steps which the listed entity intends to take in the matter. As the Issuer had not included a statement satisfying the above, the CAG has remarked that the disclosures in the notes to accounts of the financial statements of the Issuer are inadequate and violates the Listing Regulations. The audit report for the Fiscal 2016, however, does not contain an adverse remark from the CAG in connection with the violation of the Listing Regulations by the Issuer, as the Issuer believes that its responses to the CAG (in relation to the audit report for Fiscal 2015) in relation to its compliance with the Listing Regulations was found to be satisfactory by the CAG.

The Listing Regulations provide that an entity which is in violation is liable to a penalty of INR 100,000 for each day during which such failure continues or INR 10,000,000 whichever is less. As of the date of this Prospectus, no such penalty has been imposed on the Issuer for violating the Listing Regulations.

For the purposes of the above paragraphs of this risk factor:

2011 Tax Free Bonds means the bonds issued pursuant to the shelf prospectus dated 13 December 2011 and tranche prospectus dated 22 December 2011.

2014 Tax Free Bonds means the bonds issued pursuant to the shelf prospectus and tranche prospectus, each dated 9 January 2014.

2016 Tax Free Bonds means the bonds issued pursuant to the shelf prospectus dated 11 December 2015, tranche prospectus dated 11 December 2015 and 22 February 2016.

Tax Free Bonds means collectively, the 2011 Tax Free Bonds, the 2014 Tax Free Bonds and the 2016 Tax Free Bonds.

The Issuer has certain contingent liabilities that may adversely affect its financial condition.

The Issuer has contingent liabilities, which may affect its financial condition. As at 31 March 2016, the Issuer's contingent liabilities aggregated to INR 300.79 million. The contingent liabilities consist primarily of liabilities on account of legal disputes and corporate guarantees. These contingent liabilities, if determined against the Issuer in the future, may impact its business and the results of its operations.

The Issuer is exposed to the risks associated with the non-performance of underlying assets/projects of certain SPVS).

The issuer has taken up development of port connectivity projects and expressways by setting up SPVs where the Issuer contributes toward a portion of the project cost by way of an equity participation or through loans and advances. Some of these SPVs also have an equity participation by port trusts, State Government or their representative entities. The SPVs also raise loans for financing the projects. The SPVs are authorised to collect user fees on the developed stretches to cover repayment of debts and for meeting the costs of operations and maintenance.

The Issuer has 11 project specific SPVs (out of which seven are joint ventures). Each SPV has been formed with the specific purpose of raising funds and the development of a project. The Issuer has shareholdings which range from 38 per cent. to 100 per cent. in the various SPVs. The Issuer's equity participation is exposed to the risk of non-performance of the SPV's assets and the business decisions of the other members of the SPV's board which represent other entities such as the Central Government or State Government and in some cases, certain port trusts.

Some SPVs have incurred losses during the last three Fiscals.

Some of the SPVs have incurred losses during the last three Fiscals, as set out below:

(INR in millions)

S. No.	Name of SPV	Fiscal 2016	Fiscal 2015	Fiscal 2014
1.	Calcutta Haldia Port Road Company Limited	(296.86)	(279.36)	(404.62)
2.	Cochin Port Road Company Limited	(201.89)	(172.87)	(151.29)
3.	Moradabad Toll Road Company Limited	(2.89)	(0.72)	4.28
4.	New Mangalore Port Road Company Limited	(418.73)	(292.18)	(85.26)
5.	Paradip Port Road Company Limited	(579.38)	(516.61)	(426.26)
6.	Tuticorin Port Road Company Limited	(189.34)	(218.48)	(239.04)
7.	Ahmedabad Vadodra Expressway Company Limited	(21.38)	(26.66)	(4.86)
8.	Mormugao Port Road Company Limited*	(51.35)	(41.11)	(31.26)

* *The SPVs were at pre-operational stage during these periods; (loss) indicated.*

There can be no assurance that the SPVs will achieve or sustain profitability in the future. Any losses incurred by these SPVs may have an effect on the successful execution of the Issuer's projects, its business and results of operations.

The auditors for some of the SPV's have provided qualified opinions in relation to their audit reports for Fiscal 2015 and Fiscal 2016.

The auditors for the following SPVs have provided qualified opinions in relation to certain SPVs. For further details, please see "*Financial Statements*" – *Annexures 4 and 5* on page F-132 and F-390 respectively of this Prospectus.

Accounts for the nine month period ended 31 December 2016 for the Issuer have been subject to limited review and have not been audited. Audited performance may be materially different from the present results.

The accounts of the Issuer and the SPVs are audited annually by the CAG and the auditors appointed by the CAG respectively and they are not subject to any interim audit. Accounts for the nine month period ended 31 December 2016 have been prepared by the Issuer and are subject to limited review by PSMG & Associates (the **"Auditors"**) and have not been audited. The Auditors have reviewed the unaudited limited review financial performance of the Issuer for the nine-month period ended 31 December 2016. However, the actual audited performance may be materially different from the limited review results. The Issuer is disclosing a limited review report for the nine month period ended 31 December 2016.

The Issuer's projects under development are subject to construction, financing and operational risks.

Some of the internal processes of the Issuer for the monitoring of its projects and enforcement of its contracts are subject to continuous revision and improvement and are in some instances evolving.

At present arrangements for the regular monitoring of projects during both the construction phase and the operations phase are being carried out through regional offices and project implementation units of the Issuer. The risks which exist include those relating to non-compliance with the conditions in the model concession agreement (**"MCA"**) as well as the following:

(i) construction of the relevant project as per the specified time schedule and agreed standards;

(ii) levy of user charges strictly within the limits specified in the relevant concession agreement;

(iii) protection of user interests by ensuring that performance standards, safety and other requirements are adhered to;

(iv) preventing misuse of public assets transferred to the relevant concessionaire;

(v) preventing any leakage, diversion or mis-classification of Government revenues;

(vi) imposing and recovering penalties for breach of contract;

(vii) operating the relevant escrow account in accordance with the terms of the relevant concession agreement;

(viii) effective communication and exchange of information for monitoring and enforcement of obligations; and

(ix) supervision of the functioning of the relevant independent engineer with a view to ensuring that the engineer is discharging all its duties.

Thus, any inadequate reporting or monitoring of the Issuer's projects may affect its ability to implement the project's effective implementation. The Issuer's inability to adhere to its obligations in its project agreements could also have a material adverse effect on the cost of its projects.

The Issuer's insurance coverage may not adequately protect it against all losses it incurs in its operations or otherwise.

The Issuer maintains or contractually provides for insurance coverage of the type and in the amounts that it believes is adequate for its operations. In addition, not all risks may be insurable on commercially reasonable terms or at all. Although the Issuer believes that it has obtained insurance coverage customary for its business, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. Therefore to the extent that the Issuer suffers damage or losses which are not insured, or exceeds its insurance coverage, the loss would have to be borne by the Issuer. There can also be no assurance that the Issuer's claims will be paid, and the proceeds of any insurance claim may also not be sufficient to cover the reinstatement costs as a result of inflation, changes in regulations regarding infrastructure projects, environmental and other factors. The Issuer cannot make any assurances that material losses in excess of insurance proceeds will not occur in the future, potentially having an adverse effect on the Issuer's operations, business and financial conditions. A successful assertion of one or more large claims against the Issuer that exceeds its available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deduction or co-insurance requirement, could adversely affect its performance and operations. Further, as an internal policy the Issuer on some occasions makes pay-outs for the relevant concessionaire's workforce, such as if the concessionaire fails to keep in force all insurances for which it is responsible. The Issuer may, at its option, obtain the insurance policies and/or pay the insurance premium and keep the relevant policy in force. The Issuer does, however, have the option to recover the premium from the relevant concessionaire or contractor.

The Issuer may be unable to obtain environmental clearances from competent authorities in a timely manner or at all, and the lack of such permissions could adversely affect its projects.

The Issuer's ability to commence its projects depends on it obtaining certain environmental approvals from the relevant governmental authorities. In the event that any such environmental approvals are not received on a timely basis or at all, the commencement of the relevant project or ongoing construction in such projects will be adversely affected, which may have a material adverse impact on the Issuer's business, financial condition and results of operations.

The Issuer does not own the premises from which most of its regional offices and project implementation unit offices operate.

The Issuer's offices including regional offices and project implementation unit offices are on a lease or a leave and licence basis. The Issuer does not own most of its regional offices, project implementation offices or its head office. Any failure on the Issuer's part to execute and/or renew leave and licence agreements and/or lease deeds in connection with such offices or the failure to locate alternative offices in case of termination of the leases and/or leave and license agreements in connection with any branch could adversely affect the ability of the Issuer to efficiently carry out its operations.

The Issuer's operations are subject to physical hazards and similar risks that could expose it to material liabilities, reduced inflows and increased execution costs.

The Issuer's operations are subject to operational risks as well as project implementation risks. There are hazards inherent in construction projects such as the risk of equipment failure, impact from falling objects, collision, work accidents, fire or explosion and other hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. The Issuer also does not have a structured and documented environmental and social management system to address the issues relevant to its sector. Further, the Issuer also assumes liability for defects in connection with any design or engineering work provided by the contractors. Although the Issuer sub-contracts its construction work, it may still be liable for accidents during the construction and operation of its projects. Any of the foregoing factors could have a material adverse effect on the financial condition, reputation and results of the Issuer's operations.

There have been instances where certain present and past employees of the Issuer have been found to have indulged in criminal behaviour detrimental to the Issuer's business and reputation.

There have been instances where certain present and past employees of the Issuer have been found to have indulged in criminal behaviour detrimental to the Issuer's business and reputation. The allegations against such present and past employees include (i) an employee being involved in allocating land to a third party at a concessional price; (ii) certain employees being involved in irregularities in the construction work on certain national highways; (iii) certain employees being involved in diversion of money allocated for land compensation; (iv) certain employees causing loss to the Issuer as a result of a discrepancy a financial bid not being corrected; and (v) certain employees abusing their official position and favouring a particular construction company.

In relation to some of these matters, the Issuer and the relevant authorities have taken action, including disciplinary action and/or initiation of criminal proceedings against the individuals concerned. While the Issuer maintains training programmes, codes of conduct and other safeguards designed to prevent the occurrence of every instance of bribery or corruption, it may not be possible for the Issuer to detect or prevent every instance of bribery and corruption by its employees or joint venture partners.

Incidents such as those described above will affect the Issuer's reputation, its financial condition and its results of operations.

There have been adverse media reports in relation to the Issuer, its business, and its employees

There have also been various adverse media reports concerning certain present and past employees of the Issuer, opposition from local communities and other parties to the Issuer's projects and from special interest groups such as environmental groups and in relation to the perceived negative impact such activities are having on the local community and the environment.

Such adverse media reports can affect the Issuer's reputation, its ability to implement its projects successfully and therefore its financial condition and results of operations.

The Issuer's operations could be adversely affected by strikes, work stoppages or increased wage demands by its own or its contractors' work force or any other kind of disputes involving the Issuer's work force.

As of 31 December 2016, on an unconsolidated basis, the Issuer had 324 permanent employees. While the Issuer considers its current labour relations to be good, there can be no assurance that future disruptions in the form of strikes or work stoppages may not be experienced due to disputes or other problems with its work force. Such disruptions may adversely affect its business and results of operations.

On many of the Issuer's projects, the Issuer engages external contractors and third parties for construction work and other services in connection with its projects. The number of contract labourers employed by the Issuer varies from time to time based on the nature and extent of work contracted to independent contractors. These third parties include engineers, contractors, suppliers of labour and materials and maintenance service agencies and they may not perform their services in a satisfactory manner thereby exposing the Issuer to certain risks including delays and an inability to complete its projects in a timely manner. The quality of construction of the projects developed by the Issuer depends on the availability and skill of third parties, which may be adversely affected by strikes and lock-outs.

There can be no assurance that skilled contractors and third parties will continue to be available at reasonable rates and in the areas in which the projects are being implemented. As a result, the Issuer may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services and any delay in project execution could adversely affect its profitability.

Any inability to attract, recruit and retain skilled personnel could adversely affect results of the Issuer's operations.

The Issuer is highly dependent on its Members, senior management and other key personnel including skilled project management personnel for managing its business. The Issuer may also face strong competition in recruiting and retaining skilled and professionally qualified staff. Due to the limited pool of skilled personnel in the Issuer's industry, competition for senior management, commercial and finance professionals and engineers in the Issuer's industry is intense. The loss of the services of the Issuer's Members, senior management or other key personnel or the Issuer's inability to recruit or train a sufficient number of experienced personnel or its inability to manage the attrition levels in different employee categories may have an adverse effect on the Issuer's results of operations.

Opposition from local communities and other parties may adversely affect the Issuer's operations and financial condition.

The construction and operation of the Issuer's current and future projects may face opposition from local communities and other parties where these projects are located and from special interest groups such as environmental groups. Such opposition may arise in response to any proposed land acquisition, the intended operations of the Issuer in that particular area and the perceived negative impact such activities may have on the local community and the environment. Any significant opposition by local communities, environmental groups, non-governmental organisations and other parties to the projects of the Issuer may delay project implementation and adversely affect the Issuer's operations and financial condition.

The Issuer is subject to risks arising from construction contracts.

The risks associated with the Issuer's contractual arrangements are directly linked to the risks of non-performance, default and disputes arising from the underlying construction contracts. The different kinds of contracts which the Issuer manages for its construction activities and the associated risks relate to its PPP projects for which MCAs have been developed, its Operate, Maintain and Transfer (**"OMT"**) projects and its EPC projects

i) Build, Operate and Toll (BOT)

Land acquisition risk: The Issuer is responsible for acquiring land for a project on behalf of MoRTH and the Issuer provides all reasonable support and assistance to the concessionaire in procuring applicable permits required from any government authority. In the event of a delay in procuring the applicable permits the Issuer may have to compensate the concessionaire which may be in form of an increase in the concession period.

Force Majeure Risk: Force majeure covers, *among others*, the following events which pose a risk to the execution of construction projects:

Non-Political Events

a. act of God, epidemic, extremely adverse weather conditions, radioactive contamination, ionising radiation, fire or explosion;
b. strikes or boycotts; and
c. the discovery of geological conditions, toxic contamination or archaeological remains on the site (together, **"Non-Political Events"**).

Indirect Political Events

a. an act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, riot, insurrection, terrorist or military action;
b. civil commotion or politically motivated sabotage which prevents collection of tolls and/or fees;
c. industry-wide or state-wide or India-wide strikes or industrial action which prevent collection of tolls and/or fees; and
d. any failure or delay of a contractor to the extent caused by any Indirect Political Event and which does not result in any offsetting compensation being payable by the concessionaire by or on behalf of such contractor;

(together, **"Indirect Political Events"**).

Political Events

a. change in law effected by any governmental agency, if consequences thereof cannot be dealt with under and in accordance with the provisions of the relevant concession agreement;
b. compulsory acquisition in national interest or expropriation of any project assets or rights of the concessionaire or of the contractors by any governmental agency;
c. unlawful or unauthorised or without jurisdiction revocation of or refusal to renew or grant without valid cause any consent or approval required by developer;
d. any failure or delay of a contractor but only to the extent caused by another Political Event and which does not result in any offsetting compensation being payable to the concessionaire by or on behalf of such contractor (together, **"Political Events"**).

Disputes risk: Any dispute arising out of or in relation to the relevant concession agreement. See section - *"Legal and other information - Outstanding Litigation and Material Developments"* .

Issuer Event of Default: In the event of the occurrence of a default specified in the relevant concession agreement which has not been cured within the applicable cure or remedy period as specified in the relevant concession agreement, the Issuer shall be deemed to be in default and the concessionaire shall have the right to terminate the relevant concession agreement. Any default by the Issuer under the concession agreement poses a risk of non-completion of a project or a risk of delay in the completion of a project.

Concessionaire Event of Default: A default by a concessionaire may result in delays to the completion of a project or in the effective management of an already completed project.

Termination Payment Liability: The MCA sometimes provides for payment to the project lender(s) in the event of a termination of the concession after the completion of the construction of an amount equal to the debt due on the date of termination and thereafter the project highway is transferred to the Issuer. This puts additional liability on the Issuer to directly or indirectly operate and maintain the project highway.

Contract Monitoring Risk: Although there are detailed guidelines for the award of contracts to concessionaires, the institutional mechanisms for the monitoring and enforcement of PPP contracts is yet to be implemented. There is a risk that the implementation of PPP projects may not be sufficiently monitored owing to a satisfactory reporting process for monitoring on-site performance of contracts not being in place.

Risk arising from the international competitive bidding process and consultant selection: There is a risk arising from any misstatement or misrepresentation being made by a prospective concessionaire during the bidding process. If the disclosure made by a concessionaire is not true and they do not have the relevant expertise to implement a project, it may negatively affect the successful execution of the relevant project.

Insurance liability for the employees of concessionaire in case of default: If the concessionaire fails to keep in force all insurances for which it is responsible, the Issuer may be required to keep the insurance policies effective to pay the insurance premium. The Issuer does however have the option to recover the premium from the concessionaire or to deduct it from subsequent payments.

ii) OMT contracts:

Under OMT agreements, the Issuer is exposed to the following risks:

a. Under the relevant OMT agreement the Issuer has to procure the right of way to the site as a condition precedent within a specified period of time. Any delay in procuring this right of way may entitle the concessionaire to claim damages at a specified percentage of the performance security.
b. The Issuer undertakes the risk of maintaining and protecting the construction works during any suspension of the concessionaire.
c. In the event of default or breach of the relevant OMT agreement by the Issuer, its liability is calculated based on all direct costs suffered by the concessionaire as a consequence of such breach. This compensation may also include interest payment on debt.
d. If the concessionaire fails to keep in force all insurances for which it is responsible, the Issuer is bound to either pay the insurance premium and keep the policies effective. The Issuer does however have the option to recover the premium from the concessionaire or to deduct it from subsequent payments.

iii) EPC contracts

In addition to the above types of construction contracts, the Issuer has also awarded selected highway projects to private sector participants under EPC contracts.

Some of the risks the Issuer may be exposed to under EPC contracts would include the following:

a. Under the relevant EPC contract the Issuer has to procure the right of way to the site as a condition precedent within a specified period of time. Any delay in procuring this right of way will entitle the relevant contractor to claim damages from the Issuer.
b. Additionally, the Issuer has to ensure that traffic worthiness and safety of the relevant road or highway is maintained. In the case of unforeseen events, such as floods or earthquakes causing excessive deterioration or damage to a particular highway the Issuer also has to maintain and protect the construction works during the period of suspension of the relevant contractor. Such a liability to maintain may lead to increased works costs.
c. If the relevant contractor fails to keep in force all insurances for which it is responsible, the Issuer, shall be bound to pay the insurance premium and keep the insurance policies effective. The Issuer does however have the option to recover the premium from the contractor or to deduct it from subsequent payments.
d. Any dispute arising out of or in relation to the relevant EPC contract between the parties is a risk for the Issuer. The mechanism for dispute resolution is typically provided in the relevant EPC contract. Such disputes materially affect project completion and execution and are a major risk.
e. The price quoted by a contractor is to be paid by the Issuer and the Issuer is exposed to the risk of price escalation related to labour or other materials necessary to carry out the project.
f. The Issuer is liable to compensate the relevant contractor for any increase in cost to the contractor due to a change and/or modification in any applicable law.
g. Upon termination of an EPC contract, the Issuer is bound to pay to the contractor a portion of the cost of those works that would not have commenced or have not been completed. Also, on the date of termination or suspension, as the case may be, the maintenance and operation of the project highway is transferred to the Issuer. This puts additional liability on the Issuer to directly or indirectly operate and maintain the project highway.

iv) Hybrid Annuity Model:

The Finance Minister during his budget speech for Fiscal 2016 announced the Government's intentions to revisit the existing PPP models. Following the announcement by the Finance Minister, broad guidelines for a Hybrid Annuity model were announced by the Issuer. The Hybrid Annuity model combines the EPC and BOT (Annuity) models, whereby Government and private enterprises share the bid project cost in the ratio of 40:60 during the construction period. The project is awarded to the developer quoting the lowest project life cycle cost where **"project life cycle cost"** means the net present value of the quoted bid project cost plus the net present value of the operations and maintenance costs for the operational period. The Government funds 40 per cent. of the bid project cost, as determined by the bidder, in five equal instalments during the construction period. The private party bears the remaining 60 per cent. of the project cost, through a combination of equity contributions and debt. The proportion borne by the private party during the construction period is expected to be recovered from the Issuer through annuity payments spread over a period of time. Project costs are inflation linked (through a price index multiple) (**"PIM"**), which is the weighted average of the wholesale price index (**"WPI"**) and consumer price index (**"CPI"**) in the ratio of 70:30. The bid project cost adjusted for variation between the price index occurring between the reference index preceding the bid date and reference index date immediately preceding the appointed date shall be deemed to be the bid project cost at the commencement of construction. Bid project cost shall be adjusted to variations in PIM on a monthly basis until the commencement of operations. Further the Government also retains the revenue risk as it remains responsible for the collection of toll revenue upon completion. On the other hand the private participant will bear construction, operations and maintenance risks. Since the Government will bear 40 per cent. of the project cost during the construction phase, the returns to the private developer in the form of annuities during the operating phase will be proportionately lower when compared with normal annuity projects fully funded by a private developer. When compared with EPC projects, it is expected that a shift to the Hybrid Annuity model would ease the cash flow pressure on the Issuer as it would have to provide only 40 per cent upfront funding spread over the 30-36 months of the construction period, and the private participant would be required to bear the balance 60 per cent. of the project cost through a combination of its equity contribution and debt raised from the market. Further, the 60 per cent. of the project cost borne by the private participant during the construction period is to be recovered from the Issuer in terms of annuity payments spread over a period of 15 years. Therefore, the Issuer's own upfront funding requirement will be lower in the case of the Hybrid Annuity Model compared with EPC model. Further, the annuity nature of the projects would eliminate traffic related risks thereby improving ease of financial close and refinancing ability post project completion. However, a lot would depend on the Issuer's ability to ensure right of way availability and approvals before awarding these projects.

The inherent risks comprised of in the Hybrid MCA include amongst others:

Force Majeure Risk

Force majeure covers events which pose a risk to the construction projects execution, namely any or all of Non-Political Event(s), Indirect Political Event(s) and Political Event(s) occurring in India as previously discussed under "*Build, Operate and Toll - Force Majeure Risk*".

Termination Risk

There is also the risk of termination arising from either Political Events and also Non-Political Events. The MCA provides for payment to the relevant concessionaire in the case of a termination of the relevant concession agreement and the project highway being transferred to the Issuer. This puts additional liability on the Issuer to directly or indirectly operate and maintain the project highway.

RISKS RELATING TO INDIA

Financial instability in other countries may cause increased volatility in Indian financial markets

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, Russia, the Middle East and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm the Issuer's business and its future financial performance.

Recent developments in the Eurozone have exacerbated the on-going global economic crisis. Large budget deficits and rising public debts in Europe triggered sovereign debt finance crises that resulted in the bailouts of some European economies and elevated the risk of government debt defaults, thereby forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Moreover, in 2012, the sovereign ratings of various European Union countries were downgraded. Financial markets and the supply of credit could continue to be negatively impacted by on-going concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union.

In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects. In the event that the current adverse conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on the Issuer's business and future financial performance.

On 23 June 2016, the United Kingdom held a referendum on its membership of the European Union and voted to leave (**"Brexit"**). On 29 March 2017 the UK government gave notice (the **"Article 50 Notice"**) to the President of the European Council of its intention to withdraw from the EU pursuant to Article 50 of the Treaty on European Union (**"Article 50"**). The delivery of the Article 50 Notice triggered the commencement of a negotiation process between the UK and the EU in respect of the arrangements for such withdrawal. Article 50 provides for a two year period for such negotiations to take place.

The delivery of the Article 50 Notice introduces significant new uncertainties and instabilities in the financial markets. There is significant uncertainty at this stage as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets.

These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and global credit and financial markets.

The Issuer may be adversely affected by the Central Government's decision to withdraw the legal tender status of Rs. 500 and Rs. 1,000 denominations of banknotes issued by the RBI, which could have a material adverse effect on the Issuer's business, results of operations and financial condition.

Through notifications issued by the Ministry of Finance and the RBI, banknotes of denomination of Rs. 500 and Rs. 1000 have ceased to be legal tender (the **"Demonetisation of Banknotes"**). According to the RBI, the Demonetisation of Banknotes is aimed at the reduction of cash hoarding, redressing the counterfeiting of Indian banknotes and other counterfeit activities relating to the funding of terrorism.

The revenue of the Issuer depends on the collection of toll from highways developed by it. Due to Demonetisation of Banknotes, the Government had suspended toll-collection from 9 November 2016 to 2 December 2016. There has been a significant drop in the toll revenue collected as a result of the suspension of toll-collection due to the Demonetisation of Banknotes. Any similar action by the Government in the future may adversely affect the business and financial condition of the Issuer.

Any adverse change in India's credit rating by an international rating agency could adversely affect the Issuer's business and profitability

In May 2013, Standard & Poor's, an international rating agency, reiterated its negative outlook on India's credit rating. It identified India's high fiscal deficit and heavy government borrowing as the most significant constraints on its ratings, and recommended the implementation of reforms and containment of deficits. In June 2013, Fitch, another international rating agency, returned India's sovereign outlook to "stable" from "negative" a year after its initial downgrade of the outlook, stating that the authorities had been successful in containing the upward pressure on the Central Government budget deficit in the face of a weaker-than-expected economy and that the authorities had also begun to address structural factors that have weakened the investment climate and growth prospects. Similarly, Standard & Poor's upgraded its outlook on India's sovereign debt rating to "stable" in September 2014 and reaffirmed such rating in November 2016, while reaffirming the "BBB-" long-term rating on bonds. Standard & Poor's stated that the revision reflects the view that India's improved political setting offers an environment which is conducive to reforms that could boost growth prospects and improve fiscal management. Going forward, the sovereign ratings outlook will remain dependent on whether the Central Government is able to transition the economy out of a low-growth and high inflation environment, as well as exercise adequate fiscal restraint. Any adverse change in India's credit ratings by international rating agencies may adversely impact the Issuer's business and limit its access to capital markets.

Any volatility in the exchange rate may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which may impact the Issuer

Capital inflows into India have remained extremely volatile responding to concerns about the domestic macroeconomic landscape and changes in the global risk environment. A substantial decline in the import bill, mainly on account of lower crude oil prices led to a significant narrowing in the trade deficit that in turn reduced the size of the current account deficit. However, the primary challenge for the Rupee was the volatile swings in capital flows. The Rupee recorded a high of 68.7 to the U.S. dollar and a low of 64.84 to the U.S. dollar during the 12 month period up to 31 March 2017. The Rupee may come under pressure given the increased likelihood of a gradual reversal in US monetary policy that may result in a rotation of global fund flows from emerging markets to the US markets over the medium term. Although the Rupee is less vulnerable given the improvements in the current account deficit and visible moderation in inflation rates, there remains a possibility of needing to intervene in the foreign exchange market to control volatility of the exchange rate. The need to intervene at that point in time may result in a decline in India's foreign exchange reserves and subsequently reduce the amount of liquidity in the domestic financial system. This in turn could impact domestic interest rates.

Political instability or changes in the Government in India could delay the liberalisation of the Indian economy and adversely affect economic conditions in India generally, which would impact the Issuer's financial results and prospects

Since 1991, successive Indian Governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Central and Government and State Governments in the Indian economy as producers, consumers and regulators remain significant as independent factors in the Indian economy. In 2014, further to the election of a pro-business majority Government, there has been a distinct increase in expectations for policy and economic reforms of the Indian economy. There is no guarantee that the new Government will be able to enact an optimal set of reforms or that any such reforms would continue or succeed if there were a change in the current majority leadership in the Government in the future. There is also no guarantee that the Government will announce an optimal set of reforms or policies in the future. The rate of economic liberalisation is subject to change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in the Issuer's securities are continuously evolving as well. Other major reforms that have been proposed are the goods and services tax, the direct tax code and provisions relating to the General Anti-Avoidance Rule (the **"GAAR"**). Any significant change in India's economic liberalisation, deregulation policies or other major economic reforms could adversely affect business and economic conditions in India generally and the Issuer's business in particular.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely impact the Issuer's business, the trading price of the Notes could decrease and lead to a loss of confidence and impair travel, which could reduce its customers' appetite for its products and services

Terrorist attacks, such as those which took place in Mumbai in November 2008, and other acts of violence or war may negatively affect impact the Issuer's business, the trading price of the Notes and the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and as a result ultimately adversely affect its business. In addition, any deterioration in relations between India and Pakistan or between India and China might result in investor concern about stability in the region, which could adversely affect the trading price of the Notes.

India has also witnessed civil disturbances in recent years and future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on the Issuer. Such incidents also create a greater perception about investment in Indian companies involving a greater degree of risk, which in turn could have an adverse impact on the Issuer's business.

Natural disasters could have a negative impact on the Indian economy and damage the Issuer's facilities.

Natural disasters such as floods, cyclones, earthquakes or famines have in the past had a negative impact on the Indian economy. If any such event were to occur, the business of the Issuer could be affected due to the event itself or due to our inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure and the loss of business continuity or business information. In the event that the facilities of the Issuer are affected by any of these factors, its operations may be significantly interrupted, which may materially and adversely affect its business, financial condition and results of operations.

The proposed new taxation system in India could adversely affect the business of the Issuer.

The Government has proposed a major reform in Indian tax laws, namely the provisions relating to the GAAR. The provisions of GAAR have been introduced in the Finance Act, 2012 and have come into effect from 1 April, 2017. The GAAR provisions intend to target and tax arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (i) creates rights or obligations which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the IT ACT; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. The consequences of the implementation of GAAR cannot be determined at present and there can be no assurance that such effects would not adversely affect the business of the Issuer and its future financial performance

RISKS RELATING TO AN INVESTMENT IN INR DENOMINATED NOTES

The Issuer, being a statutory authority constituted under a special law, has certain statutory provisions applicable to it which could impose restrictions and impediments in any attempt to recover the principal or interest due and payable to Noteholders by the Issuer or to liquidate the Issuer.

The Issuer was established under the NHAI Act as an authority. Section 28 of the NHAI Act provides immunity to the Issuer against legal proceedings for acts performed or damages caused in good faith by it. Although the Issuer has contractually waived the immunity in the Terms and Conditions of the Notes, as judicial pronouncements have held that such a statutory right cannot be waived if the waiver affects public interest or public policy, there can be no assurance that any action brought by any Noteholders including but not limited to an action to accelerate the Notes upon the occurrence of any Event of Default including a default in payment of interest or principal, will not be held to be against public interest or public policy.

Further, as the Issuer is not a company incorporated under the Companies Act, the Insolvency and Bankruptcy Code, 2016 which creates an institutional framework and facilitates a formal time-bound insolvency resolution and liquidation process is not applicable to the Issuer and the Noteholders will not be able to initiate action for liquidation or winding up of the Issuer even upon the occurrence of an Event of Default.

Further, the provisions of the Companies Act 2013 and the rules made thereunder including the Companies (Acceptance of Deposit) Rules, 2014 (**"Deposit Rules"**) do not apply to the Issuer. The Deposit Rules, *inter alia* impose certain obligations on companies taking ‘deposits’ (as defined in the Deposit Rules) to safeguard the rights of the investors providing such deposits. However, since the Issuer is not a company incorporated under the Companies Act, 2013 it is not required to comply, *inter alia* with the Deposit Rules and the safeguards available to noteholders of companies will not be available to the Noteholders.

In addition, the Noteholders and the Issuer have agreed that the courts of England will have the jurisdiction to adjudicate any dispute which arises in connection with the Notes. Recognition and enforcement of foreign judgments is subject to conditions provided under section 13 and section 44A of the Civil Code. For further details, see "*Enforceability of Civil Liabilities*". There can be no assurance that a judgement passed by an English court brought in an Indian court for enforcement will be enforceable against the Issuer.

Early redemption of the Notes prior to their stated maturity requires the prior approval of the RBI

Any early redemption of the Notes (whether due to certain tax events described in Condition 6.2 (*Redemption for Tax Reasons*) or due to an Event of Default as specified in Condition 9 (*Events of Default and Enforcement*) or otherwise) may require the prior approval of the RBI. Compliance with any conditions specified in any such RBI approval will be required. There can be no assurance that the RBI will provide such approval in a timely manner or at all.

The Notes may be redeemed prior to maturity due to certain tax events

The Terms and Conditions of the Notes provide that the Notes are redeemable at the Issuer's option due to certain tax events as described in Condition 6.2 (*Redemption for Tax Reasons*), which includes, *inter alia*, application or official interpretation that interest income from the Notes in the case of non-resident holders is subject to withholding tax at a rate in excess of 5 per cent. plus applicable surcharge and cess. In accordance with Condition 6.2 (*Redemption for Tax Reasons*), the Issuer may choose to redeem the outstanding Notes at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes. Even if the Issuer does not exercise its option to redeem the Notes, its ability to do so may adversely affect the value of the Notes. See also " – *Early redemption of the Notes prior to their stated maturity requires the prior approval of the RBI*".

INR denominated Notes are subject to exchange rate risks and exchange controls

India maintains a managed floating exchange rate system under which market forces determine the exchange rate for the INR. Under the RBI's policies, the RBI may intervene in the market to maintain orderly market conditions and limit sharp fluctuations in the exchange rate. The RBI's foreign exchange policies objectives include maintaining price stability, promoting and maintaining monetary stability and the convertibility of the INR, protecting its international reserves during times of impending or on-going exchange crises or national emergencies.

The Notes are denominated in INR and payable in U.S. dollars. This entails risks which are not associated with a similar investment in a USD denominated security. Such risks include, without limitation, the possibility of significant changes in the exchange rate between INR and U.S. dollars if such currency risk is unhedged and the possibility of imposition or modification of exchange controls by the RBI. Such risks are usually dependent on various economic and political events over which the Issuer does not have any control. Recently, exchange rates have been volatile and such volatility is expected in the near future as well, so the risk pertaining to exchange rate fluctuation persists. However, the recent fluctuations in exchange rates are not indicative in nature. If INR depreciates against U.S. dollars the effective yield on the Notes will decrease below the interest rate on the Notes, and the amount payable on maturity may be less than the investment made by the investors. This could result in a total or substantial loss of the investment made by the investor towards the Notes. Rates of exchange between U.S. dollars and INR may be significantly varied over time. However, historical trends do not necessarily indicate future fluctuations in rates and should not be relied upon as indicative of future trends. Political, economic or stock exchange developments in India or elsewhere could lead to significant and sudden changes in the exchange rate between INR and U.S. dollars.

The overseas investors will be eligible to hedge their exposure in Rupee through permitted derivative products with Authorised Dealer Category-I banks (**"AD Bank"**) in India, being authorised dealers permitted to carry out all current and capital account transactions according to RBI directions issued from time to time. The investors may also access the domestic market through branches/subsidiaries of Indian banks abroad or branches or foreign banks with an Indian presence on a back-to-back basis.

INR "Non-convertibility"

The convertibility of a currency is dependent, *inter alia*, on international and domestic political and economic factors, and on measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by revaluation or revaluation of a currency, or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency. The taking of any one or more of such measures could adversely affect the value of the Notes as well as any amount which may be payable upon redemption of the Notes.

The Notes are subject to selling restrictions and may be transferred only to a limited pool of investors

The Notes can only be issued to and held by investors from jurisdictions which (a) are in compliance with the FATF recommendations; or (b) whose securities market regulator is a signatory to the International Organization of Securities Commission's (**"IOSCO"**) Multilateral Memorandum of Understanding; or (c) whose securities market regulator is a signatory to a bilateral Memorandum of Understanding with SEBI for information sharing arrangements. Foreign branches of Indian banks cannot subscribe or hold the Notes. Furthermore, the Notes cannot be offered or sold to any person resident in India. As a result, the Notes can only be transferred to a limited group of investors resulting in restricted liquidity of the Notes. See also – "*Subscription and Sale – India*"

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES

Risks related to the Notes

Set out below is a brief description of certain risks relating to the Notes:

The Notes are not guaranteed by the Central Government or any related entity

The Issuer is an autonomous authority of the Central Government under the MoRTH and responsible for the development, maintenance and management of the national highways entrusted to it by the Central Government. A large part of the Issuer's funding comes from capital grants in the form of cess and toll plough back from the Central Government, However the Notes do not have the benefit to any guarantee or credit protection from the Central Government or any related entities. The ability of the Issuer therefore to satisfy its obligations under the Notes, is dependent upon the Issuer's business and the successful implementation of its projects.

Modification, waivers and substitution

The Terms and Conditions of the Notes and the Trust Deed (as defined in the "*Terms and Conditions of the Notes*" contain provisions for convening meetings of Noteholders (as defined in the "*Terms and Conditions of the Notes*") to consider any matter affecting their interests. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes and the Trust Deed also provide that the Trustee may, without the consent of the Noteholders, to any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders to do so or may agree, without any such consent as aforesaid, to any modification which is, in its opinion, of a formal, minor or technical nature or to correct a manifest error, an error which is, in the opinion of the Trustee, proven or an error for the purposes of compliance with mandatory provisions of laws.

The Trust Deed contains provisions under which the Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under the Terms and Conditions) as the principal debtor under the Notes and the Trust Deed of an entity owned or controlled by the Issuer, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied, in its absolute discretion, that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice in the United Kingdom after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

The Issuer is not prohibited from issuing further debt which may rank pari passu with the Notes. The Issuer is also not prohibited from issuing secured debt in the future which may result in investors in the Notes being contractually subordinated to the secured debt.

There is no restriction on the amount of debt securities that the Issuer may issue that rank pari passu with the Notes. The issue of any such debt securities may reduce the amount recoverable by investors in the Notes upon the Issuer's bankruptcy, winding-up or liquidation. The Issuer is also not prohibited from issuing secured debt in the future which may result in the investors in the Notes being contractually subordinated to any such secured debt issued by the Issuer in the future.

The Trustee may request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including, without limitation, the giving of notice under Condition 12 (*Notices*) and the taking of enforcement proceedings under Condition 9 (*Events of Default and Enforcement*)), the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or pre-funded and/or secured to its satisfaction before it takes actions on behalf of the Noteholders. The Trustee shall not be obliged to take any such actions if it is not indemnified, pre-funded or secured to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity to it, in breach of the terms of the Trust Deed and the Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the Trust Deed and the Conditions and applicable laws and regulations, it will be for the Noteholders to take such actions directly.

Noteholders are required to rely on the procedures of the relevant clearing system and its participants while the Notes are cleared through the relevant clearing system

The Notes will be represented on issue by a Global Certificate that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in such Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in such Global Certificate held through it. While the Notes are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by a Global Certificate, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in such Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in such Global Certificate. Holders of beneficial interests in such Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Remittances of funds outside India pursuant to indemnification by the Issuer or other payments in relation to the Notes requires prior RBI approval

Remittance of funds outside India by the Issuer pursuant to indemnity clauses or other similar payments under the Terms and Conditions of the Notes, Trust Deed, Agency Agreement (as defined in the "*Terms and Conditions of the Notes*") or any other agreements in relation to the Notes requires prior RBI approval. Any approval, if and when required, for the remittance of funds outside India is at the discretion of the RBI and the Issuer can give no assurance that it will be able to obtain such approvals.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk and interest rate risk:

The secondary market generally

The Notes may have no established trading market when issued and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **"Investor's Currency"**) other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

An investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Information relating to the Issuer

There is less publicly available information about the Issuer compared to its peers whose securities are listed on any recognised stock exchange in India or in other developed economies.

TERMS AND CONDITIONS OF THE NOTES

The following, subject to alteration and except for the paragraphs in italics, are the Terms and Conditions of the Notes which will be incorporated by reference into the Global Certificate and each Definitive Note Certificate.

The Notes are issued by the National Highways Authority of India (**"Issuer"**) and are constituted by, are subject to, and have the benefit of, a trust deed dated on or around 18 May 2017, (such trust deed as modified and/or supplemented and/or restated from time to time, the **"Trust Deed"**) made between the Issuer and The Bank of New York Mellon, London Branch (**"Trustee",** which expression shall include any successor as Trustee).

References herein to the Notes shall include:

(i) Notes represented by the global certificate in registered form (the **"Global Certificate"**); and

(ii) definitive Notes in registered form without receipts, coupons or talons attached (the **"Definitive Note Certificates"**), whether or not issued in exchange for the Global Certificate.

For Indian regulatory purposes, the Notes constitute "Rupee denominated bonds" as per the RBI Master Directions RBI/ FED/2015 2016FED Master Direction No. 5/2015 16, dated 1 January 2016 as amended (the **"ECB Regulations"**).

The Notes will not be offered as security, sold or transferred on the secondary market to any person who does not comply with the FATF Requirements; or who is from a jurisdiction whose securities market regulator is a signatory to the IOSCO's Multilateral Memorandum of Understanding or a signatory to bilateral Memorandum of Understanding with the Securities and Exchange Board of India (**"SEBI"**) for information sharing arrangements.

The Notes have the benefit of an agency agreement dated on or around 18 May 2017 (such agency agreement as amended and/or supplemented and/or restated from time to time, the **"Agency Agreement"**) made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the **"Principal Paying Agent"**, which expression shall include any successor principal paying agent, and, together with any additional paying agents appointed in accordance with the Agency Agreement, the **"Paying Agents"**, which expression shall, unless the context otherwise requires, include any successor paying agents), The Bank of New York Mellon SA/NV, Luxembourg Branch as transfer agent (the **"Transfer Agent"**, which expression shall include any substitute or any additional transfer agents appointed in accordance with the Agency Agreement) and The Bank of New York Mellon, London Branch as calculation agent (the **"Calculation Agent"**, which expression shall include any successor calculation agent appointed in accordance with the Agency Agreement) and The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the **"Registrar"**, which expression shall include any successor registrar), and together with the Paying Agents, the Transfer Agent and the Calculation Agent, the **"Agents"**).

Any reference to **"Noteholders"** or **"holders"** in relation to the Notes shall mean the holders of the Notes and shall, in relation to the Notes whilst represented by a Global Certificate, be construed as provided below. The Trustee acts for the benefit of the Noteholders in accordance with the provisions of the Trust Deed.

Copies of the Trust Deed and the Agency Agreement are available for inspection upon written request between 9.30 a.m. and 3.30 p.m. (London time) Monday to Friday (excluding public holiday) and satisfactory proof of holdings at the principal place of business for the time being of the Trustee, being as at the date of issue of the Notes One Canada Square, London, E14 5AL, United Kingdom. The Noteholders, are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed and the Agency Agreement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed and the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail.

1. Form, Denomination and Title

The Notes are in registered form in the minimum denominations of Indian Rupee (**"INR"**) 10 million and denominations which are integral multiples of INR 10 million in excess thereof, and shall be payable in U.S. dollars.

Title to the Notes will pass upon registration of transfers in the Register (as defined in Condition 5.4 (*Payments in respect of the Notes*)) which the Issuer will procure to be kept by the Registrar outside the United Kingdom. The Issuer, the Trustee, the Principal Paying Agent, any Paying Agent, the Registrar and the Transfer Agent may deem and treat any person in whose name a Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of the Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as the Notes are represented by the Global Certificate held by a common depositary on behalf of Euroclear Bank SA/NV (**"Euroclear"**) and/or Clearstream Banking, S.A. (**"Clearstream, Luxembourg"**) each person (other than Euroclear or Clearstream, Luxembourg or its nominee) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, any Paying Agent, the Registrar and the Transfer Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the registered holder of the Global Certificate shall be treated by the Issuer, the Trustee, any Paying Agent, the Registrar and any Transfer Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the Global Certificate and the expressions **"Noteholder"** and holder of Notes and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may be approved by the Issuer, the Trustee and the Principal Paying Agent.

2. Transfers of Registered Notes

2.1 Transfers of Interests in the Global Certificate

Transfers of beneficial interests in the Global Certificate will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in the Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Global Certificate registered in the name of a nominee for Euroclear or Clearstream, Luxembourg shall be limited to transfers of such Global Certificate, in whole but not in part, to another nominee of Euroclear or Clearstream, Luxembourg or to a successor of Euroclear or Clearstream, Luxembourg or such successor's nominee.

2.2 Transfers of Notes Generally

Holders of Definitive Note Certificates may exchange such Definitive Note Certificates for interests in the Global Certificate at any time. Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Note Certificate may be transferred in whole or in part (in the authorised denominations). In order to effect any such transfer: (i) the holder or holders must (a) surrender the Definitive Note Certificate for registration of the transfer of the Definitive Note Certificate (or the relevant part of the Definitive Note Certificate) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, be satisfied with the documents of title and the identity of the person making the request and subject to such regulations as the Issuer, the Trustee, the Registrar, or as the case may be, the relevant Transfer Agent may prescribe (such initial regulations being set out in Schedule 1 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Definitive Note Certificate of a like aggregate nominal amount to the Definitive Note Certificate (or the relevant part of the Definitive Note Certificate) transferred. In the case of the transfer of part only of a Definitive Note Certificate, a new Definitive Note Certificate in respect of the balance of the Definitive Note Certificate not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the transferor.

2.3 Costs of Registration

Registration of transfers will be effected without charge by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to it which the relevant Noteholder shall pay to the relevant tax or other government authority, provided that the Issuer shall not be responsible for any documentary stamp tax payable on the transfer of Notes effected in the Republic of India (**"India"**) unless the Issuer is the counterparty directly liable for that documentary stamp tax and in no circumstances will any Paying Agent, Registrar, Transfer Agent or Calculation Agent be liable for documentary stamp tax or any other taxes or governmental charges payable on the transfer of Notes affected in India.

3. Status

3.1 Status of the Notes

The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsubordinated and unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

4. Interest

4.1 Interest on the Notes

The Notes bear interest on their outstanding nominal amount annually from (and including) 18 May 2017 (the **"Issue Date"**) at the rate of 7.30 per cent. per annum (the **"Rate of Interest"**). Interest will be payable in arrear on 18 May in each year (an **"Interest Payment Date"**) up to (and including) 18 May 2022 (the **"Maturity Date"**).

Interest on the Notes will accrue from (and including the Issue Date) or, if paid on the immediately preceding Interest Payment Date, from (and including) such immediately preceding Interest Payment Date to, but excluding, the next succeeding Interest Payment Date. Each period beginning on (and including) the Interest Payment Date following the Issue Date and ending on (but excluding) the next Interest Payment Date is called a **"Regular Period"**.

Where interest is to be calculated for a Regular Period, it shall be paid at a fixed amount of INR 730,000 per Calculation Amount payable in U.S. dollars by applying the following formula:

INR 730,000 divided by the Reference Rate (as defined in Condition 5.2 (*Payments of Principal and Interest*)).

Where interest is to be calculated in respect of a period which is not a Regular Period, the interest to be payable in respect of the Notes shall be calculated by applying the Rate of Interest to the Calculation Amount on the basis of a 360-day year comprising twelve 30-day months and, in the case of an incomplete month, the number of days elapsed. The resulting INR interest amount per Calculation Amount shall then be *divided by* the Reference Rate and the amount will be payable in U.S. dollars.

4.2 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the day on which all amounts due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and

(b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment) in accordance with Condition 12 (*Notices*).

All interest payable on the Notes shall be subject to applicable law in India, including but not limited to the ECB Regulations (as defined below).

4.3 Definitions

In these Conditions, if (i) there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (ii) any Interest Payment Date would otherwise fall on a day which is not a Business Day, then such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions:

"Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York, London, New Delhi, Singapore and Mumbai and the city where the specified office of the Principal Paying Agent is located and, in the case of surrender of a Definitive Note Certificate, in the place in which the Definitive Note Certificate is presented.

"Calculation Amount" means INR 10 million**.**

5. Payments

5.1 General Provisions Applicable to Payments for Notes represented by the Global Certificate

The holder of the Global Certificate (or as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by the Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of the Global Certificate (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by the Global Certificate must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer in respect of the Global Certificate.

5.2 Payments of Principal and Interest

Payments of principal and interest in respect of the Notes shall be payable in U.S. dollars. The amount of principal and interest will be determined by the Calculation Agent from Indian Rupees and translated by the Calculation Agent from Indian Rupees to U.S. dollars at the Reference Rate for conversion of Indian Rupees to U.S. dollars on the applicable Rate Fixing Date in respect of an Interest Payment Date or the Maturity Date.

Where:

"Reference Rate" means the rate, as determined by the Calculation Agent, used on each Rate Fixing Date which will be the USD/INR spot rate, expressed as the amount of Indian Rupees per one United States dollar, for settlement in two Fixing Business Days (as defined below), reported by the Reserve Bank of India (**"RBI"**), which is displayed on Reuters page "RBIB" (or any successor page) at approximately 1:30 p.m., Mumbai time, on each Rate Fixing Date.

If a Price Source Disruption Event occurs on the Scheduled Rate Fixing Date, then the Reference Rate for such Scheduled Rate Fixing Date shall be determined by the Calculation Agent in accordance with the Fallback Provisions set out below.

"Rate Fixing Date" means the Scheduled Rate Fixing Date, subject to Valuation Postponement.

"Scheduled Rate Fixing Date" means the date which is two Fixing Business Days prior to the Interest Payment Date or the Maturity Date or such other date on which an amount in respect of the Notes is due and payable.

If the Scheduled Rate Fixing Date is an Unscheduled Holiday, the Rate Fixing Date shall be the next following Fixing Business Day, subject to the provisions relating to the Deferral Period for Unscheduled Holiday set out herein.

"Unscheduled Holiday" means a day that is not a Fixing Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in Mumbai, two Fixing Business Days prior to the relevant Rate Fixing Date.

Adjustments to Interest Payment Date and the Maturity Date

If a Scheduled Rate Fixing Date is adjusted for an Unscheduled Holiday or if Valuation Postponement applies, then the Interest Payment Date or the Maturity Date relating to such Scheduled Rate Fixing Date shall be two Payment Business Days after the date on which the Reference Rate for such Interest Payment Date or the Maturity Date is determined.

If any Interest Payment Date or the Maturity Date is adjusted in accordance with the preceding sentence, then such adjustment (and the corresponding payment obligations to be made on such dates) shall apply only to such Interest Payment Date or the Maturity Date, as applicable, and no further adjustment shall apply to the amount of interest payable.

Fallback Provisions

Where:

"Price Source Disruption Event" shall occur if, in the opinion of the Calculation Agent, it becomes impossible to obtain the Reference Rate on a Rate Fixing Date.

Applicable Price Source Disruption Fallbacks

In the event of a Price Source Disruption Event, the Calculation Agent shall apply each of the following Price Source Disruption Fallbacks for the determination of the Reference Rate, in the following order, until the Reference Rate can be determined:

1. first, Valuation Postponement (as defined below);
2. secondly, Fallback Reference Price SFEMC Indicative Survey (INR02) INR Rate;
3. thirdly, Fallback Survey Valuation Postponement (as defined below); and
4. finally Determination of Reference Rate by the Calculation Agent.

"Cumulative Events" has the following meaning: Notwithstanding anything to the contrary, in no event shall the total number of consecutive calendar days during which either (i) valuation is deferred due to an Unscheduled Holiday, or (ii) a Valuation Postponement shall occur (or any combination of (i) and (ii)), exceed 14 consecutive calendar days in the aggregate. Accordingly, (i) if, upon the lapse of any such 14 calendar day period, an Unscheduled Holiday shall have occurred or be continuing on the day following such period that otherwise would have been a Fixing Business Day, then such day shall be deemed to be a Rate Fixing Date, and (ii) if, upon the lapse of any such 14 calendar day period, a Price Source Disruption Event shall have occurred or be continuing on the day following such period on which the Reference Rate otherwise would be determined, then Valuation Postponement shall not apply and the Reference Rate shall be determined in accordance with the next applicable Price Source Disruption Fallback.

"Valuation Postponement" means that the Reference Rate will be determined on the Fixing Business Day first succeeding the day on which the Price Source Disruption Event ceases to exist, unless the Price Source Disruption Event continues to exist (measured from the date that, but for the occurrence of the Price Source Disruption Event, would have been the Rate Fixing Date) a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the Reference Rate will be determined on the next Fixing Business Day after the Maximum Days of Postponement (which will, subject to the provisions relating to Fallback Survey Valuation Postponement, be deemed to be the applicable Rate Fixing Date) in accordance with the next applicable Price Source Disruption Fallback.

"Maximum Days of Postponement" means 14 calendar days.

"SFEMC INR Indicative Survey Rate (INR02)" means that the Reference Rate for a given Rate Fixing Date will be the Indian Rupee/U.S. Dollar Specified Rate for U.S. dollars, expressed as the amount of Indian Rupees per one U.S. dollar, for settlement in two Fixing Business Days, as published on the web site of the Singapore Foreign Exchange Market Committee (**"SFEMC"**) at approximately 3:30 p.m. (Singapore time), or as soon thereafter as practicable, on such date. The Reference Rate shall be calculated by SFEMC (or a service provider SFEMC may select in its sole discretion) pursuant to the SFEMC INR Indicative Survey (as defined below) for the purpose of determining the SFEMC INR Indicative Survey Rate (INR02).

"SFEMC INR Indicative Survey" means a methodology, dated as of 1 December 2004, as amended from time to time, for a centralised industry-wide survey of financial institutions that are active participants in the Indian Rupee/U.S. dollar markets for the purpose of determining the SFEMC INR Indicative Survey Rate (INR02).

"Fallback Survey Valuation Postponement" means that, in the event that the Fallback Reference Price is not available on or before the third Fixing Business Day (or day that would have been a Fixing Business Day but for an Unscheduled Holiday) succeeding the end of either (i) Valuation Postponement for Price Source Disruption, (ii) Deferral Period for Unscheduled Holiday, or (iii) Cumulative Events, as applicable, then the Reference Rate will be determined in accordance with the next Applicable Price Source Disruption Fallback on such day (which will be deemed to be the applicable Rate Fixing Date). For the avoidance of doubt, Cumulative Events, if applicable, do not preclude postponement of valuation in accordance with this provision.

"Payment Business Day" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, New York, Mumbai, and the city in which the specified office of the Principal Paying Agent is located.

"Fixing Business Day" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Mumbai, New York, London, and the city in which the specified office of the Calculation Agent is located currently in London.

Deferral Period for Unscheduled Holiday

In the event the Scheduled Rate Fixing Date is postponed due to the occurrence of an Unscheduled Holiday, and if the Rate Fixing Date has not occurred on or before the 14th calendar day after the Scheduled Rate Fixing Date (any such period being a **"Deferral Period"**), then the next day after the Deferral Period that would have been a Fixing Business Day but for the Unscheduled Holiday, shall be deemed to be the Rate Fixing Date.

5.3 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases, to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **"Code"**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto (**"FATCA"**).

5.4 Payments in respect of the Notes

Payments of principal in respect of each Note will be made against surrender (in the case of a Definitive Note Certificate) at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to a U.S. dollar account maintained by or on behalf of the holder (or the first named of joint holders) of the Note with a bank that processes payments in U.S. dollars, detail of which appear in the register of holders of the Notes maintained by the Registrar (the **"Register"**) or (i) where in global form, at the close of the business of the relevant clearing system on the Business Day (being for this purpose in relation to Euroclear and Clearstream, Luxembourg, a weekday (Monday to Friday inclusive) except 25 December and 1 January) before the relevant due date, and (ii) where in definitive form, at the close of business on the third Business Day before the relevant due date.

Payments of interest in respect of each Note (whether or not in global form) will be made by transfer to a U.S. dollar account maintained by or on behalf of the holder (or the first named of joint holders) of the Note with a bank that processes payments in U.S. dollars, details of which appear in the Register (i) where in global form, at the close of business of the relevant clearing system on the Business Day (being for this purpose in relation to Euroclear and Clearstream, Luxembourg, a weekday (Monday to Friday, inclusive) except 25 December and 1 January) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) before the relevant due date (the **"Record Date"**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Note.

No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest.

None of the Issuer, the Trustee, the Registrar or any other Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

5.5 Payment Day

If the date for payment of any amount in respect of the Notes is not a day which (subject to Condition 9 (*Events of Default and Enforcement*)) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(a) in the case of Notes in definitive form only, the relevant place of presentation; and

(b) New York, London and Mumbai, (any such day, a **"Payment Day"**)

the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such delay.

5.6 Interpretation of Principal and Interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed; and

(b) the par value of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

The Issuer shall check any Reference Rate provided by the Calculation Agent and under no circumstances shall the Calculation Agent be liable to any person as a result of the Calculation Agent having acted on any such quotations, which subsequently may be found to be incorrect.

6. Redemption and Purchase

6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at their principal amount on the Maturity Date, subject to compliance with the applicable regulatory requirements, and provided that any such payment pursuant to this Condition shall be payable in accordance with Condition 5.2.

6.2 Redemption for Tax Reasons

At any time prior to the Maturity Date, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 12 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee (in its absolute discretion) immediately before the giving of such notice that:

(a) on the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of India or any change in the application or official interpretation of such laws or regulations (which shall include for the avoidance of doubt, any application or official interpretation that interest income from Notes in the case of non-resident holders is subject to withholding tax at a rate in excess of 5 per cent. plus applicable surcharge and cess), which change or amendment becomes effective on or after 18 May 2017; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which, the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6, the Issuer shall deliver to the Trustee to make available to the Noteholders (1) a certificate signed by a Member (a"**Member**" being an appointee of the Central Government) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate and the opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders.

Notes redeemed pursuant to this Condition 6 will be redeemed at their principal amount, together with unpaid interest accrued to (but excluding) the date of redemption.

For any redemption prior to the Maturity Date (as defined in these Conditions), the Issuer is required to obtain the prior approval of the RBI, in accordance with the ECB Regulations at the time, before providing notice for or effecting a redemption prior to the Maturity Date and such approval may not be forthcoming. The Notes are in the nature of Indian Rupee denominated bonds issued overseas in accordance with the ECB Regulations.

6.3 No other redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 6.1 (*Redemption at Maturity*) and 6.2 (*Redemption for Tax Reasons*) above.

6.4 Purchases

The Issuer may at any time purchase the Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Agent and/or the Registrar for cancellation provided that any such Notes held by the Issuer shall not: (a) give rise to any right to attend or vote at any meeting of Noteholders; and (b) count in the determination of quorum at any meeting of Noteholders.

6.5 Cancellation

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.3 (*No other redemption*) above shall be forwarded to the Registrar, and may not be reissued or resold.

7. Taxation

All payments of principal and interest if any in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, cesses, levies, imposts, whether direct or indirect, whether central, state or local including taxes on income, withholding tax, fringe benefit tax, capital gains tax, minimum alternate tax, taxes relating to profits, service, sales and wealth, value added tax, taxes relating to excise and customs, import duty, stamp duty, property taxes, assessments or governmental charges of whatever nature imposed or levied by the Republic of India or any political subdivision or any authority thereof or therein having power to tax (collectively, the **"Taxes"**), together with any interest, penalties, surcharges, cess or fines relating to the Taxes, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest (including the difference between issue price and final redemption price) which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction (the **"Additional Amounts"**); except that no such Additional Amounts shall be payable with respect to any Note:

(a) presented for payment by or on behalf of a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Republic of India other than the mere holding of such Note; or

(b) where such withholding or deduction is required on income in respect of the Notes in the form of capital gains tax under Indian tax law; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5 (*Payment Day*)); or

(d) presented for payment by or on behalf of a holder of such Note who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim which entities him to relevant tax treaty or any other benefit or exemption and does not make such declaration or claim; or

(e) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof.

"Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or, as the case may be, the Registrar on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12 (*Notices*).

The Issuer has in the Trust Deed agreed, subject to receipt of reasonably appropriate written evidence in respect thereof, to indemnify any Noteholder (or any person having a beneficial interest therein), other than a Noteholder who is liable to Indian tax by reason of his having a connection with India, apart from the mere holding of a Note, to compensate and indemnify, defend and hold harmless each Noteholder and its officers, directors, employees, agents and authorised representatives (if any) from and against any and all Taxes and any resultant losses, liabilities, damages, demands, expenses (including interests and penalties with respect thereto, out-of-pocket expenses and reasonable attorneys' and accountants' fees), claims, assessments, interest and penalties, based upon or, arising out of, or in relation to or in connection with amounts payable by the Issuer to the Noteholder pursuant to Noteholder's investment in the Notes in respect of the interest income (including the difference between issue price and redemption price). This indemnity provided by the Issuer in this Condition 7 (*Taxation*) shall include any Taxes that a Noteholder may be required or be liable to pay to the Republic of India as a result of the Notes being issued at an amount below 100 per cent. of the principal amount of the Notes. For the avoidance of doubt, this indemnity shall survive any redemption of the Notes in accordance with these Conditions and shall remain in full force and effect.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Noteholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, interest or other amount, under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

Any payments made by the Issuer are required to be commensurate with prevailing market conditions in terms of the ECB Regulations.

RBI regulations, may require the Issuer to obtain prior approval of the RBI before remitting the funds outside India pursuant to such indemnity. Such approval may or may not be forthcoming.

8. Prescription

The Notes will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (*Taxation*)).

9. Events of Default and Enforcement

9.1 Events of Default

If any of the following events (each, an **"Event of Default"**) occurs, the Trustee at its discretion may, and if so requested in writing by the holders of not less than 33.3 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified, secured and/or pre-funded by the Noteholders to its satisfaction), give written notice to the Issuer that the Notes are, and they shall accordingly thereby become, immediately due and payable at their principal amount together with accrued interest:

(a) **Non-Payment**

The Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within five Business Days of the due date for payment thereof;

(b) **Breach of other obligations**

The Issuer does not perform or comply with one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 Business Days after written notice of such default shall have been given to the Issuer by the Trustee;

(c) **Insolvency**

The Issuer is declared by a court of authority with jurisdiction to be insolvent or bankrupt or unable to pay its debts, or stops, suspends payment of all or part of (or of a particular type of) its debts, or part of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer;

(d) **Cross-default**

(i) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, any moneys borrowed or raised, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9.1(d) have occurred equals or exceeds U.S.$50,000,000 or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank selected by the Issuer (and notified to the Trustee) on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity);

(e) **Enforcement Proceedings**

A distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, which is material to the Issuer, and is not discharged or stayed within 45 Business Days;

(f) **Cessation of Business**

The Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations;

(g) **Security Enforced**

An encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any substantial part of the property, assets or revenues of the Issuer and is not discharged within 45 Business Days;

(h) **Failure to take action**

Any action, condition or thing at any time to be taken, fulfilled or done in order (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Trust Deed, (B) to ensure that those obligations are legal, valid, binding and enforceable and (C) to make the Notes and the Trust Deed admissible as evidence in the courts of India is not taken, fulfilled or done;

(i) **Unlawfulness**

It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed;

(j) **Expropriation**

Any step is taken by governmental authority or agency or any other component authority, with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, which is material to the Issuer as a whole;

(k) **Non-compliance**

The Issuer fails to comply in any material respect with any applicable laws or regulations including those applicable under the laws of the Republic of India (including any foreign exchange rules or regulations) of any governmental or other regulatory authority for any purpose to enable it lawfully to exercise its rights or perform or comply with its obligations under the Notes, the Trust Deed or the Agency Agreement or to ensure that those obligations are legally binding and enforceable or that all necessary agreements or other documents are entered into and that all necessary consents and approvals of, and registrations and filings with, any such authority in connection therewith are obtained and maintained in full force and effect; and

(l) **Change of Control**

If pursuant to Section 32 of the NHAI Act, 1988 or any amendment thereof or under any other applicable law, the Central Government takes any action to exercise its powers to supercede the Issuer.

(m) **Analogous events**

Any event occurs which under the laws of India has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

RBI regulations, at the time of redemption may require the Issuer to obtain the prior approval of the RBI before effecting such a redemption prior to the maturity date. Such approval may or may not be forthcoming. See "Risk Factors - Risk relating to an investment in INR denominated notes - Early redemption of the Notes prior to their stated maturity requires the prior approval of the RBI".

9.2 Enforcement

The Trustee may (but is not obliged to) at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings *or* any other action in relation to the Trust Deed and the Notes unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of not less than 33.3 per cent. in principal amount of the Notes then outstanding and (ii) it shall have been indemnified, secured and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

10. Replacement of Notes

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced subject to applicable laws, regulations and relevant stock exchange regulations at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

11. Agents

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar and the other initial Transfer Agents and their initial specified offices are set out below.

The Issuer is, with the prior written approval of the Trustee, entitled to vary or terminate the appointment of any Paying Agent, Registrar, Transfer Agent and Calculation Agent and/or appoint additional or other Paying Agents, Registrars or Transfer Agents through which any of the same acts, provided that:

(a) a Paying Agent in Singapore will be appointed upon the issue of the Notes in definitive form;

(b) so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption;

(c) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent and a Registrar and Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;

(d) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax; and

(e) there will at all times be a Principal Paying Agent and a Registrar.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the second paragraph of Condition 5.4 (*Payments in respect of the Notes*). Any appointment, variation, termination or change shall only take effect (other than in the case of insolvency or in the case of a Paying Agent, to the extent that it is a "foreign financial institution" (for the purposes of FATCA), failing to become or ceasing to be, in respect of a payment due on or after the relevant implementation date of FATCA withholding on any Note to which FATCA withholding applies able to receive such payment without any withholding or deduction imposed pursuant to FATCA, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 12 (*Notices*).

In acting under the Agency Agreement, the Principal Paying Agent, the Registrar, the Paying Agents, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and, in certain limited circumstances specified in the Agency Agreement, of the Trustee, and do not assume any obligation or trust for or with any Noteholders.

12. Notices

Notices to Noteholders will be deemed to be validly given if sent by first class mail (or its equivalent) or (if posted to an overseas address) by air mail to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the fourth day after the date of such mailing and, in addition, for so long as the Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. So long as the Notes are listed on the SGX-ST and the rules of the exchange so require, if a Global Certificate is exchanged for a Definitive Note Certificate, announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Note Certificate, including details of the paying agent in Singapore.

Until such time as any Definitive Note Certificates are issued, there may, so long as the Global Certificate is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Definitive Note Certificate) with the relative Note or Notes, with the Registrar. Whilst the Notes are represented by the Global Certificate, such notice may be given by any holder of a Note to the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

13. Meetings of Noteholders, Modification, Waiver and Substitution

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or any of the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. of the aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the aggregate principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Trust Deed (including, *inter alia*, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in the aggregate principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in the aggregate principal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than two-thirds of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than two-thirds in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than two-thirds in the aggregate principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders.

A resolution in writing will take effect as if it were an Extraordinary Resolution if it is signed (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed or (ii) if such Noteholders have been given at least 21 days' notice of such resolution, by or on behalf of persons holding two-thirds of the aggregate principal amount of the outstanding Notes. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Trustee may agree, without the consent of the Noteholders, to any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders to do so or may agree, without any such consent as aforesaid, to any modification which is, in its opinion, of a formal, minor or technical nature or to correct a manifest error, an error which is, in the opinion of the Trustee, proven. Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes and the Trust Deed of an entity owned or controlled by the Issuer, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied, in its absolute discretion, that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be promptly notified to Noteholders by the Issuer in accordance with Condition 12 (*Notices*).

*Any material change in the Conditions (including any modification and/or waiver of the Conditions) after obtaining the loan registration number requires the prior approval of the RBI or Authorised Dealers Category-1 Bank ("**AD Bank**"), as the case may be. Certain changes (such as amendments to the repayment date, currency, recognised lender, cancellation of LRN or reduction in the principal amount of the Notes) may be approved by the AD Bank under a delegated authority from the RBI subject to certain conditions being complied with.*

14. Indemnification of the Trustee and Trustee Contracting with the Issuer

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified, secured or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

RBI regulations, may require the Issuer to obtain prior approval of the RBI before remitting the funds outside India pursuant to such indemnity. Such approval may or may not be forthcoming.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single series with the outstanding Notes.

16. Currency Indemnity

The Trust Deed provides that if any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the **"first currency"**) in which the same is payable under these Conditions or such order or judgment into another currency (the **"second currency"**) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Registrar or any Paying Agent with its specified office in London against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof, on the date of such receipt. This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

RBI regulations, may require the Issuer to obtain prior approval of the RBI before remitting the funds outside India pursuant to such indemnity. Such approval may or may not be forthcoming.

17. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. Governing Law and Submission to Jurisdiction

18.1 Governing Law

The Trust Deed, the Agency Agreement, the Notes, and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement and the Notes are governed by, and shall be construed in accordance with, English law.

18.2 Submission to Jurisdiction

(a) Subject to Condition 18.2(b) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed and/or the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes (a **"Dispute"**) and the Issuer in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 18.2, the Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) Condition 18.2(b) is for the benefit of the Trustee and the Noteholders only. To the extent allowed by law, the Trustee and the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

18.3 Appointment of Process Agent

The Issuer has irrevocably and unconditionally appointed Law Debenture Corporate Services at its specified office for the time being in London as its agent for service of process in England in respect of any proceedings in relation to any Dispute, and agrees that, in the event of such agent being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

18.4 Consent to Enforcement

The Issuer consents generally in respect of any Dispute to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation but subject as provided in Condition 18.5 (*Waiver of immunity*) below) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Dispute.

18.5 Waiver of immunity

The Issuer irrevocably and unconditionally with respect to any Dispute (i) waives any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any competent jurisdiction in relation to any Dispute and (iii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment in connection with any Dispute.

Notwithstanding the paragraph above, pursuant to Section 28 of the NHAI Act (i) no suit, prosecution or other legal proceeding shall lie against the Issuer or any Member or officer or employee of the Issuer for anything which is in good faith done or intended to be done under the NHAI Act or the rules or regulations made there under and (ii) no suit, prosecution or other legal proceeding shall lie against the Issuer or any Member or officer or employee of the Issuer for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under the NHAI Act or the rules or regulations made there under.

19. Approvals and Filing

So long as any of the Notes remain outstanding, the Issuer shall comply with and maintain in force all approvals, authorisations and consents and promptly make all notifications, registrations and filings, including, but not limited to, compliance with the Foreign Exchange Management Act, 1999, as amended or the rules and regulations issued thereunder (the **"FEMA"**) and the ECB Regulations, and shall seek from the Noteholders all such information and documents as may be required by the Issuer to enable it to obtain the list of primary holders of the Notes and provide such information to the regulatory authorities in India, as may from time to time be required by it to comply with its obligations under the ECB Regulations. Investors will be deemed to have agreed that the Issuer can disclose their name to the relevant regulatory authorities in India if required by any such Indian regulatory authority.

THE GLOBAL CERTIFICATE

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Certificates which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Certificates.

1. Accountholders

For so long as any of the Notes are represented by the Global Certificate, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an **"Accountholder"**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression **"Noteholders"** and references to **"holding of Notes"** and to **"holder of Notes"** shall be construed accordingly) for all purposes other than with respect to the payments on such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the nominee for the relevant clearing system (the **"Relevant Nominee"**) in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to the Euroclear or Clearstream, Luxembourg (as the case may be) for its share of each payment made to the Relevant Nominee.

2. Registration of Title

Each Global Certificate shall be exchanged in whole but not in part (free of charge) to the holder of Notes for duly authenticated and completed Definitive Note Certificate only upon the occurrence of an Exchange Event.

For these purposes, **"Exchange Event"** means that: (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; (ii) an Event of Default (as defined in Condition 9 (*Events of Default and Enforcement*) has occurred and is continuing; or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by a Definitive Note Certificate. The Issuer will promptly give notice to the holders in accordance with Condition 12 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur no later than 10 days after the date of receipt of the relevant notice by the Paying Agent.

The Paying Agent will not register title to the Notes in a name other than that of the Relevant Nominee who is a holder appearing on the register at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) preceding the due date for any payment of principal or interest in respect of the Notes.

3. Purchase and Cancellation

Cancellation of any Note required by the Conditions to be cancelled following its redemption or purchase by the Issuer shall be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the relevant Global Certificate.

4. Payments

Payments of principal and interest in respect of Notes represented by a Global Certificate shall be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of the Global Certificate to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the holders for such purposes.

Distributions of amounts with respect to book-entry interests in the Global Certificate will be credited, to the extent received by the Principal Paying Agent, to cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Certificate by or on behalf of the Registrar and shall be *prima facie* evidence that payment has been made.

All payments of principal, interest and, if applicable, premium on the Notes will be made in U.S. dollars.

5. Notices

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to holders may be given by delivery of the relevant notice to that clearing system for communication by it to the entitled Accountholders in substitution for notification as required by the Conditions. For so long as the Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority so require), notices will be published in a manner which complies with the rules and regulations of the relevant stock exchange from time to time.

6. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 5 (*Payments*) within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 7 (*Taxation*).

7. Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and their respective direct and indirect participants.

USE OF PROCEEDS

The net proceeds of the issue of the Notes (after deduction of fees, commission and expenses) are estimated to be approximately INR 30,000,000,000. Subject to compliance with applicable laws and regulations, the net proceeds of the Notes, are intended to be used for general corporate purposes as permitted under the ECB Regulations.

SELECTED FINANCIAL INFORMATION

The following tables set forth selected standalone balance sheet items of the Issuer as of 31 March 2015 and 2016 and the nine month period ended 31 December 2016 and selected standalone profit and loss statement items of the Issuer for the years ended 31 March 2015 and 2016 and the nine month period ended 31 December 2016. The selected financial information as at and for the years ended 31 March 2015 and 2016 and the nine month period ended 31 December 2016 should be read in conjunction with the Issuer's audited financial statements and limited review financial statements, included elsewhere in this Prospectus under "*Financial Statements*" and the risk factor -*"The Comptroller and Auditor General of India ("CAG") has expressed serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Issuer"* .

The selected financial information for the nine month periods ended 31 December 2016 is unaudited.

Selected Financial Information of the Issuer

Selected Profit and Loss

	For the year ended 31 March		**For the nine months ended 31 December**
	2015 (audited)	**2016 (audited)**	**2016**
		(in billion)	***(in billion)***
INCOME			
Revenue from Operations	Nil	Nil	Nil
Profit on sale of Investments	0.0008	0.004	0.00026
Other Income	0.17	0.13	0.07
Premium from Insurance Business	N.A.	N.A.	N.A.
Other Operating Income from Insurance Business	N.A.	N.A.	N.A.
Total Revenue	0.17	0.13	0.07
EXPENSES			
Finance Cost	0.0007	0.0008	0.01
Establishment Expenses	1.06	1.09	0.80
Other Expenses	1.02	1.16	0.86
Claims paid pertaining to Insurance Business	N.A.	N.A.	N.A.
Commission and operating expenses pertaining to Insurance Business	N.A.	N.A.	N.A.
Other expenses pertaining to Insurance Business	N.A.	N.A.	N.A.
Depreciation and Amortisation	0.07	0.09	0.00
Provision for Contingencies	0.00	0.00	0.00
Total Expenses	2.15	2.34	1.67
PROFIT BEFORE TAX			
Tax Expense	N.A.	N.A.	N.A.
Current Tax	N.A.	N.A.	N.A.
Deferred Tax	N.A.	N.A.	N.A.
PROFIT FOR THE YEAR	(1.98)	(2.21)	(1.60)
Share of profit of Minority Interest	N.A.	N.A.	N.A.
Net share of profit from Associates	N.A.	N.A.	N.A.
Add: Prior Period Items Net (+/-)	(0.08)	(0.07)	(0.10)
PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION	(2.06)	(2.28)	(1.70)
EARNINGS PER SHARE (Face Value 2)			
Basic ( )	N.A.	N.A.	N.A.
Diluted ( )	N.A.	N.A.	N.A.

Selected Balance Sheet

Particulars	As of 31 March 2015 (audited)	As of 31 March 2016 (audited)	As of 31 December 2016 (unaudited)
	(in billion)		*(in billion)*
ASSETS:			
NON-CURRENT ASSETS			
Fixed assets			
(i) Tangible Assets	0.43	0.50	0.45
(ii) Intangible Assets	0.00	0.00	0.00
(iii) Capital work in Progress	1407.97	1764.54	2011.83
(iv) Intangible assets under Development	0.00	0.00	0.00
GOODWILL ON CONSOLIDATION			
Non-current investments	12.16	12.17	13.08
Deferred tax asset (net)	0.00	0.00	0.00
Long-term loans and advances			
- Loans	0.00	0.00	0.00
- Others	0.00	0.00	0.00
Other non-current assets	0.00	0.00	0.00
	1420.55	1777.11	2025.36
CURRENT ASSETS			
Current investments	0.00	0.00	0.00
Trade receivables	0.00	0.00	0.00
Cash and bank balances	26.72	67.41	60.91
Short-term loans and advances			
- Loans	139.72	254.14	120.05
- Others	2.94	3.64	4.92
Other current assets	3.94	6.24	11.91
TOTAL ASSETS	1593.88	2108.55	2223.15
EQUITY AND LIABILITIES:			
SHAREHOLDERS' FUNDS			
Share Capital	1181.89	1391.77	1523.38
Reserves and Surplus	0.004	0.07	0.07
Money received against warrants	0.00	0.00	0.00
	1181.89	1391.84	1523.45
MINORITY INTEREST			
NON-CURRENT LIABILITIES			
Policy Liabilities (Policyholder's Fund)	N.A.	N.A.	N.A.
Long-term borrowings	248.93	452.70	617.82
Deferred tax liabilities (net)	0.00	0.00	0.00
Other long-term liabilities	0.00	0.00	0.00
Long-term provisions	0.00	0.00	0.00
	248.93	452.70	617.82
CURRENT LIABILITIES			
Short-term borrowings	0.00	0.00	0.00
Trade payables	0.00	0.00	0.00
Other current liabilities			
- Policy liabilities (Policyholder's Fund)	N.A.	N.A.	N.A.
- Borrowings	0.00	0.00	0.00
- Others	162.74	263.62	81.51
Short term provisions	0.31	0.37	0.36
	163.05	263.99	73.20
Total Liabilities	1593.88	2108.55	2223.14

Standalone Financial Information of the Issuer

Selected Profit and Loss

	For the year ended 31 March		For the nine months ended 31 December
	2015 (audited)	**2016 (audited)**	**2016 (unaudited)**
	(in billion)		***(in billion)***
INCOME			
Revenue from Operations	Nil	Nil	Nil
Profit on sale of Investments	0.0008	0.0004	0.00
Other Income	0.17	0.13	0.07
Total Revenue	**0.17**	**0.13**	**0.07**
EXPENSES			
Finance Cost	0.0007	0.0008	0.01
Establishment Expenses	1.06	1.09	0.80
Other Expenses	1.02	1.16	0.86
Depreciation and Amortisation	0.07	0.09	0.00
Provision for Contingencies	0.00	0.00	0.00
Total Expenses	**2.15**	**2.34**	**1.67**
PROFIT BEFORE TAX			
Tax Expense	N.A.	N.A.	N.A.
Current Tax	N.A.	N.A.	N.A.
Deferred Tax	N.A.	N.A.	N.A.
PROFIT FOR THE YEAR	(1.98)	(2.21)	(1.60)
Add: Prior Period Items Net (+/-)	(0.08)	(0.07)	(0.10)
PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION	(2.06)	(2.28)	(1.70)
EARNINGS PER SHARE (Face Value 2)			
Basic ( )	N.A.	N.A.	N.A.
Diluted ( )	N.A.	N.A.	N.A.

Selected Balance Sheet

	As of 31 March		As of 31 December
	2015 (audited)	**2016 (audited)**	**2016 (modified)**
	(in billion)		*(in billion)*
ASSETS:			
NON-CURRENT ASSETS			
Fixed assets			
(i) Tangible Assets	1408.39	1764.94	2012.28
(ii) Intangible Assets	0.00	0.00	0.00
Non-current investments	12.16	12.17	13.08
Deferred tax asset (net)	0.00	0.00	0.00
Long-term loans and advances			
- Loans	0.00	0.00	0.00
- Others	0.00	0.00	0.00
Other non-current assets	0.00	0.00	0.00
	1420.55	**1777.11**	**2025.36**
CURRENT ASSETS			
Current investments	0.00	0.00	0.00
Trade receivables	0.00	0.00	0.00
Cash and bank balances	26.72	67.41	60.91
Short-term loans and advances			
- Loans	139.72	254.14	120.05
- Others	2.94	3.64	4.92
Other current assets	3.94	6.24	11.91
TOTAL ASSETS	**1593.88**	**2108.55**	**2223.15**
EQUITY AND LIABILITIES:			
SHAREHOLDERS' FUNDS			
Share Capital	1181.89	1391.77	1523.38
Reserves and Surplus	0.004	0.07	0.07
Money received against warrants	0.00	0.00	0.00
	1181.89	**1391.84**	**1523.45**
NON-CURRENT LIABILITIES			
Long-term borrowings	248.93	452.70	617.82
Deferred tax liabilities (net)	0.00	0.00	0.00
Other long-term liabilities	0.00	0.00	0.00
Long-term provisions	0.00	0.00	0.00
	248.93	**452.70**	**617.82**
CURRENT LIABILITIES			
Short-term borrowings	0.00	0.00	0.00
Trade payables	0.00	0.00	0.00
Other current liabilities			
- Borrowings	0.00	0.00	0.00
- Others	162.74	263.62	81.51
Short term provisions	0.31	0.37	0.36
	163.05	**263.99**	**73.20**
Total Liabilities	**1593.88**	**2108.55**	**2223.14**

INDUSTRY

Unless otherwise indicated, the information in this section has been obtained or derived from publicly available documents prepared by various sources, including the report of the Indian Brand Equity Foundation on the road infrastructure in India dated November 2016, officially prepared materials by the Central Government, its various ministries and from various multilateral institutions. This information has not been independently verified by the Issuer, the Joint Bookrunners and Lead Managers or any of the Issuer's or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

OVERVIEW OF THE INDIAN ECONOMY

GDP and disposable income

The Indian economy is one of the fastest growing major economies in the world, with a GDP estimated at Rs. 113.50 trillion for the Fiscal 2016. (*Source: World Bank and Central Statistical Office.*)

Stable macroeconomic indicators

The World Bank revised its global growth forecast for 2016 to 2.4 per cent. (from 2.9 per cent. previously) amid slow growth in advanced economies, persistently low commodity prices, weak global trade and diminishing capital flows. Despite the overall slowdown in the global economy, the Indian economy grew 7.6 per cent. in 2015-16, accelerating from 7.2 per cent. in 2014-15. Strong macroeconomic indicators, including a narrowing current account deficit, firm commitment by the Central Government towards fiscal consolidation, lower inflation and strong foreign exchange reserves have held India in good stead. (*Source: World Bank and Central Statistical Office*).

Several reforms have been carried out to ensure ease of doing business in India. These include government tendering through e-auctions, government-to-government deals for large procurements and liberalisation of foreign direct investment (**"FDI"**) across various business sectors. Constant efforts have also been made at state level to improve ease of doing business. FDI inflows were up by 29 per cent. in 2015-16 to USD 40 billion. (*Source: World Bank and Ministry of Commerce and Industry*).

THE INFRASTRUCTURE SECTOR IN INDIA

The availability of efficient infrastructure services is an important determinant of the pace of market development and output growth. In most countries, however, the potential contribution of infrastructure to economic growth and poverty reduction has not been fully realized, and existing infrastructure stock and services fall far short of the requirements. (*Source: United Nations Conference on Trade and Development*)

Primarily, the infrastructure sector includes the following:

i Electricity (including generation, transmission and distribution) and repair and maintenance of power stations;

ii Non-conventional energy (including wind energy and solar energy);

iii Water supply and sanitation (including solid waste management, drainage and sewerage) and street lighting;

iv Telecommunications;

v Roads & bridges;

vi Ports;

vii Inland waterways;

viii Airports;

ix Railways (including rolling stock and mass transit system),

x Irrigation (including watershed development),

xi Storage; and

xii Oil and gas pipeline networks.

(Source: Definition of Infrastructure - The Empowered Sub-Committee of the Committee on Infrastructure)

Projected Investment in Infrastructure

On 1 January 2015, the Central Government replaced the Planning Commission with a new institution named NITI (National Institution for Transforming India) Aayog (**"NITI Aayog"**). The Planning Commission was originally tasked with devising a strategy for achieving various economic growth targets through the publication of a "five-year plan" at regular five-year intervals (the **"Five Year Plan"**). The eleventh edition of the five-Year Plan (the **"Eleventh Plan"**) ran from to 2007-08 to 2011-12. The current (twelfth) edition of the five-Year Plan (the **"Twelfth Plan"**) is set out as follows:

(in Rs. million)

Sectors	Total: Eleventh Plan	2012-13	2013-14	2014-15	2015-16	2016-17	Total Twelfth Plan
Electricity	728,494	228,405	259,273	294,274	333,470	386,244	1,501,666
Renewable Energy	89,220	31,199	42,590	58,125	79,075	107,637	318,626
Roads and Bridges	453,121	150,466	164,490	180,415	198,166	221,000	914,536
Telecommunications	384,962	105,949	136,090	176,489	230,557	294,814	943,899
Railways	201,237	64,713	78,570	96,884	121,699	157,355	519,221
MRTS	41,669	13,555	17,148	22,298	29,836	41,322	124,158
Irrigation (incl. Watershed)	243,497	77,113	87,386	99,178	112,506	128,186	504,371
Water Supply and Sanitation	120,774	36,569	42,605	49,728	58,084	68,333	255,319
Ports (+ILW)	44,536	18,661	25,537	35,260	49,066	69,256	197,781
Airports	36,311	7,691	10,716	15,233	21,959	32,116	87,714
Oil and Gas Pipelines	62,534	12,211	16,604	23,833	36,440	59,845	148,933
Storage	17,921	4,480	6,444	9,599	14,716	23,202	58,441
Total	**2,424,277**	**751,012**	**887,454**	**1,061,316**	**1,285,573**	**1,589,308**	**5,574,663**

(Source: Niti Aayog, Twelfth Five Year Plan, Vol I)

The total investment in infrastructure sectors in the Twelfth Plan is estimated to be Rs. 55.8 trillion. The share of private investment in the total investment in infrastructure rose from 22 per cent. in the tenth Plan to 36.61 per cent. in the eleventh Plan. It is expected that private investment in the infrastructure sector will have to increase to about 48.14 per cent. during the Twelfth Plan if the infrastructure investment target is to be met.

Traditionally, infrastructure development used to occur through the public sector. However, given the scarcity of public resources and the need to shift scarce public resources into health and education, efforts are being made to induct private participation in the development of infrastructure. These efforts have met with a fair degree of success. As of 31 July 2016, there were 1,270 PPP projects in India, of which 658 were related to roads & bridges accounting for a value of USD 670 million (see "*Total PPP projects in India (July 2016)*" below). *(Source: Volume I of Twelfth five Year Plan)*

Annual Budget for Fiscal 2016

The Central Government in its annual budget for Fiscal 2016 announced certain measures for the infrastructure sector including the following:

(i) Rs. 21.8 billion to be spent on capital expenditure of roads and railways in 2016-18 including Rs. 2.8 billion on the rural road infrastructure and Rs. 5.5 billion on road transport and highways.

(ii) Road transport sector (passenger segment) to be opened up by removing the permit system which was previously in place. This will among others encourage new investment, promote start up entrepreneurs and create new jobs.

(iii) To promote private participation in infrastructure projects, a Public Utility (Resolution of Disputes) Bill will be introduced and guidelines for renegotiation of PPP agreements will be issued, without compromising transparency.

While presenting the annual budget for Fiscal 2016, the Union Finance Minister Shri Arun Jaitley announced that nearly 10,000 km of national highways are expected to be approved in 2016-17. In addition nearly 50,000 km of state highways will also be upgraded to national highways. The total outlay for infrastructure in budgetary estimates for Fiscal 2018 stands at Rs. 22,124,600,000. (*Source: Press Information Bureau, 29 February 2016*).

FDI Policy

The FDI regime has been progressively liberalised with many restrictions on foreign investment being removed and procedures simplified. With limited exceptions, foreigners can invest directly in India, either wholly by themselves or as a joint venture. (*Source: Ministry of Shipping, Road Transport and Highways. Guidelines for Investment in Road Sector January 2013*).

FDI in Infrastructure

Under the current consolidated FDI Policy 2016, effective from 8 June 2016, issued by the Central Government's Department of Industrial Policy and Promotion (**"DIPP"**), 100 per cent FDI is permitted in the road, water supply and power transmission sectors. (*Source: Department of Industrial Policy and Promotion, Consolidated FDI Policy Circular of 2016*).

Flexible Structuring of long term project loans to infrastructure and core industries

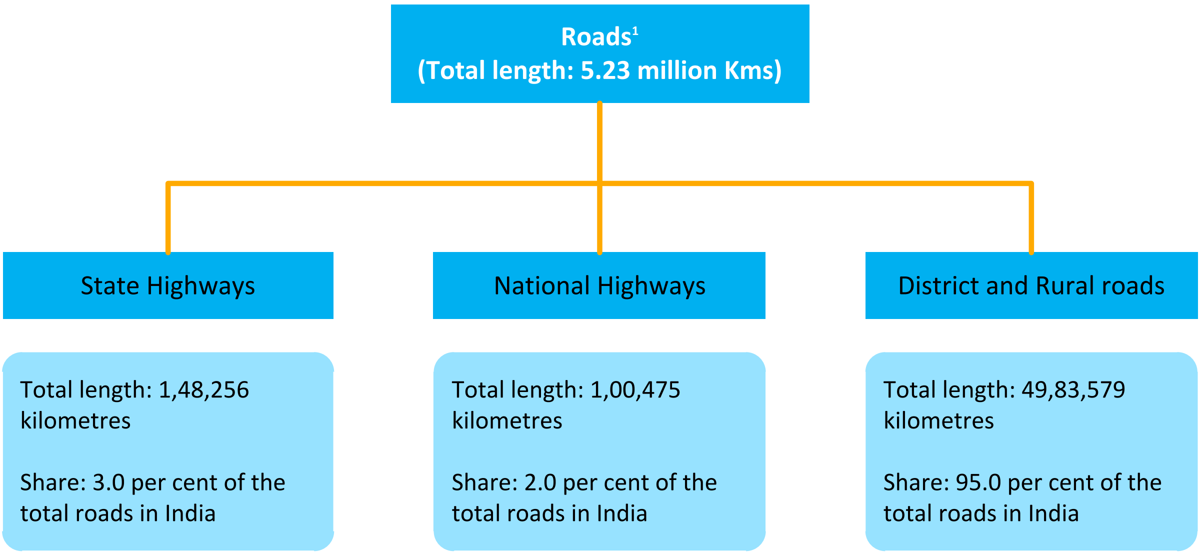
In its annual budget for Fiscal 2015, the Central Government acknowledged that long term financing for infrastructure has been a major constraint in encouraging larger private sector participation in this sector. On the asset side, banks are being encouraged to extend long term loans to the infrastructure sector with flexible structuring to absorb potential adverse contingencies related to the infrastructure sector.

Further, banks were advised that if they refinance any existing infrastructure and other project loans by way of take-out financing, even without a pre-determined agreement with other banks or financial institutions and fix a longer repayment period, the same would not be considered as restructuring if certain conditions are satisfied.

ROAD SECTOR

The road network provides the arterial network to facilitate trade, transport, social integration and economic development via the smooth conveyance of both people and goods. Transportation by road has advantages over other means of transportation in its easy accessibility, flexibility, door-to-door service and reliability. Roads also play an important role in inter-modal transport development, establishing links with airports, railway stations, and ports.

Currently India has one of the largest road networks at over 5.23 million km, consisting of national highways, road highways, expressways, state highways, major district roads, other district roads and village roads. Indian roads carry about 80 per cent. of the country's passenger traffic and 65 per cent. of freight traffic. highways/expressways constitute about 1.9 per cent. of all roads and carry 40 per cent. of the total road traffic.



Source: Ministry of Road Transport and Highways (MoRTH) Annual Report 2015-16
TechSci Research, Note: 1-Data as of FY16

Administrative framework by category of roads

Road Networks	Coordinating Agency	Connectivity To
Expressways	MoRTH, the Issuer and State Road Development	State capitals and tier 1 cities
National Highways	MoRTH, the issuers, Border Roads Organisation	Union capital, state capitals, major ports, strategic locations
State Highways	State Public Works Departments ("**PWDs**")	State capitals, district centres, important towns, national highways, other states
Major District Roads	State PWDs	State capitals, district centres, important towns, national highways
Rural and Other Roads	Ministry of Road Development	Production centres, markets, highways, railway stations etc.
Project Roads	State PWDs/Project Organisations	Projects like irrigation, power, mines, etc.
Urban Roads	Municipal Corporations	Intra-city networking
Village Roads	Zilla Parishads/State Governments	Villages,district roads, highways, railway stations, riversides

(Source: Ministry of Shipping, Road Transport and Highways Guidelines for investment in Road Sector, January 2013).

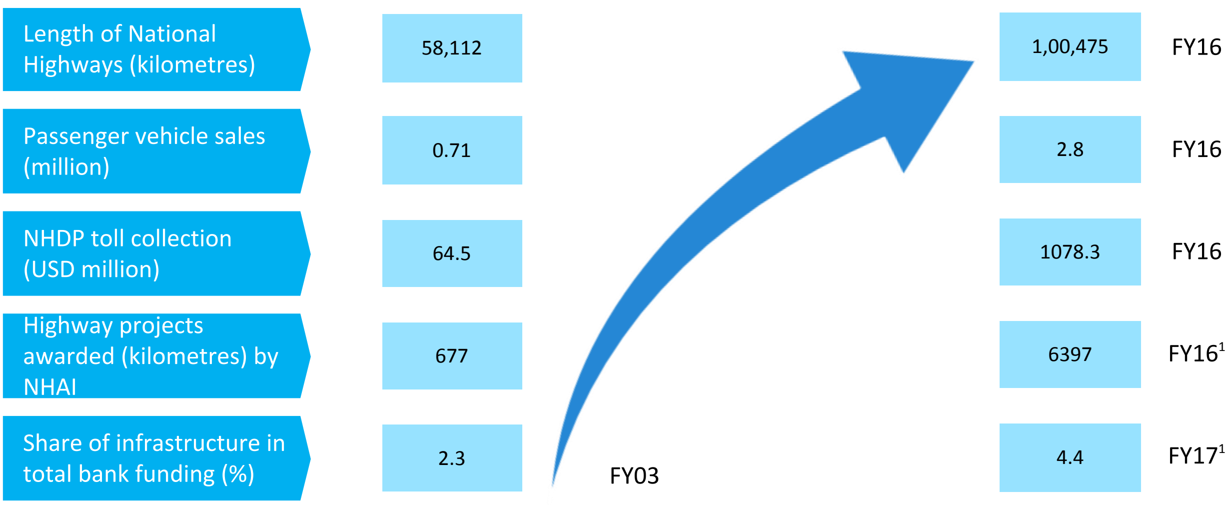
International Comparison of road network

Road networks across countries can be compared in terms of road density (length of road per square km of area). If is expected that smaller countries would have higher road density than those with a considerably larger size. Accordingly, as on 31 March 2012, India's road density at 1.59 km/sq. km of area was higher than that of the United States of America (0.67km/ sq km), China (0.44 km/ sq. km) and Brazil (0.19 km/sq. km). The surfaced road length in India was 60.61 per cent. of the total road length which was much lower than in France, Japan, Korea, the United Kingdom and the United States of America. National highways in India accounted for 1.51 per cent. of the total road length as on 31 March 2013, which was much lower than in the developed countries of the world. The average road length per 100,000 people in India was 402.03 km as at 31 March 2013 whereas the length of national highways per 100 square km was 2.41 km, and the length of national highways per 100,000 people was 6.35 km. *(Source: Ministry of Statistics & Programme Implementation, Chapter 21)*.

Major Road Indicators Across Select Countries

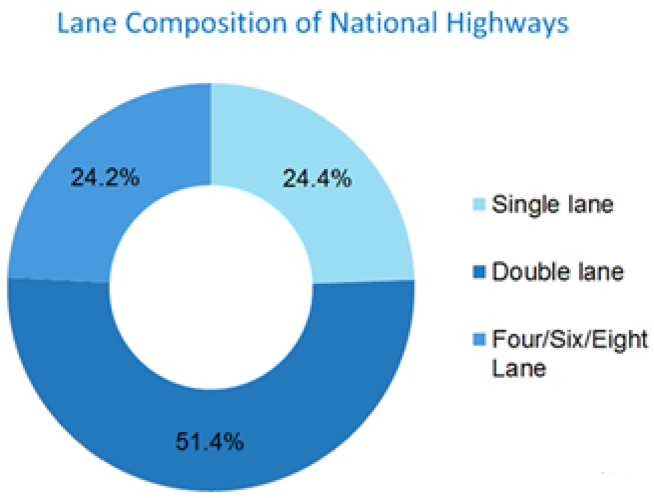
Major Road Indicators across Select Countries, 2012					
Country	**Road Density (km/sq. km)**	**Share of Paved Road (per cent)**	**Road Length in Kilometre**		
			Total Highways	**Motorways**	**National Highways**
Brazil	0.19	13.9	1,584,104	N/A	100,183 (6.32)
China	0.44	66.04	4,237,508	96,200 (2.27)	74,271 (1.75)
France	1.94	100 (2010)	1,062,693	11,491 (1.08)	8,894 (0.84)
India (2012 - 2013)	**1.59**	**60,61**	**5,231,922**	**N/A**	**79,116 (1.51)**
Japan	0.90	N/A	341,509	8,050 (2.63)	51,237 (15.00)
Korea, Republic	1.06	83.43	105,703	4,044 (3.83)	13,766 (13.02)
Russian Federation	0.08	72.3	1,283,400	N/A	N/A
United Kingdom	1.73	100	420,436	3,733 (0.88)	49,076 (11.68)
United States of America	0.67	N/A	6,586,623	76,335 (1.11)	25,531 (0.39)

(Source: Ministry of Statistics and Programme Implementation, Chapter 21)



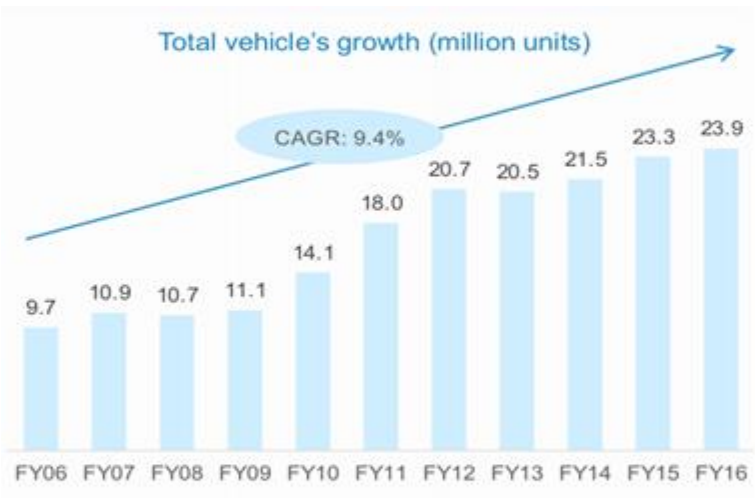
Source: http://www.ibef.org/download/Roads-November-2016.pdf
Notes: FY - Indian Financial Year (April-March), NHDP - National Highway Development Project, TechSci Research
FY16: Till December 2015, FY17: Till May 2016

Rising Development of National Highways



Source: http://www.ibef.org/download/Roads-November-2016.pdf

Expansion of road network versus growth in motor vehicles



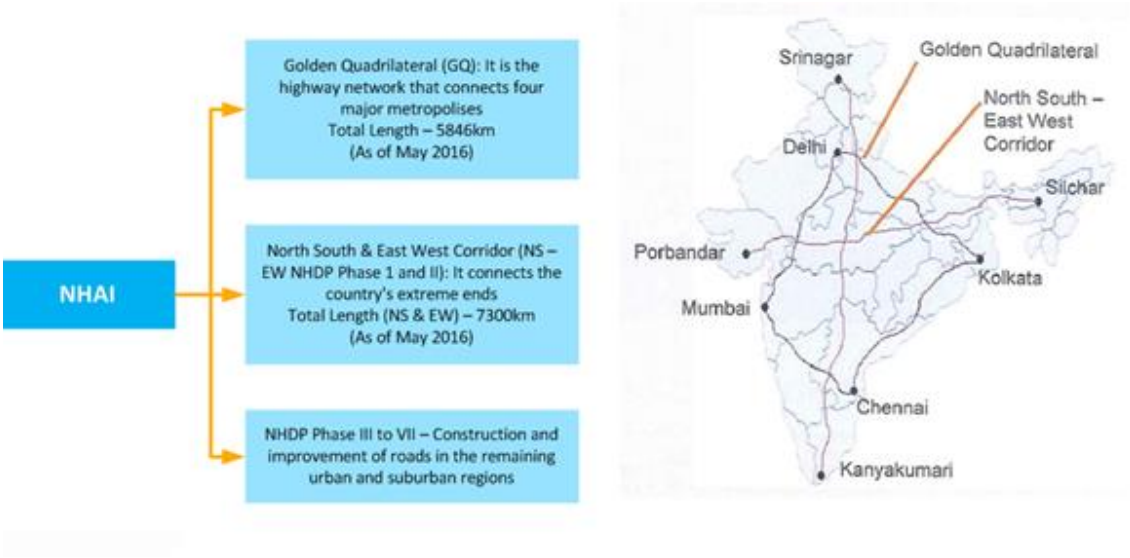
Source: http://www.ibef.org/download/Roads-November-2016.pdf

Government Initiatives

As a facilitator, the Central Government has been aiming to attract greater investor participation in infrastructure projects by introducing several incentives and schemes to attract capital into the infrastructure industry.

The Central Government has set up a committee on infrastructure with the objective among others of initiating policies that ensure time-bound creation of world class infrastructure, drawing a priority list of projects aimed at augmenting and modernising the infrastructure capacity, developing structures that maximise the role of public-private partnerships in the field of infrastructure, and monitoring progress of the infrastructure projects to ensure that established targets are realised.

NHDP
The NHDP, the largest highway project ever undertaken by the country, is being implemented by the Issuer in seven phases.



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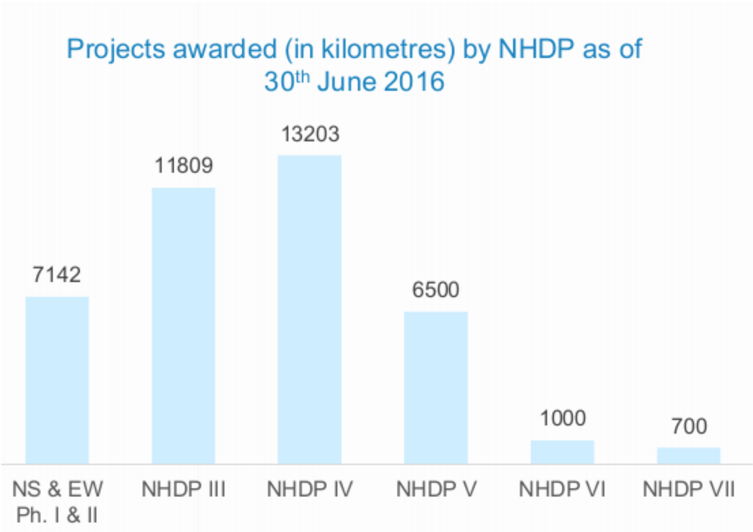

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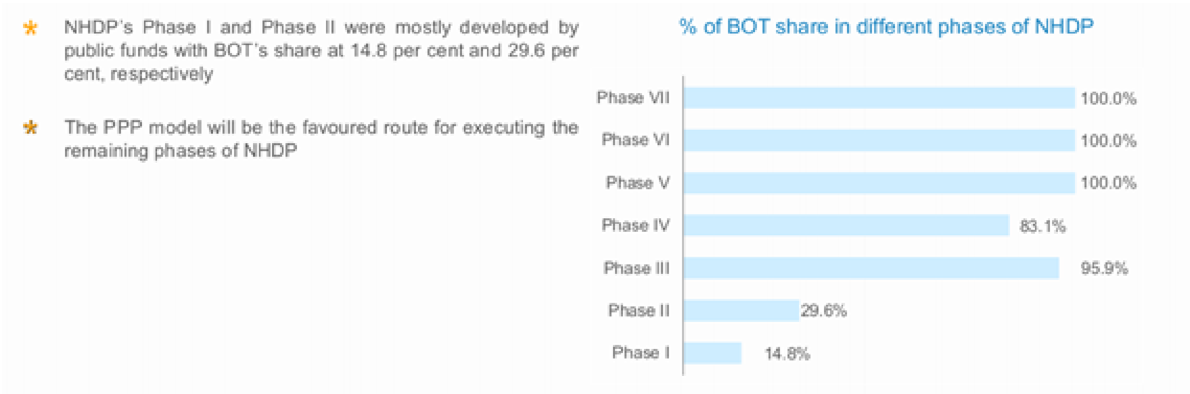


Source: http://www.ibef.org/download/Roads-November-2016.pdf

STATE PUBLIC WORKS DEPARTMENTS ("PWDs")

An amount of Rs. 42075.6 billion has been allocated during 2015-16, for the national highways entrusted to State PWDs. In addition, an amount of Rs. 500 million from the Permanent Bridge Fees Fund a fund has been allocated for national highways entrusted to State PWDs.

An amount of Rs. 27,014 million including Rs. 800 million for BRO has been allocated during 2015-16 for maintenance of national highways entrusted to the state PWDs and BRO respectively.

SARDP-NE

The Issuer is also involved in the implementation of SARDP-NE to provide connectivity to all the State capitals and district headquarters in the north-east region of India. The proposal would include upgrading other stretches on national highways considered critical for economic development of the north-east region.

The SARDP-NE envisages improvement of road connectivity to the State capitals with district headquarters in the north eastern region. The proposed programme includes improvement of 10,141 km of roads comprising national highways (7,530 km) and state roads (2,611 km).

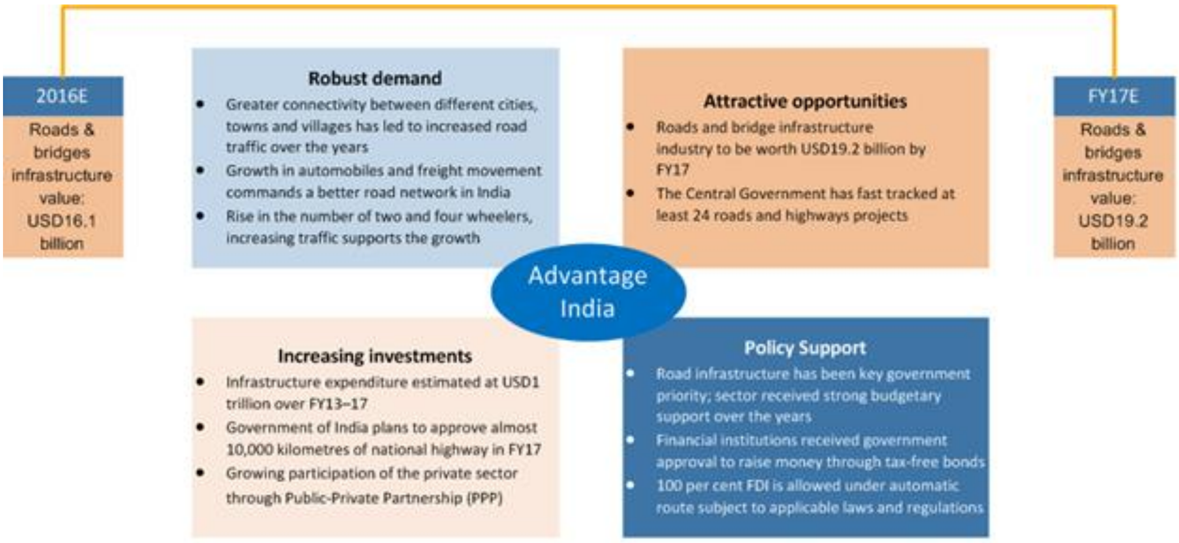
See "*Description of the Issuer's Business - The Issuer's Projects*".

Potential

Road development is recognised as essential to sustain India's economic growth. The Government plans to increase spending on road development substantially with funding already in place based on a cess on fuel. A large component of highways is to be developed through public-private partnerships. Several high traffic stretches have already been awarded to private companies on a BOT basis. Investment opportunities exist in a range of projects being tendered by the Issuer for implementing the NHDP.

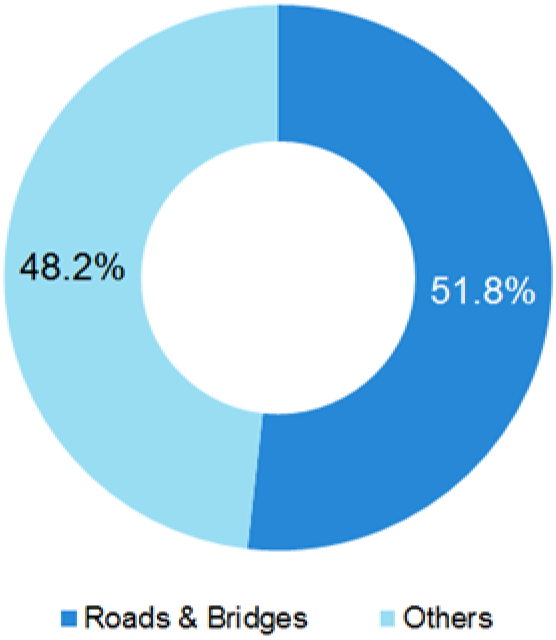
(Source: http://infrastructure.gov.in/highways.htm)

Advantage India

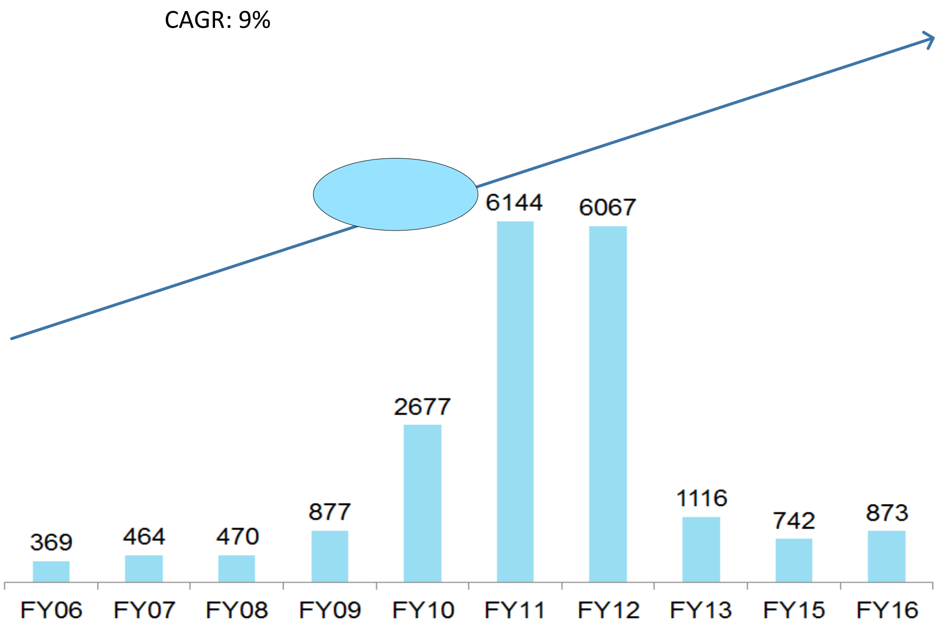


Source: http://www.ibef.org/download/Roads-November-2016.pdf

Total PPP projects in India (July 2016)



Source: http://www.ibef.org/download/Roads-November-2016.pdf



Projects awarded to BOT participants (in Kms)

Source: http://www.ibef.org/download/Roads-November-2016.pdf

DESCRIPTION OF THE ISSUER'S BUSINESS

The following information is qualified in its entirety, and should be read together with the more detailed financial and other information included in this Prospectus, including the information contained in the section of this Prospectus headed "Risk Factors".

OVERVIEW

The Issuer is an autonomous authority of the Government of India under the MoRTH and was constituted on 15 June 1989 by the NHAI Act. The NHAI Act governs the functions of the Issuer and frames the rules and regulations pursuant to which it operates. It commenced operations in February 1995.

The Issuer was established by the Government for the provision and maintenance of a national highway network consistent with global standards, to meet road users' expectations in the most efficient and cost effective manner and to provide a national infrastructure system capable of supporting a sustainable economic growth. The objectives of the Issuer are provided in the NHAI Act pursuant to which the Issuer is responsible for the development, maintenance and management of the national highways entrusted to it by the Government and for matters connected or incidental thereto. The Issuer's functions include the survey, development, maintenance and management of the national highways and, *inter alia*, to construct offices or workshops, to establish and maintain hotels, restaurants and rest rooms on or near the highways entrusted to it, to regulate and control regular traffic volume, to develop and provide consultancy and construction services and to collect service and usage fees in accordance with the NHAI Act.

The Issuer's original mandate was limited to a number of pilot projects, undertaken with the assistance of the ADB and JBIC. Subsequently, in 1998, the Government, in conjunction with the Issuer, announced the NHDP comprising two initial major phases. The first phase comprised the Golden Quadrilateral project, which established modern road transportation links between a number of major Indian cities including New Delhi, Chennai, Kolkatta, Mumbai, Bangalore and Jaipur. The Golden Quadrilateral project was split into four sections totalling 5,846 km of road network. The second phase involved development of the North South corridor and the East West corridor (**"NS-EW Corridors"**), which established highways through central India connecting Srinagar (North), Kanyakumari (South), Porbandar (West) and Silchar (East), totalling approximately 7,142 km. As of 31 December 2016, over 90 per cent. of the NS-EW Corridor projects totalling 6,513 km were complete. See "*The Issuer's Projects*" below for progress on the NHDP and other similar projects.

Since the inception of the NHDP programme, the approach to implementing the NHDP has changed significantly. Initially NHDP projects were implemented through EPC contracts. Since 2005, as a policy, the Government has been implementing NHDP projects through PPP models. The various PPP models followed include BOT models, being the BOT (Toll), BOT (Annuity) and BOT (Hybrid Annuity) models (See "*Public Private Partnership ("PPP") in Highway Developments"* below). As at 31 December 2016, the Issuer has awarded 163 BOT (Toll) based contracts at a total project cost of INR 1319.70 billion, 48 BOT (Annuity) based contracts at a total project cost of INR 297.26 billion, 28 BOT (Hybrid Annuity) based contracted at a total project cost of INR 260.07 billion and 429 EPC contracts at a projected cost of INR 1396.87 billion.

The Issuer has adopted a business model that relies on outsourcing a number of activities including design, construction, supervision, operation and maintenance of national highways, rather than undertaking such activities through its own employees. This has allowed the Issuer to maintain an efficient organisational structure which focuses on operational decision-making.

The Issuer is also involved in the implementation of the SARDP-NE to provide connectivity to all the State capitals and district headquarters in the north-east region of India. The proposal would include upgrading other stretches of national highways and state highways considered critical for the economic development of the north-east region.

In December 2000, a mandate was given by the Central Government to the Issuer under NHDP Phase-I to upgrade the road connectivity to the major ports in the country. Port-road connectivity projects are being implemented by setting up SPVs where the Issuer contributes to the project cost by way of an equity investment or equity participation.

As at the date of this Prospectus, the Issuer has set up 11 SPVs comprising four wholly owned companies and seven joint venture companies. See sub-section "*Subsidiaries*" below.

SUMMARY OF MAJOR EVENTS

Year:	Event:
1989	Establishment of the Issuer under the NHAI Act.
1995	The Issuer became fully operational with the appointment of a full-time Chairman and other Members.
1998	Announcement of the NHDP programme, whereby the Issuer would be entrusted with road construction totalling 46,200 km to be completed in seven phases.
2000	Government approval obtained from the Cabinet Committee on Economic Affairs (**"CCEA"**) for Phase I of the NHDP.
2003	Government approval obtained from CCEA for NHDP Phase II
2005	Government approval obtained from CCEA for NHDP Phase III and IV
2006	Government approval obtained from CCEA for NHDP Phase V and VI
2007	Government approval obtained from CCEA for NHDP Phase VII
2009	Approval received from the Government of India for a revised strategy to implement the NHDP, based on the B. K. Chaturvedi Committee Report.
2012	The Issuer successfully raised the first public issue of tax free bonds under the IT Act totalling an aggregate sum of INR 100 billion.
2014	The Issuer successfully raised a further INR 50 billion through tax free bonds.
2016	The Issuer successfully raised an additional INR 190 billion through tax free bonds.

THE ISSUER'S STRENGTHS

Central role in Government initiatives in policy making in the infrastructure sector

The Issuer believes that it has a strategic advantage owing to its strong relationship with the Central Government and the central position it occupies in the plans by the Central Government for the development and implementation of various programmes, policies and structural and procedural reforms for the roads and highway infrastructure sector in India.

The Issuer is the primary agency responsible for the development of the national highways infrastructure projects under the NHDP

The NHAI Act has designated the Issuer as the primary agency responsible for the development of the national highway infrastructure under the NHDP and related programmes approved by the Central Government. The Issuer manages the development of the NHDP under the mandate of MoRTH and the Central Government. There are no comparable agencies within the Central Government for the development of the national highway infrastructure. This ensures that funds can be deployed to the various infrastructure projects under the NHDP relatively efficiently and also allows the Issuer to enable private sector participation in the development of the national highway infrastructure in India. The PPP models implemented by the Issuer vary from short-term simple management contracts (with or without investment requirements) to long-term and very complex BOT forms like Design, Build, Finance, Operate and Transfer (**"DBFOT"**). As well as the NHDP, the Issuer has implemented several other highway projects commissioned together with the Government, such as the SARDP-NE, the port connectivity projects and other projects. See "*The Issuer's Projects*" below.

The Issuer believes that the absence of direct competition for the implementation of the projects under the NHDP places it in a unique position as the developer of the national highway infrastructure.

Track record of consistent operational performance and growth

The Issuer believes that it has established a track record for consistent growth. See "*Description of the Issuer's Business*" - "*The Issuer's Projects*" below which illustrates the performance and growth of the national highway infrastructure as implemented by the Issuer.

Pioneering initiatives in the road sector in India

The Issuer believes that it has initiated several innovative processes which are different from the practices generally followed in the infrastructure industry. Further to the adoption of performance based contracts with bonus and penalty provisions in both EPC and PPP projects, the Issuer believes that there has been an improvement in construction and service quality associated with such EPC and PPP projects. Detailed project reports (**"DPRs"**) relating to each project currently undergo peer reviews by specialist engineers, selected from a panel of consultants, in order to enhance quality and efficiency. Mechanisms have been implemented to accelerate the process of dispute resolution, especially in relation to EPC projects. Umbrella state support agreements have also been put in place for projects undertaken within a single state. Each state support agreement executed between the Issuer and the State Government provides a legal framework for providing support and services to executing agencies to procure necessary support from the State Government for implementation of the projects in accordance with their defined schedule. Some of the other innovations introduced by the Issuer include e-tendering, e-procurement, introduction and implementation of wayside amenities on highways, road asset management Systems, advanced traffic management Systems, road user applications, green highways, safety engineering and adaptation of the some of the national highways to provide emergency landing facilities for military aircraft. The Issuer has also recently entered into a memorandum of understanding with the Indian Space Research Organisation and the North East Center for Technology Application and Research for the use of spatial technology for the monitoring and managing of national highways. Recently the Issuer has also been involved in the plans by the Central Government and the Delhi Development Authority to enable the decongestion of Delhi-NCR region.

Experienced and committed management and employee base with in-depth sector expertise.

The Issuer believes that it has an experienced, qualified and committed management and employee base. The Issuer believes that it is one of the few organisations where people with extensive experience in the road and highways and finance sectors are regularly seconded from various central or state services, departments and organisations to share their expertise. As of 31 December 2016, the Issuer has a total workforce of 990 employees, including 270 officers seconded from other Indian state services or departments. The Issuer is organised in a manner so as to facilitate faster operational decision-making. Supervision consultants and independent engineers are appointed through a rigorous recruitment process in order to select the most qualified professionals.

Furthermore, all projects are monitored centrally at the Issuer's headquarters by both a technical and financial division. These divisions are operated separately, each with their own management and sub-management structure.

Economies of scale

Given the scale of operations of the Issuer and the legislative mandate to the Issuer pursuant to the NHAI Act, the Issuer benefits from a large volume of commercial projects. The Issuer enjoys significant cost benefits as a result of its centralised decision making system. The Issuer aims to manage its projects efficiently so that equipment is stored more efficiently, manpower is deployed appropriately and redundant assets are minimised. The Issuer therefore achieves large scale efficiencies and benefits from economies of scale owing to the size of its operations.

STRATEGIES

The Issuer's long term goal is to develop a highly-advanced highway network suitable for meeting the increasing demands of commercial transportation and heavy industrial use. The Issuer aims to achieve this goal through the following areas of strategic focus.

Decentralisation of local level decisions and activities

The Issuer is aiming to decentralise its field level decisions and activities in order to achieve a greater level of operational efficiency. To this end the Issuer has set up 23 regional offices and 135 project implementation units, each with an appropriate management structure for the effective co-ordination and monitoring of local projects. Each regional office has been delegated the necessary powers and capacity to engage, where necessary, such technical experts as are required to achieve the most efficient outcome in the implementation of such regional office's projects.

Strengthening of core processes for the NHDP implementation and management

The Issuer believes that it pays significant attention to institutionalising knowledge and best practices within the project cycle. This includes preparing guidelines of best practice in land acquisition and preconstruction activities adopted in different Indian states, adopting "resettlement and rehabilitation" practices, in particular for externally aided projects, and preparing guidelines and standardised procedures for implementing amendments to existing project scopes and timelines. The Issuer has also developed an e-procurement system and an online platform for interaction with various service providers. These steps, the Issuer believes, will enhance its productivity and ability to implement its projects more efficiently.

Strengthening of the quality audit and review processes

As the Issuer relies frequently on outsourcing in the implementation of projects, its strategy is to invest resources in infrastructure required to carry out advanced audits and performance reviews of its service providers. This strategy includes improving the review process of project designs, greater involvement of the Issuer's field unit and supervision consultants at an earlier stage in a project, strengthening independent quality audits during the construction stage of EPC and PPP projects and receiving continuous feedback from stakeholders which enables it to enhance its wider monitoring framework.

Greater focus on human resources

The Issuer expects an increase in the scale and complexity of future national highways projects, which will require continued growth within its human resources both in terms of size and expertise. The Issuer plans to extend its outsourcing of personnel to its different areas of operation in order that the right level of expertise is available where necessary. On occasions, especially in relation to projects where land acquisition matters are involved, the Issuer intends to hire retired officers who were working in the various state and national level government bodies and also other third party service providers. The Issuer believes that by doing so it shall be able to utilise the experience and expertise of these personnel to enhance its business and areas of operation.

Developing strong institutional relationships with external stakeholders

The Issuer's strategy is to engage with and build strong relationships with a variety of stakeholders across various aspects of its operations. These include, but are not limited to, the Central Government, the Niti Aayog, state and local governments and agencies, implementing authorities such as the police and health service, contractors, concessionaires, technical, financial and legal consultants, audit firms, financial institutions, investors, industry associations, academic institutions, the media, and both multilateral and bilateral funding agencies such as the World Bank, the ADB and the JBIC.

Greater use of information technology ("IT")

The rapid advance in IT resources across various aspects of highway development and management has resulted in a stronger incentive for the Issuer to maximise the application of these resources within its operations. Significant focus on IT is one of the key strategies for the Issuer in its plans for corporate growth. The Issuer has already instituted various information technology systems across its various operations. Examples include e-tendering, electronic tolling, advanced traffic management systems and road asset management systems. The Issuer expects to expend more resources towards the implementation of information technology across it operations to enhance its productivity and its results of operations.

THE ISSUER'S PROJECTS

The national highways are an integral component of the Indian economy and fundamental to ensuring the efficient inter-state movement of both passengers and goods. The national highways connect the national and state capitals of India, the country's major ports and rail junctions, and provide links with border roads and international highways. The total length of the national highways (including expressways) of India stands at 100,475 km as per the NHAI Annual Report for Fiscal 2015. Whilst highways and expressways constitute only 1.9 per cent. of the length of all roads in India, they are responsible for carrying around 40 per cent. of the road traffic throughout the country.

The progress of the NHDP and other similar projects, as of 30 November 2016, are as follows:

		Total Length (Km.)	Already 4/6 Laned (Km.)	Under Implementation (Km.)	Contracts under Implementation (No.)	Balance length for award (Km.)
NHDP	Golden Quadrilateral	5,846	5,846 (100.00 per cent)	0	0	-
	North/South-East/West Phase I & II	7,142	6,506	384	31	252
	Port Connectivity	435	379	56	7	-
	NHDP Phase III	11,809	7,193	2,937	78	1,679
	NHDP Phase IV	13,203	3,010	6,244	94	3,949
	NHDP Phase V	6,500	2,494	978	26	3,028
	NHDP Phase VI	1,000	-	165	8	835
	NHDP Phase VII	700	22	79	3	599
	NHDP Total	46,635	25,450	10,843	247	10,342
Other		1,926	1,844	210	10	-
SARDP-NE		110	105	5	1	-
Total by the Issuer		48,671	27,271*	11,058	258	10,342
*Total 20,000 Km was approved under NHDP Phase IV. Out of which 13,203 Km as assigned to the Issuer and the remaining 6,791 km with MoRTH.						

Connectivity to Major Ports

In December 2000, a mandate was given by the Central Government to the Issuer under NHDP Phase-I to upgrade the road connectivity to the major ports in the country. Port-road connectivity projects are being implemented by setting up SPV companies where the Issuer contributes to the project cost by way of an equity investment or equity participation.

The following SPVs have been incorporated for developing port connectivity projects:

Sl. No	Name of Port	Length (km)	Name of the SPV
1	Mormugao	18.3	Mormugao Port Road Company Limited
2	Haldia	52.2	Calcutta-Haldia Port Road Company Limited

Sl. No	Name of Port	Length (km)	Name of the SPV
3	JNPT Package-I	30	Mumbai JNPT Port Road Company Limited
	JNPT Package-II	14.4	Mumbai JNPT Port Road Company Limited
4	Vishakapatnam	12.5	Viskhapatnam Port Road Company Limited
5	Chennai-Ennore	30	Chennai-Ennore Port Road Company Limited
6	Cochin	10.4	Cochin Port Road Company Limited
7	Tuticorin	47.2	Tuiticorin Port Road Company Limited
8	Paradip	77	Paradip Port Road Company Limited
9	New Mangalore	37.5	New Mangalore Port Road Company Limited
	Total :	**329.5**	

In addition to the above projects, there are two projects being implemented by the Issuer to provide the port connectivity for Chennai Port Gate No. 10 and ICTT Vallarpadam (Cochin) port, as follows:

Sl. No.	Name of Stretch/Port	Length (km)
1	4 Lane elevated road from Maduravoyal to Chennai Port Gate (NH-4)	19
2	4 Lane connectivity to ICTT Vallarpadam NH-47	17.2
	Total :	**36.2**

SPECIAL ACCELERATED ROAD DEVELOPMENT PROGRAMME FOR NORTH EASTERN REGION ("SARDP-NE")

The Issuer is also involved in the implementation of SARDP-NE to provide connectivity to all the State capitals and district headquarters in the north-east region of India. The proposal would include upgrading other stretches of national highways and state highways considered critical for the economic development of the north-east region.

The SARDP-NE envisages improvement of road connectivity to the State capitals with district headquarters in the north eastern region. The proposed programme includes improvement of 10,141 km of roads comprising national highways and state roads to be implemented under Phase 'A', Phase 'B' and Arunachal Pradesh Package.

Phase A

Phase A consists of improvements to 4099 km of roads consisting of 3014 km of national highways and 1085 km of state roads at an estimated cost of Rs. 217.69 billion. Out of 4099 km, BRO, State PWDs and the National Highways and Infrastructure Development Corporation Limited (**"NHIDCL"**) have been entrusted with responsibility for the development of 3213 km of roads. The works are in various stages of progress and the expected date of completion for Phase A is March 2017.

Phase B

Phase B involves adding extra lanes to 3723 km of national highways and further improvements to state roads.

Arunachal Pradesh Package for Roads and Highways

The Arunachal Pradesh Package of Roads and Highways covering 2319 km of road was approved by the Government as part of SARDP-NE on 9 January 2009. Out of this, 776 km has been approved by the Government for execution on a BOT (Annuity) basis and for the remaining 1543 km approval for tendering under the EPC basis.

(*Source: Ministry of Development of North Eastern Region*)

FINANCING

As the Issuer has been created to act as an authority for the development, maintenance and management of national highways in India, the Government of India has the responsibility of providing funds to the Issuer for the discharge of its functions.

The Issuer receives its funding through (i) support from the Government in the form of capital investment, additional budgetary support, (cess and toll plough back); and (ii) loans from multilateral agencies and (iii) market borrowings.

The development and maintenance of the national highways is financed through (i) the Government's gross budgetary support and ABS, (ii) dedicated accruals under Central Road Fund (share in the levy of cess on fuel), (iii) lending by international institutions; (iv) private financing through PPP framework including DBFOT and SPVs with equity participation by the Issuer and (v) market borrowing (including funds raised through capital gain tax exemption bonds and long term tax free bonds). For further details see "*Financial Support from the Government*" below.

Cess

The Central Government has, under the Central Road Fund Act 2000 (**"CRF Act"**), created a dedicated fund for the NHDP by levying taxation on diesel and petrol. The receipts from the taxation are separated as follows:

(i) 33.5 per cent. designated to the development of rural roads;

(ii) 41.5 per cent. designated for the development and maintenance of the national highways;

(iii) 14 per cent. spent on railway safety works, including the construction of road bridges and the erection of safety works at unmanned rail-road crossings;

(iv) 10 per cent. designated towards the development and maintenance of State roads of inter-State and economic importance as approved by the Central Government; and

(v) 1 per cent. spent on the development and maintenance of roads in border areas.

Loan assistance from multilateral agencies

The Issuer is implementing some projects under the NHDP with external assistance in the form of loans and grants from multilateral development agencies including the ADB.

The following table sets out the externally aided projects of the Issuer as at 31 December 2016:

Summary of Externally Aided Projects

Category	**Awarded**		**Awarded Cost (INR crore)**	**Completed**	
	No. of Contracts	**Length in km**		**No. of Contracts**	**Length in km**
World Bank Funded Projects					
NHDP Phase I	18	983	5538	18	982
Golden Quadrilateral	18	983	5538	18	982
Others	-	-	-	-	-

Category	Awarded		Awarded Cost (INR crore)	Completed	
	No. of Contracts	Length in km		No. of Contracts	Length in km
NHDP Phase II EW Corridors	12	482	3208	10	409
Sub-Total A	**30**	**1465**	**8746**	**28**	**1391**
ADB Funded Projects					
NHDP Phase I	10	615	1866	10	615
Golden Quadrilateral	9	567	1807	9	567
Others	1	48	59	1	48
NHDP Phase II NS & EW Corridors	31	1636	7565	5	365
Sub-Total B	**41**	**2253**	**9431**	**40**	**2199**
JBIC Funded Projects					
NHDP Phase I	7	150	634	7	150
Golden Quadrilateral	5	111	333	5	111
Others	2	39	301	2	39
Sub-Total C	7	150	634	7	150
Grand Total (A+B+C)	**78**	**3868**	**18811**	**75**	**3740**

The Issuer is also able to award grants towards a project's cost to make it commercially viable. However, the amount of any such grant is decided on a case by case basis. The disbursement of any such grant is subject to the contractual provisions of the relevant project concession agreements.

The Issuer's projects, with higher traffic volumes, have enabled the Issuer to receive an upfront payment payable by the successful bidder as an outcome of the competitive bidding process. Further, projects under the BOT/DBFOT framework have also been awarded on a revenue share/premium basis, where the bidder offering the highest revenue share/premium is awarded the project.

Market Borrowing

The Issuer is authorised to raise capital through the issue of bonds both on the domestic and international capital markets. See "*Summary of Indebtedness*" below.

Summary of Indebtedness

The following table sets forth the details of the Issuers' indebtedness as of the dates mentioned:

	31 December 2015 (INR in billions)	**31 March 2016 (INR in billions)**	**31 December 2016 (INR in billions)**
Long Term Borrowings			
<u>Secured Loans</u>			
Capital Gains Tax Free Bonds- 54EC	96.63	105.66703	121.07
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr & 15Yr) 11-12	100	100	100
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr & 15Yr) 13-14	50	50	50
Tax Free Secured Redeemable Non-Convertible Bonds (10Yr & 15Yr) 15-16	38.72	190	190
Taxable Bonds (25Yrs) 2016-17			100
Loan from ADB - (Surat Manor Project) (US$ 105,500,802.74 @ Rs.66.6975)	6.63	7.03664	6.55
Taxable Bonds (5yrs) (Approval and no objection certificate provided by Government of India for raising taxable bonds)			50.20
Total	**291.99**	**452.70367**	**617.82**

PUBLIC PRIVATE PARTNERSHIP ("PPP") IN HIGHWAY DEVELOPMENT

PPP is the Issuer's preferred mode of delivery for future phases of the NHDP. There are a number of forms of PPP which are popular in India and have been used for development of the national highways:

Build, Operate and Transfer ("BOT") (Toll)

Under the BOT (Toll) model, private developers and operators are awarded project contracts where they are entitled to collect and retain toll revenues for a certain tenure known as the concession period. Toll revenues are prescribed by the Issuer on a "per vehicle per km" basis for different types of vehicles. A model concession agreement for BOT projects has been developed and is regularly revised as required to facilitate the efficient award of contracts to prospective operators.

Build, Operate and Transfer ("BOT") (Annuity)

In the BOT (Annuity) model, the concessionaire bids for projects on the basis of annuity payments to be received from the Issuer that would cover the construction, operational and maintenance costs of the project and cater for an expected return on the investment. The annuities are paid semi-annually by the Issuer to the concessionaire and are linked to performance covenants. The concessionaire does not bear the traffic or tolling risk in these contracts.

Design, Build, Finance, Operate and Transfer ("DBFOT")

The DBFOT model is similar to the BOT (Toll) and BOT (Annuity) model. However, in the DBFOT model, the concessionaire is also responsible for the design, building, financing, operation and maintenance aspects of the project.

A model concession agreement for DBFOT projects has been developed and is regularly revised as required to facilitate the efficient award of contracts to prospective operators.

Hybrid Annuity model

The Finance Minister during his budget speech for Fiscal 2016 announced the Government's intentions to revisit the existing PPP models. Following the announcement by the Finance Minister, broad guidelines for a Hybrid Annuity model were announced by the Issuer. The Hybrid Annuity model combines the EPC and BOT (Annuity) models, whereby Government and private enterprises share the bid project cost in the ratio of 40:60 during the construction period. Project life cycle cost defined as net present value (**"NPV"**) of the quoted bid project cost plus NPV of the operations and maintenance (O&M) cost for the entire operations period is the bid parameter. The project is awarded to the developer quoting the lowest project life cycle cost where **"project life cycle cost"** means the net present value of the quoted bid project cost plus the net present value of the operations and maintenance costs for the operational period. The Government funds 40 per cent. of the bid project cost, as determined by the bidder, in five equal instalments during the construction period. The private party bears the remaining 60 per cent. of the project cost, through a combination of equity contributions and debt. The proportion borne by the private party during the construction period is expected to be recovered from the Issuer through annuity payments spread over a period of time. Project costs are inflation linked (through a price index multiple) (**"PIM"**), which is the weighted average of the wholesale price index (**"WPI"**) and consumer price index (**"CPI"**) in the ratio of 70:30. The bid project cost adjusted for variation between the price index occurring between the reference index preceding the bid date and reference index date immediately preceding the appointed date shall be deemed to be the bid project cost at the commencement of construction. Bid project cost shall be adjusted to variations in PIM on a monthly basis until the commencement of operations. Further the Government also retains the revenue risk as it remains responsible for the collection of toll revenue upon completion. On the other hand the private participant will bear construction, operations and maintenance risks. Since the Government will bear 40 per cent. of the project cost during the construction phase, the returns to the private developer in the form of annuities during the operating phase will be proportionately lower when compared with normal annuity projects fully funded by a private developer. When compared with EPC projects, it is expected that a shift to the Hybrid Annuity model would ease the cash flow pressure on the Issuer as it would have to provide only 40 per cent upfront funding spread over the 30-36 months of construction period, and the private participant would be required to bear the balance 60 per cent. of the project cost through a combination of its equity contribution and debt raised from the market. Further, the 60 per cent. of the project cost borne by the private participant during the construction period is to be recovered from the Issuer in terms of annuity payments spread over a period of 15 years. Therefore, the Issuer's own upfront funding requirement will be lower in the case of Hybrid Annuity Model compared with EPC model. Further, the annuity nature of the projects would eliminate traffic related risks thereby improving ease of financial close and refinancing ability post project completion. However, a lot would depend on the Issuer's ability to ensure right of way availability and approvals before awarding these projects.

Operate, Maintain and Transfer ("OMT")

Under the OMT model, toll collection and highway maintenance are integrated and awarded to one private operator (traditionally, tolling agents have been responsible for the collection of toll revenue, with various subcontractors undertaking road maintenance). Project construction and development will remain the responsibility of a separately appointed EPC contractor until completion, at which point such private operator will assume responsibility for collection of tolls in return for their maintenance of the highways and the provision of essential facilities such as emergency and safety services. The Issuer has recently awarded a number of highway projects to the private sector under the OMT model.

Engineering, Procurement and Construction ("EPC")

Under the EPC model a single contractor takes responsibility for all elements of the engineering, procurement, construction and maintenance aspects of the project. This is different to a traditional EPC contract, whereby the contractor does not provide for maintenance under the initial contract. Under the EPC model, the contractor will quote for the cost of upgrading and maintaining the highway at the outset, and will be required to provide such maintenance for two years' post completion of the construction. The cost of the project is borne by the Issuer.

Incentives for Private Sector Participation

The Government has put in place financial incentives to encourage increased private sector participation in the road sector. Initiatives taken by the Government include:

(i) a declaration of the road sector as an industry;

(ii) the provision of a capital grants subsidy of up to 40 per cent. of a project's costs to enhance the viability of a project on a case-by-case basis;

(iii) a duty-free import of specifically identified high-quality construction plant and equipment;

(iv) a 100 per cent. tax exemption in any consecutive 10 years within a period of 20 years after completion of construction projects which involve an addition of new lanes;

(v) an undertaking by the Government to meet all expenses relating to land acquisition and other pre-construction activities (which, in essence, allows for construction and development on encumbrance-free land); and

(vi) an allowance for foreign direct investment of up to 100 per cent. in the road sector.

Bidding Process

The general procedure for the selection of concessionaires adopted by the Issuer involves a two-stage bidding process. Projects are awarded as per the model documents prepared by the Issuer and the Central Government such as Request for Qualification (**"RFQ"**), Request for Proposal (**"RFP"**) and concession agreements. The Issuer amends these model documents based on project specific requirements. The two stage process involves:

Stage 1: Pre-qualification on the basis of technical expertise and financial position of the firm and its track record in similar projects which meets the minimum criteria set out in the RFQ document.

Stage 2: Commercial bids from pre-qualified bidders are invited through issue of RFPs. For BOT (Toll) projects the bid parameter is the premium offered to the Issuer or the grant sought from the Issuer. In BOT (Annuity) projects the bid parameter is the semi-annual annuity sought from the Issuer.

The Government has put in place appropriate policies and other institutional and regulatory mechanisms including a set of fiscal and financial incentives to encourage increased private sector participation in the road sector.

Bidding process for Engineering, Procurement and Construction ("EPC") projects

The Issuer has also adopted a single stage two part system for the selection of the bidder for award of a project. Under this process, the bid shall be invited under two parts. Eligibility and qualification of the bidder will be first examined based on the details submitted under the technical bid with respect to eligibility and qualifications criteria prescribed in the RFP. The financial bid shall be opened to only those bidders whose technical bids satisfy the eligibility and qualifications requirements as per the RFP.

RELATIONSHIP WITH THE GOVERNMENT

Government as the policy maker

Pursuant to the NHAI Act, the Central Government may direct that any function in relation to the development or maintenance of national highways shall also be exercisable, among others, by any officer or authority subordinate to the Central Government. Accordingly, some of the functions were delegated by the Central Government to the respective State Governments. The NHAI Act was passed providing for the constitution of the Issuer for the development maintenance and management of the national highways and for matters connected therewith or incidental thereto.

The Central Government appoints the Chairman and may also appoint up to four part-time Members. The Central Government is empowered to vest in, or entrust to, the Issuer such national highways or any stretch thereof, as are vested in the Central Government under the NHAI Act. As per the NHAI Act, the Central Government provides funds to the Issuer for the discharge of its functions. Further to this, the fee collected by the Issuer is on behalf of the Government for services or benefits rendered by it under the NHAI Act.

Statutory powers of the Government over the Issuer

The Central Government is empowered to vest or entrust any national highway or stretch thereof to the Issuer by publishing a notification in the Official Gazette. Thereafter, all assets, rights or liabilities of the Central Government in respect of such national highway or stretch thereof stands transferred to the Issuer including but not limited to all debts, contracts, capital expenditure, all sums of money due to the Central Government, suits and any other legal proceedings.

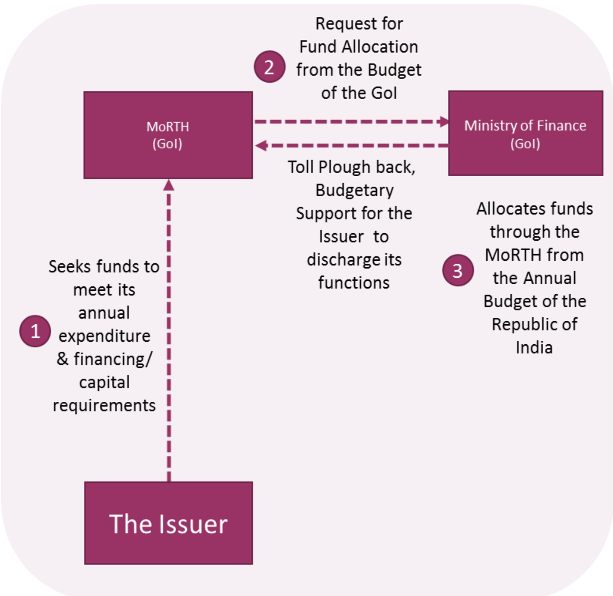
Financial Support from the Government

Financial support to the Issuer from the Government comes primarily in the form of yearly budgetary allocations and cess collected by the Government under the CRF Act, part of which is specially allocated for national highways and capital infusion in the form of loans. The NHAI Act provides for the Central Government to provide any capital that may be required by the Issuer or pay by way of loans or grants such sums of money as it may consider necessary to ensure the efficient discharge of the Issuer's functions. The NHAI Act also provides for the constitution of the National Highways Authority of India Fund, a provider of capital for the collection of any grants, aid, loan facilities or any other sums received by the Issuer, under which it can draw down to meet project expenses, procurement and other ongoing costs. Alternatively, the Central Government regularly provides consent to the Issuer to raise funds through the issuance of bonds and other debt securities both on the domestic and international capital markets.

As the Issuer has been created to act as an authority for the development, maintenance and management of national highways in India, the Government of India has the responsibility of providing funds to the Issuer for the discharge of its functions.

The Issuer receives its funding through (i) support from the Government in the form of capital investment, additional budgetary support, (cess and toll plough back); and (ii) loans from multilateral agencies and (iii) market borrowings.

The development and maintenance of the national highways is financed through (i) the Government's gross budgetary support and ABS, (ii) dedicated accruals under Central Road Fund (share in the levy of cess on fuel), (iii) lending by international institutions; (iv) private financing through PPP framework including DBFOT and SPVs with equity participation by the Issuer and (v) market borrowing (including funds raised through capital gain tax exemption bonds and long term tax free bonds).



- Since the Issuer has been created to act as an authority for the development, maintenance and management of national highways in India, the GoI has the responsibility of providing funds to the Issuer.
- According to NHAI Act, 1988, the Central Government, after appropriation made by the parliament of the Republic of India, may provide any capital that may be required by NHAI for discharging its functions efficiently.
- The Issuer receives additional capital and grants by the Central Government in the form of
  - Capital base & Cess fund (Central Road Fund)
  - Budgetary support
  - Toll revenue plough back
- The Ministry of Finance, GoI allocates funds through MoRTH to the Issuer as a part of the annual budget which is presented to the parliament of the Republic of India as the Finance Bill for the respective financial year and is then approved by the parliament of the Republic of India as the Finance Act for such year

The methodology for allotment of funds to the Issuer by the Government of India is detailed in the National Highways Rule, 1957 (**"Highways Rules"**). The Highways Rules state that the Issuer shall apply to the MoRTH for allotment of funds for meeting the expenditure on the discharge of its functions during any financial year. The MoRTH makes the request for allocation of funds to the Ministry of Finance, Government of India. The Ministry of Finance, Government of India through the MoRTH then allocates funds to the Issuer as a part of the annual budget which is presented to the parliament of India as the Finance Bill for the respective financial year and is then approved by the parliament of India as the Finance Act for such year.

The Government as the regulator

The NHAI Act also designates the Central Government as the principal regulator of the Issuer. The Central Government has a range of powers enabling it to exercise a broad degree of control over the functioning of the Issuer, including over the manner in which the Issuer may invest its funds or maintain its accounts. The NHAI Act stipulates that the Issuer shall remain bound by the directions of the Central Government on questions of policy. The Central Government may suspend the Issuer from its management role on any of its national highways projects, or alternatively replace the Issuer in its management role entirely if it is of the opinion that the Issuer is either unable to discharge its functions and duties effectively, or if it persistently fails to comply with any direction of the Central Government. The Central Government is further empowered to make rules for giving effect to the provisions of the NHAI Act in certain matters which include but are not limited to matters relating to manner in which the Issuer may invest its funds or maintain its accounts.

B. K. Chaturvedi Committee Report

In order to resolve the procedural hurdles to the national highways projects as well as to address the financing needs of the road sector, the Central Government established the B. K. Chaturvedi Committee (**"Committee"**) headed by Shri B.K.Chaturvedi, Member, Planning Commission. Amongst the other recommendations the Committee made the following recommendations which also has had the in-principle approval of the Central Government:

(i) issuance of tax exempted bonds;

(ii) guarantee cover for any borrowing by the Issuer;

(iii) out of the borrowing approval of Rs. 300 billion earlier provided to Indian Infrastructure Finance Company Limited (**"IIFCL"**), Rs. 100 billion under a fiscal stimulus package to be transferred to the Issuer, as per the its borrowing requirement;

(iv) assistance in negotiating non-sovereign multilateral loans from organisations such as the World Bank, the ADB and the JBIC by providing back to back support, if necessary; and

(v) providing a letter of comfort from the Ministry of Finance confirming the availability of cess at least till 2030-31.

Risk Management

Since the Issuer is the implementing agency of the NHDP, steps have been taken for restructuring and strengthening the Issuer. Institutional mechanisms have been established to address delays in, amongst other things, environmental clearances and land acquisition. There is a particular focus on traffic management and safety related issues through the proposed Directorate of Safety and Traffic Management to be set up by the Central Government. It is expected that these initiatives once fulfilled would deliver an efficient and safe highway network across the country.

In order to specify the policy and regulatory framework on a fair and transparent basis, a MCA for PPP in respect of the national highways has been prescribed. It is expected that this common framework, based on international best practices, will significantly increase the pace of project awards as well as ensure an optimal balance of risk and reward among all project participants.

Revenue realisation in BOT (Toll) projects is subject to some risks including, but not limited to variation in traffic, variation in toll rates, additional toll ways and occurrence of premature termination on account of certain events. The relevant concession agreement provides for various risk mitigation mechanisms including changing the concession period, differential toll rates that are linked to the cost of different roads structures and providing for termination payments upon the occurrence of any force majeure event.

Risk of Early Termination of Concession: In the event of a default by a concessionaire under the relevant concession agreement and if the concessionaire has failed to cure such default within the specified cure period the Issuer shall have the right to terminate the agreement. If such default takes place within the relevant construction period, generally no payment is made to the concessionaire and if such default takes place during the operation period, the Issuer generally will only make payment of up to 90 per cent of the debt due as on the date of such termination to the lender of the concessionaire, less any insurance claim further to which the Issuer will get the right over the relevant asset.

Land acquisition risk: The Issuer is responsible for acquiring land required for the projects. The Issuer acquires land under the National Highways Act, 1956 (**"NH Act"**). In various parts of the country the process for land acquisition is affected by a large number of factors including but not limited to Government policies and the social and political environment. Also, the process of land acquisition can result in litigation (see "*Outstanding litigation and Material Developments*"). However, the risk of delay associated with the land acquisition process is mitigated by the Issuer as it generally awards only those projects where land acquisition has already taken place.

Approval Risk: The obligation of obtaining approvals and/or permissions is on the concessionaire/contractor. In order to manage these risks, the Issuer provides assistance to the concessionaire/contractor in seeking the approval and/or permission from the relevant authorities. Although the Issuer tries to provide all reasonable support and assistance to the concessionaire/contractor in procuring applicable approvals and/or permissions required from any Government entity, such approvals or permissions may be delayed due to various reasons resulting in delay in completion of the projects. The Issuer generally assists concessionaires/contractor in obtaining the approvals and/or permissions in relation to the following among others:

(i) permission of the State Government for extraction of boulders from quarries;

(ii) permissions of village panchayats and the Pollution Control Board for installation of crushers;

(iii) licences for use of explosives;

(iv) permission of the State Government for drawing water from rivers and/or reservoirs;

(v) licence(s) from inspectors of factories or other competent authorities and clearance of the Pollution Control Board for setting up concrete batching plants;

(vi) clearance from village panchayats and the Pollution Control Board for setting up asphalt plants;

(vii) applicable permits, as required, relating to environmental protection and conservation;

(viii) permission of State Government for the cutting of trees; and

(ix) any other permits or clearances required under applicable laws.

Force majeure risk: Force majeure risk is applicable across all the business of the Issuer. Factors such as acts of God, epidemics, adverse weather conditions, radioactive contamination, ionising radiation, fire or explosion, strikes or boycotts, the discovery of geological conditions, toxic contamination or archaeological remains on the relevant site, Indirect Political Event(s) and Political Event(s) and change in law are often a threat to various projects undertaken by the Issuer. In order to mitigate the losses due to force majeure, the Issuer has a separate mechanism of payment upon the occurrence of a force majeure event.

SUBSIDIARIES

Shareholding pattern of SPVs as of 31 March 2016

S no.	**Company Name**	**Date of Incorporation**	**Issuer Shareholding in Company**	**Joint venture Partners with Issuer**	**Joint venture shareholding in Company**	**Share Capital of the company (INR in millions)**
	Wholly owned subsidiaries					
1.	Ahmedabad-Vadodara Expressway Company Limited	5 April 2000	100 per cent	N/A	N/A	3,128.5
2.	Cochin Port Road Company Limited	19 January 2004	100 per cent	N/A	N/A	579
3.	Moradabad Toll Road Company Limited	13 August 1998	100 per cent	N/A	N/A	300
4.	Calcutta-Haldia Port Road Company Limited	26 December 2000	100 per cent	Kolkata Port Trust	N/A	1,566.00
	Joint Venture companies					

S no.	Company Name	Date of Incorporation	Issuer Shareholding in Company	Joint venture Partners with Issuer	Joint venture shareholding in Company	Share Capital of the company (INR in millions)
5.	Tuticorin Port Road Company Limited	19 January 2004	79.79 per cent	V.O. Chidambaranar Port Trust	20.21 per cent	1,237
6.	Paradip Port Road Company Limited	19 January 2004	78.95 per cent	Paradip Port Trust	21.05 per cent	1,900
7.	New Mangalore Port Road Company Limited	19 January 2004	83 per cent	New Mangalore Port Trust	17 per cent	1186.10
8.	Mumbai-JNPT Port Road Company Limited	26 December 2000	67.04 per cent	Jawaharlal Nehru Port Trust	26.91 per cent	1,486.6
				City Industrial Development Corporation of Maharashtra Limited	6.05 per cent	
9.	Vishakhapatnam Port Road Company Limited	26 December 2000	50.13 per cent	Vishakhapatnam Port Trust	49.87 per cent	373.005
10.	Mormugao Port Road Company Limited	26 December 2000	70 per cent	Mormugao Port Trust	30 per cent	623.02
11.	Chennai-Ennore Port Road Company Limited	26 December 2000	41.00 per cent	Chennai Port Trust	40.69 per cent	3436.00
				Government of Tamil Nadu	8.73 per cent	
				Kamarajar Port Ltd	9.90 per cent	

HUMAN RESOURCES

The Issuer employed 990 employees as at 31 December 2016. The employees include professionals in business management, accountancy, engineering, law, computer science, economics and other relevant disciplines. The Issuer believes that its employees are its most valuable asset and the management believes it has a good relationship with the employees. The Issuer aims to develop a collaborative culture and an ongoing consultative process at various levels of administration within the organisation. The Issuer believes that it has amicable relations with its employees. The management of the Issuer is also in constant dialogue with the employees to avoid any industrial relations actions, including strikes or work stoppages. The computerisation of the Issuer has reduced employee workloads and allowed the Issuer to maintain a relatively lean workforce during the past five to six years despite growing its business.

The details of employees of the Issuer as on 31 December 2016 are as follows:

Category of Employees	Number of Employees
Regular	324
Deputation	270
Contract	396

Social Awareness programmes promoted by the Issuer

The Issuer actively participates on social reform or national initiatives such as road safety, rehabilitation and resettlement and AIDS awareness. In addition, the Issuer is working towards the concept of 'Green Highways' for future projects.

In furtherance of the concept of Green Highways, the Issuer is contemplating development of horticulture and greenbelts along highways.

INSURANCE

The Issuer's policy is to insure its properties adequately against fire and other usual risks. The Issuer's insurance policies are subject to exclusions which are customary for those insurance policies, including those exclusions which relate to war and terrorism-related events. The Issuer believes that its insurance policies as described above are appropriate for its business.

COMPETITION

Responsibility for all of the national highways vest in the Government, and such responsibility has been designated to the Issuer under the NHDP and the other programmes entrusted to it. The Issuer aims to build and upgrade the national highways to the highest international standard and is the sole appointed authority in India for overseeing the implementations of national highway projects by private parties or state agencies. Although the Issuer is the sole delegate for this role, roads authorities such as PWDs and other road construction corporations under the control of State or Union Territory governments are also working towards the development and maintenance of roads and certain other national highways, some of which also form part of the NHDP.

PROPERTIES

The Issuer holds certain properties in Delhi on a perpetual lease basis. The Issuer also leases 23 Regional Offices and 135 Project Implementation Units throughout India:

INFORMATION TECHNOLOGY ("IT")

The Issuer is continuing to invest in IT designed to help it better monitor and run its business. The Issuer has deployed the IT system across its organisation. The Issuer's website is designed to provide a comprehensive description of its business.

MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE

The Issuer hereby confirms that, except for any information disclosed in this Prospectus, there has been no material event, development or change having implications on the financial condition or credit quality of the Issuer at the time of issue of the Notes which may affect the issue of the Notes or an investor's decision to invest or continue to invest in the debt securities of the Issuer.

RECENT MEASURES BY THE ISSUER TO ADDRESS THE OBSERVATIONS OF THE CAG

In its audit report for Fiscal 2015 and Fiscal 2014, the CAG has expressed serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Issuer.

In its audit report for Fiscal 2016, the CAG has provided an audit opinion that the Issuer's balance sheet and profit and loss account give a true and fair view in conformity with the generally accepted accounting principles of India. However, the CAG has made a number of observations. The observations from the CAG include, *inter alia*, statements that (i) the Issuer has not maintained proper books of accounts and other relevant records; and (ii) certain statements made by the Issuer in the offering documents relating to the Tax Free Bonds (as defined below) were not complied with. For further details please see the risk factor immediately below this risk factor.

The audit report for Fiscal 2016 also includes other observations from the CAG which includes (i) non-adherence by the Issuer to certain NHAI Rules; (ii) the need for the internal control systems of the Issuer to be strengthened; and (iii) that are some instances in which the Issuer has not taken corrective action following observations or comments in their past audit reports. For further details, please see "*Risk Factor -The Comptroller and Auditor General of India ("CAG") has expressed serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Issuer*" and "*Financial Statements" – Annexure 1* from page F-1 of this Prospectus.

In order to address the observations raised by the CAG, the Issuer appointed M/s KPMG (**"KPMG"**) to examine the observations made by the CAG and to suggest appropriate responses including as to how the various items (as described in the CAG's audit report for Fiscal 2014) should be dealt with in the Issuer's financial statements as per the relevant guidance taken from the NHAI Act, the NHAI Rules, 1990 (the **"NHAI Rules"**) and the related accounting standards applicable to the Issuer.

KPMG submitted their recommendations to the Issuer in January 2016 and these were made available by the Issuer to the CAG through MoRTH. The CAG thereafter constituted a committee (the **"Committee"**) to analyse the recommendations of KPMG.

The Committee has so far conducted two meetings with the representatives of the MoRTH, M/s KPMG and the Issuer. In the second meeting, held in June 2016, which was attended by a representative of the office of the CAG, the MoRTH and the chairman of the Issuer, a number of queries raised by the CAG was discussed and decisions were taken to implement and/or authorise such changes as may be necessary to address some of the CAG's concerns.

The Issuer has in its replies from the management to the CAG's audit report referred to steps taken and progress made in relation to the recommendations from KPMG and the CAG. The Issuer expects that the matters agreed at the meetings of the Committee would be implemented in the financial statements for the forthcoming financial years once they are approved by the MoRTH. Further meetings of the Committee are also scheduled in relation to further measures to be implemented by the Issuer to address the recommendations of the CAG and KPMG. For further details, please see "*Risk Factor -The Comptroller and Auditor General of India ("CAG") has expressed serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Issuer*" and "*Financial Statements – Annexure1* from page F-1 of this Prospectus.

CAPITAL STRUCTURE

The Issuer is an autonomous authority of the Government of India under the MoRTH constituted on 15 June 1989 by NHAI Act and is not a company incorporated under the Companies Act. Therefore, the provisions of the Companies Act are *prima facie* not applicable to the Issuer. Accordingly, the Issuer does not have any share capital.

Financial support to the Issuer from the Government comes primarily in the form of yearly budgetary allocations and cess collected by the Government under the CRF Act, part of which is specially allocated for national highways and capital infusion in the form of loans. The NHAI Act provides for the Central Government to provide any capital that may be required by the Issuer or pay by way of loans or grants such sums of money as it may consider necessary to ensure the efficient discharge of the Issuer's functions. The NHAI Act also provides for the constitution of the National Highways Authority of India Fund, a provider of capital for the collection of any grants, aid, loan facilities or any other sums received by the Issuer, under which it can draw down to meet project expenses, procurement and other ongoing costs. Alternatively, the Central Government regularly provides consent to the Issuer to raise funds through the issuance of bonds and other debt securities both on the domestic and international capital markets.

As the Issuer has been created to act as an authority for the development, maintenance and management of national highways in India, the Government of India has the responsibility of providing funds to the Issuer for the discharge of its functions.

The Issuer receives its funding through (i) support from the Government in the form of capital investment, additional budgetary support, (cess and toll plough back); and (ii) loans from multilateral agencies and (iii) market borrowings.

Details of Capital of the Issuer

The capital structure of the Issuer as at 31 December 2016 is set out below:

Particulars:		**Amount (INR in millions):**
1.	**Shareholders' Fund**	
(a)	Capital	1,386,782.665
(b)	Reserves & Surplus	74.868
2.	**Grants**	
(a)	Capital	136,602.209
Total		**1,523,459.742**

Shareholders' Fund - Capital:

Particulars:		**Amount (INR in millions):**
1.	Capital u/s 12(i)(b) - Commencing Capital	
2.	Capital u/s 17	
(a)	Capital Base	8,010
(b)	Cess Fund	972,392
(c)	Additional Budgetary Support	120,435.2
(d)	Capital - Net off Toll Collection, Negative Grant etc. up to 31 March 2010	61,835.588

(e)	Plough back of Toll Remittance, etc. with effect from 1 April 2010 (Gross)	265,608.9
Less: 1.	 Plough back transferred to SPVs	 (1,520.723)
2.	Expenditure on Toll Collection Activities (with effect from 1 April 2010)	(6,894.147)
3.	(Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (with effect from 1 April 2010).	(33,084.154)
Total		**1,386,782.665**

Shareholders' Fund - Reserves & Surplus:

Particulars:	**Amount (INR in millions):**
(Additions and deductions since last balance sheet to be shown under each of the specified heads)	
Premium on Tax-Free Bond issue	74.868
Total	**74.868**

Grants - Capital:

Particulars:		**Amount (INR in millions):**
1.	Capital Grant	
(a)	For Externally Aided Projects	137,098.2
(b)	Interest earned on un-utilised Grant	100.1
(c)	Less: Assets created out of Grants	(61.267)
(d)	Less: Revenue Expenditure out of Grant	(534.824)
Total		**136,602.209**

CAPITAL HISTORY (As at 31 December 2016)

Capital Base Build Up

S. No.	**Date**	**Investor**	**Amount (INR in millions)**	**Cumulative Amount (INR in millions)**
1.	18 December 1996	MoRTH	500	500
2.	10 February 1997	MoRTH	1,000	1,500
3.	12 March 1997	MoRTH	500	2,000
4.	24 December 1997	MoRTH	2,900	4,900

S. No.	Date	Investor	Amount (INR in millions)	Cumulative Amount (INR in millions)
5.	18 March 1999	MoRTH	1,010	5,910
6.	6 December 1999	MoRTH	1,600	7,510
7.	28 October 2004	MoRTH	50	7,560
8.	31 March 2005	MoRTH	450	8,010

Cess fund Build-Up

S. No.	Date	Investor	Amount (INR in millions)	Cumulative Amount (INR in millions)
1.	14 March 2000	MoRTH	10,320	10,320
2.	1 August 2000	MoRTH	18,000	28,320
3.	20 September 2001	MoRTH	10,000	38,320
4.	28 December 2001	MoRTH	5,000	43,320
5.	28 March 2002	MoRTH	6,000	49,320
6.	9 July 2002	MoRTH	5,000	54,320
7.	11 September 2002	MoRTH	5,000	59,320
8.	28 March 2003	MoRTH	10,000	69,320
9.	28 November 2003	MoRTH	14,947.5	84,267.5
10.	23 February 2004	MoRTH	4,982.5	89,250
11.	30 August 2004	MoRTH	9,240	98,490
12.	23 March 2005	MoRTH	4,620	103,110
13.	31 March 2005	MoRTH	4,620	107,730
14.	22 June 2005	MoRTH	8,000	115,730
15.	28 September 2005	MoRTH	8,000	123,730
16.	22 November 2005	MoRTH	8,000	131,730
17.	30 December 2005	MoRTH	8,697.4	140,427.4
18.	28 June 2006	MoRTH	8,000	148,427.4
19.	11 August 2006	MoRTH	8,000	156,427.4
20.	22 November 2006	MoRTH	16,000	172,427.4
21.	28 December 2006	MoRTH	26,000	198,427.4
22.	19 March 2007	MoRTH	6,074.5	204,501.9

S. No.	Date	Investor	Amount (INR in millions)	Cumulative Amount (INR in millions)
23.	29 June 2007	MoRTH	16,352.6	220,854.5
24.	12 October 2007	MoRTH	16,352.5	237,207
25.	31 December 2007	MoRTH	16,352.5	253,559.5
26.	28 March 2008	MoRTH	16,353	269,912.5
27.	10 July 2008	MoRTH	17,431.2	287,343.7
28.	29 September 2008	MoRTH	17,431.2	304,774.9
29.	30 December 2008	MoRTH	17,431.2	322,206.1
30.	25 March 2009	MoRTH	17,431.1	339,637.2
31.	30 June 2009	MoRTH	19,943.5	359,580.7
32.	29 September 2009	MoRTH	22,948.7	382,529.4
33.	28 January 2010	MoRTH	21,446.1	403,975.5
34.	30 March 2010	MoRTH	9,708.7	413,684.2
35.	29 June 2010	MoRTH	19,620	433,304.2
36.	28 September 2010	MoRTH	19,620	452,924.2
37.	30 December 2010	MoRTH	19,622.5	472,546.7
38.	30 March 2011	MoRTH	25,546.9	498,093.6
39.	28 June 2011	MoRTH	20,620	518,713.6
40.	28 September 2011 & 28 December 2011	MoRTH	41,250	559,953.6
41.	24 April 2012	MoRTH	10,315	570,278.6
42.	29 May 2012	MoRTH	10,315	580,593.6
43.	19 October 2012	MoRTH	39,400	619,993.6
44.	5 July 2013	MoRTH	17,143.6	637,137.2
45.	18 September 2013	MoRTH	17,143.6	654,280.8
46.	28 October 2013	MoRTH	17,143.6	671,424.4
47.	4 February 2014	MoRTH	17,143.7	688,568.1
48.	18 September 2014	MoRTH	47,829	736,397.1
49.	5 November 2014	MoRTH	21,029.9	757,427
50.	20 May 2015	MoRTH	46,050	803,477

S. No.	Date	Investor	Amount (INR in millions)	Cumulative Amount (INR in millions)
51.	23 July 2015	MoRTH	46,050	849,527
52.	28 September 2015	MoRTH	46,050	895,577
53.	28 December 2015	MoRTH	16,050	911,627
54.	22 June 2016	MoRTH	20,000	931,627
55.	5 July 2016	MoRTH	20,000	951,627
56.	5 August 2016	MoRTH	20,765	972,392

Additional Budgetary Support (ABS) (NHDP) Build-Up

S. No.	Date	Investor	Amount (INR in millions)	Cumulative Amount (INR in millions)
1.	22 June 2005	MoRTH	3,500	3,500
2.	28 September 2005	MoRTH	3,500	7,000
3.	28 June 2006	MoRTH	125	7,125
4.	11 August 2006	MoRTH	125	7,250
5.	22 November 2006	MoRTH	250	7,500
6.	19 March 2007	MoRTH	600	8,100
7.	24 April 2007	MoRTH	441.6	8,541.6
8.	28 May 2007	MoRTH	2,208.4	10,750
9.	8 April 2008	MoRTH	350	11,100
10.	30 October 2008	MoRTH	1,240	12,340
11.	6 April 2009	MoRTH	666.7	13,006.7
12.	8 September 2009	MoRTH	1,333.3	14,340
13.	6 May 2010	MoRTH	550	14,890
14.	14 May 2010	MoRTH	2,280	17,170
15.	31 January 2011	MoRTH	1,698	18,868
16.	29 March 2011	MoRTH	3,902	22,770
17.	16 May 2011	MoRTH	5,700.1	28,470.1
18.	16 March 2012	MoRTH	1,906.3	30,376.4
19.	29 March 2012	MoRTH	4,515.7	34,892.1
20.	25 April 2012	MoRTH	916.7	35,808.8

S. No.	Date	Investor	Amount (INR in millions)	Cumulative Amount (INR in millions)
21.	8 June 2012	MoRTH	4,583.3	40,392.1
22.	18 February 2013	MoRTH	11,595.4	51,987.5
23.	26 March 2013	MoRTH	2,488.5	54,476
24.	26 March 2013	MoRTH	705.8	55,181.8
25.	8 May 2013	MoRTH	1,000	56,181.8
26.	28 June 2013	MoRTH	4,000	60,181.8
27.	13 January 2014	MoRTH	1,782.6	61,964.4
28.	13 January 2014	MoRTH	1,721.4	63,685.8
29.	31 March 2015	MoRTH	6,000	69,685.8

Additional Budgetary Support (ABS) (others) Build-Up

S. No.	Date	Investor	Amount (INR in millions)	Cumulative Amount (INR in millions)
1.	8 June 2005	MoRTH	900	900
2.	12 April 2006	MoRTH	1,500	2,400
3.	8 March 2007	MoRTH	135	2,535
4.	14 March 2007	MoRTH	2,940	5,475
5.	26 March 2007	MoRTH	31.7	5,506.7
6.	26 March 2008	MoRTH	2,940	8,446.7
7.	31 March 2016	MoRTH	3,702.7	12,149.4
8.	18 May 2016	MoRTH	100	12,249.4
9.	15 June 2016	MoRTH	1,000	13,249.4
10.	23 September 2016	MoRTH	37,500	50,749.4
11.	30 January 2017	MoRTH	400	51,1149.4
12.	24 March 2017	MoRTH	10,000	61,1149.4
13.	31 March 2017	MoRTH	5090	66239.4

Additional Budgetary Support (ABS) (re-investment of toll remittance, etc.) Build-Up

S. No.	Date	Investor	Amount (INR in millions)	Cumulative Amount (INR in millions)
1.	18 November 2010	MoRTH	3,859.7	3,859.7

S. No.	Date	Investor	Amount (INR in millions)	Cumulative Amount (INR in millions)
2.	30 December 2010	MoRTH	5,836.7	9,696.4
3.	14 March 2011	MoRTH	5,889.8	15,586.2
4.	31 March 2011	MoRTH	643.8	16,230
5.	18 July 2011	MoRTH	5,907.8	22,137.8
6.	29 July 2011	MoRTH	7,402.6	29,540.4
7.	20 December 2011	MoRTH	7,076.4	36,616.8
8.	28 March 2012	MoRTH	6,542.1	43,158.9
9.	8 November 2012	MoRTH	17,770	60,928.9
10.	26 June 2013	MoRTH	11,925	72,853.9
11.	24 September 2013	MoRTH	11,925	84,778.9
12.	28 October 2013	MoRTH	11,925	96,703.9
13.	28 December 2013	MoRTH	11,925	108,628.9
14.	23 July 2014	MoRTH	13,620	122,248.9
15.	18 September 2014	MoRTH	13,620	135,868.9
16.	28 October 2014	MoRTH	13,620	149,488.9
17.	31 December 2014	MoRTH	13,620	163,108.9
18.	25 May 2015	MoRTH	16,250	179,358.9
19.	30 July 2015	MoRTH	16,250	195,608.9
20.	30 September 2015	MoRTH	16,250	211,858.9
21.	14 December 2015	MoRTH	16,250	228,108.9
22.	18 May 2016	MoRTH	12,500	240,608.9
23.	28 July 2016	MoRTH	12,500	253,108.9
24.	23 September 2016	MoRTH	12,500	265,608.9

DEBT TO CAPITAL RATIO

The debt to capital ratio of the Issuer prior to this issue of Notes is 0.53 and is based on a total outstanding unconsolidated debt of INR 745,181.93 million and capital amounting to INR 1,398,800.33 million as at 31 March 2017. The debt to capital ratio post issue of Notes, (assuming subscription of Notes aggregating to INR 50 billion) would be 0.57 times, and is based on a total outstanding debt of INR 795,181.93 million and capital of INR 1398800.33 million as at 31 March 2017.

INR in millions

PARTICULARS	**Pre-issuance**	**Post-issuance**
Debt		
Short term		
Long term	745181.93	795181.93
Total Debt	745181.93	795181.93
Shareholder's Funds		
Capital		
i) Capital u/s 12(i)(b) - Commencing Capital		
ii) Capital u/s 17		
a) Capital Base	8010	
b) Cess Fund (up to 31 March 2016)	911,627.0	
Add: Cess fund received during Fiscal 2016	23265.0	
c) ABS (NHDP)	69685.8	
d) ABS (Others)	66239.40	
e) Capital -Net off Toll Collection, Negative Grant etc. up to 31 March 2010	61,835.58	
f) Plough back of Toll Remittance, etc. with effect from 1 April 2010 (net of SPV)	301588.18	
Less:		
1) Expenditure on Toll Collection Activities up to with effect from 1 April 2010	(8,145.24)	
2) (Excess)/Surplus of Expenditure on Maintenance of Highways over Maintenance Grant Received (with effect from 1 April 2010)	(3,5380)	
Total		
Reserves & Surplus	74.87	
Total Shareholder's Funds	1398800.33	1398800.33
Long term Debt/Equity Ratio (no. of times) = Long term Debt/Total Shareholder's Funds	0.53	0.57
Debt Capital Ratio (no. of times) = Total Debt/Total Shareholder's Funds	0.53	0.57

Details of Share Capital history as on last quarter end.

The Issuer is constituted under the NHAI Act and is therefore not a company. Thus, the Issuer does not have any share capital.

Changes in the capital structure as on last quarter end.

The Issuer is constituted under the NHAI Act and is therefore not a company. Thus, otherwise as provided in this Prospectus, there are no changes in the capital structure.

Details of any Acquisition or Amalgamation in the last one year.

The Issuer has not entered into any acquisition or amalgamation in the last one year.

Details of any Reorganisation or Reconstruction in the last one year.

The Issuer has not done any reorganisation or reconstruction in the last one year.

Details of Shareholding as on last quarter end.

The Issuer is governed by the NHAI Act. Accordingly, the Issuer does not have a shareholding pattern and only has Members as prescribed under the NHAI Act.

MANAGEMENT OF THE ISSUER

MEMBERS OF THE BOARD OF THE ISSUER

The Issuer was constituted by the NHAI Act to develop, maintain and manage the national highways vested in or entrusted to it by the Central Government. As per the NHAI Act, the Issuer consists of:

(i) a Chairman;

(ii) not more than six full-time Members; and

(iii) not more than six part-time Members.

Each Member is appointed by the Central Government by notification in the official gazette. Presently, the Issuer has six full time Members (excluding the Chairman) and four part time Members.

Every meeting of the Issuer must be attended by at least two-thirds of total members and three-quarters of the part-time Members. The NHAI Act provides that for the purpose of discharging its functions, the Issuer shall appoint such number of officers and other employees as it may consider necessary.

Details of the Chairman and full-time Members of the Board:

SI. No.	Description:	
1.	**Name**	**Shri Yudhvir Singh Malik, IAS**
	Designation	Chairman
	Date of Appointment	28 November 2016
	Other Directorships	Chairman of Indian Highways Management Company Ltd.
	Age	57 years
2.	**Name**	**Shri R. K. Pandey**
	Designation	Member (Projects)
	Date of Appointment	4 November 2015
	Other Directorships	None
	Age	54 years
3.	**Name**	**Shri Anand Kumar Singh**
	Designation	Member (Projects)
	Date of Appointment	12 February 2016
	Other Directorships	None
	Age	51 years
4.	**Name**	**Shri Rohit Kumar Singh, IAS**
	Designation	Member (Finance)
	Date of Appointment	21 December 2016
	Other Directorships	Managing Director of Indian Highways Management Company Ltd.

	Age	52 years
5.	**Name**	**Shri Niraj Verma, IAS**
	Designation	Member (PPP)
	Date of Appointment	14 March 2016
	Other Directorships	Chairman of Mumbai-JNPT Port Road Company Limited, Mormugao Port Road Company Limited, New Mangalore Port Road Company Limited, Cochin Port Road Company Limited, Tuticorin Port Road Company Limited, Chennai-Ennore Port Road Company Limited, Vishakhapatnam Port Road Company Limited, Calcutta Haldia Port Road Company Limited, Ahmedabad Vadodara Expressway Company Limited and Paradip Port Road Company Limited.
	Age	47 years
6.	**Name**	**Shri D O Tawade**
	Designation	Member (Technical)
	Date of Appointment	30 August 2016
	Other Directorships	None
	Age	59 years
7.	**Name**	**Mrs. Veena Ish, IAS**
	Designation	Member (Admin)
	Date of Appointment	4 August 2016
	Other Directorships	None
	Age	57 years

Details of part-time Members of the Board:

SI. No.	**Description:**	
1.	**Name**	**Shri Manoj Kumar, IES**
	Designation	DG & RD, Department of Road Transport & Highways, Government of India
	Date of Appointment	1 March 2017
	Other Directorships	None
	Age	58 years

2.	**Name**	**Shri Shaktikanta Das, IAS**
	Designation	Secretary to the Government of India, Department of Economic Affairs Ministry of Finance, Government of India
	Date of Appointment	31 August 2015
	Other Directorships	Chairman of National Investment & Infrastructure Fund and National Investment & Infrastructure Fund Trustee Ltd., and Member on the Board of LIC.
	Age	59 years
3.	**Name**	**Shri Sanjay Mitra, IAS**
	Designation	Secretary to the Government Of India, Department of Road Transport & Highways, Government of India
	Date of Appointment	1 January 2016
	Other Directorships	Chairman of National Highways & Infrastructure Development Corporation Limited
	Age	57 years
4.	**Name**	**Shri Ashok Lavasa, IAS**
	Designation	Secretary to the Government Of India, Department of Expenditure, Ministry of Finance, Government of India.
	Date of Appointment	30 April 2016
	Other Directorships	None
	Age	59 years

None of the current Members of the Board of the Issuer appear in the RBI's defaulter list or ECGC's default list.

Brief Profile of Board Members:

Shri Yudhvir Singh Malik, IAS, 57 years old is the Chairman of the Issuer. He is an officer belonging to the Indian Administration Service (**"IAS"**) of the Haryana cadre (1983). He holds a Master's Degree in English Literature and Development Management. He is a recipient of the Prime Minister's Award for Excellence in Public Administration for his outstanding contribution in the team initiative 'MCA-21'. Mr Malik served as the Additional Secretary and Special Secretary within the NITI Aayog before joining the Issuer as Chairman.

Shri R. K. Pandey, 54 years old is a Member within the Projects department of the Issuer. He holds an M.Tech Degree from MANIT, Bhopal. He is from the Central Engineering Services (Roads) Group "A" of the MoRTH.

Shri Anand Kumar Singh, 51 years old is a Member within the projects department of the Issuer. He holds a B.Tech and M.Tech degree from IIT Delhi and an MBA in Finance from MDI Gurgaon. He is an officer from the Indian Railway Service of Engineers (1988).

Shri Rohit Kumar Singh, IAS, 52 years old is a Member within the Finance department of the Issuer. He is an IAS officer of the Rajasthan cadre (1989). He holds a Master's in Public Administration from Harvard Kennedy School, Harvard University, where he was honoured as Lucius N. Littaeur Fellow of 2004. He also holds a Master's Degree in Computer Engineering from Clarkson University, New York, USA, 1986; a B. Tech. in Electrical Engineering from the Institute of Technology, Banaras Hindu University, Varanasi, India, 1984; and a Post Graduate Diploma in German from the Faculty of Arts, Banaras Hindu University, Varanasi, India, 1982. Mr Singh has held senior and middle level managerial roles within the Government of India and the State Government of Rajasthan.

Shri Niraj Verma, IAS, 48 years old, a Member within the PPP division of the Issuer. He is an IAS officer of the Assam Meghalaya cadre (1994). He started his Indian bureaucracy career in 1996 as a sub-Divisional Officer within the Land Revenue Management & District Administration. He has since served as Additional Deputy Commissioner for Goalpara (Assam) (1998-99), Joint Chief Electoral Officer for Elections (1999-2000), Deputy Commissioner for Dibrugarh (2001-04), Aide-de-camp to the Governor and Secretary to the Chief Minister (2004-06), Managing Director of the Tea Trading Corporation of India Ltd. (2004-05), Project Director for Agriculture and Secretary for Planning & Programme Implementation (2008), Secretary for Communications & Information Technology (2008-11), and Secretary for Science & Technology (2008-11). He worked as the Private Secretary to the Minister of Development of the North Eastern Region (2011-13) before being appointed Joint Secretary for Road Transport & Highways in 2013.

Shri D O Tawade, 59 years old is a Member within the Technical department of the Issuer. He holds an M.Tech Degree from Mumbai University. He is from the Central Engineering Services (Roads) Group "A" of the MoRTH.

Mrs. Veena Ish, IAS, 57 years old is a Member within the Administrative department of the Issuer. She is an IAS officer of the Andhra Pradesh cadre (1985). She holds a post graduate degree in Commerce.

Shri Manoj Kumar, IES, 58 years old is a part time Member of the Issuer**.** He is currently the Director General of Road Development and Special Secretary in MoRTH.

Shri Shaktikanta Das, IAS, 59 years old is a part time Member of the Issuer. He is an IAS officer of the Tamil Nadu cadre (1980). He holds a post graduate degree in History from Delhi University. He is currently the Secretary of the Department of Economic Affairs, Ministry of Finance. He has also been appointed as a part time member of the SEBI.

Shri Sanjay Mitra, IAS, 57 years old is a part time Member of the Issuer. He has a B.Sc. in Physics and a post graduate degree in Economics, Physics and Public Administration from Delhi University. He is also the Secretary for the Road Transport and Highways.

Shri Ashok Lavasa, IAS, 59 years old in a part time Member of the Issuer. He holds a post graduate degree in English from Delhi University. He is also the Secretary for the Department of Expenditure.

Relationship with other Members

None of the Members of the Board are, in any way, related to each other.

Remuneration of the Board Members

The following table sets forth the details of all remuneration paid to the full time Members for the relevant periods ending 31 January 2017:

Name of Members:	**Salary (in Rs.)**
Shri Yudhvir Singh Malik, IAS	474,300 *
Shri R.K.Pandey	2,125,197 **
Shri Anand Kumar Singh	1,551,371 **
Shri Rohit Kumar Singh, IAS	221,952 ***
Shri Niraj Verma, IAS	18,17,718**
Shri D O Tawade	880,721 ****
Mrs. Veena Ish, IAS	1,360,826 *****

* from 28 November 2016.
** from 1 April 2016.
*** from 21 December 2016.
**** from 30 August 2016.

***** from 4 August 2016.

Salary and other benefits - Chairman and Members:	Salary (in Rs.) (Fiscal 2016)
Salary and Wages - Chairman and Members	7,585,734
Leave Salary and Pension Contribution - Members and Deputations	1,096,590
Rent for Residence and licence fees	631,985
	9,314,309

Part time Members do not receive remuneration from the Issuer.

Borrowing Powers of the Board

The NHAI Act provides for matters relating to borrowings and empowers the Issuer to borrow money by way of issuing bonds, debentures or such other instruments as it may deem fit. The Issuer is further able to borrow temporarily by way of overdraft or otherwise such amounts as it may require for discharging its functions under the NHAI Act.

Interest of the Members

All Members of the Issuer may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them.

The Issuer's Members may also be regarded as interested to the extent that they, their relatives or entities in which they have an interest as Members, directors, partners or trustees, are allotted Notes pursuant to this Issue, if any.

Except as otherwise stated in this Prospectus and statutory registers maintained in this regard, the Issuer has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the Members are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

The Members have not taken any loans from the Issuer.

Changes to the Members of the Issuer during the last three years

The following changes have occurred to the membership of the Issuer in the three years preceding the date of this Prospectus:

Name:	Date of Appointment:	Date of retirement / relinquishing charge
Shri Shashikanta Das,	31 August 2015	Continuing as a Member
Shri R.K.Pandey	4 November 2015	Continuing as a Member
Shri Sanjay Mitra	1 January 2016	Continuing as a Member
Shri Anand Kumar Singh	12 February 2016	Continuing as a Member
Shri Niraj Verma, IAS	14 March 2016	Continuing as a Member
Shri Ashok Lavasa	30 April 2016	Continuing as a Member
Mrs. Veena Ish, IAS	4 August 2016	Continuing as a Member
Shri D O Tawade	30 August 2016	Continuing as a Member

Name:	Date of Appointment:	Date of retirement / relinquishing charge
Shri Yudhvir Singh Malik, IAS	28 November 2016	Continuing as a Member
Shri Rohit Kumar Singh, IAS	21 December 2016	Continuing as a Member
Shri C. Kandasamy	12 December 2012	31 January 2014
Shri Narendra Kumar	1 April 2013	14 August 2014
Shri B N Singh	21 December 2009	19 December 2014
Smt. Sindushree Khullar	2 April 2012	9 March 2015
Shri R. P. Singh	12 June 2012	11 June 2015
Shri Rajiv Mehrishi,	9 March 2015	31 August 2015
Shri Sudhir Kumar	15 April 2013	5 October 2015
Shri V. K Chibber	1 February 2013	31 December 2015
Shri M. P. Sharma	8 February 2013	29 February 2016
Shri Satish Chandra	3 April 2013	2 April 2016
Shri R. P. Watal	30 November 2013	30 April 2016
Shri Raghav Chandra	31 August 2015	28 November 2016
Shri S.N.Das	1 August 2015	28 February 2017

Shareholding of Members, including details of qualification shares held by Members

Since the Issuer is not a company under the Companies Act, there is no requirement of holding qualification shares. Additionally, there is no equity share capital in the books of the Issuer.

Committees of the Board of Members

The Issuer has constituted the following committees:

(i) Three Chief General Manager (**"CGM"**) Committee;

(ii) Independent Settlement Advisory Committee (**"ISAC"**);

(iii) Executive Committee;

(iv) Audit Committee; and

(v) Bond Committee.

The details of these Committees are set forth below:

THREE CHIEF GENERAL MANAGER ("CGM") COMMITTEE

At the 91st meeting of the Issuer held on 9 November 2012, the Board of Members had approved formation of a High Level Expert Settlement Advisory Committee for one time settlements of pending claims in item rate contracts of the Issuer.

The Members of the three CGM Committee as on 31 December 2016 are:

1. 1st Set of three CGM Committee

• Shri B.S Singla,	Head
• Shri Atul Kumar	Member
• Ms. Nivedita Srivastava	Member

2. 2nd Set of three CGM Committee

• Shri K. Venkataramana	Head
• Shri Alok Deepankar	Member
• Ms. Nivedita Srivastava	Member

3. 3rd Set of three CGM Committee

• Shri Mahavir Singh	Head
• Shri Ajmer Singh	Member
• Shri Madhup Kumar	Member

INDEPENDENT SETTLEMENT ADVISORY COMMITTEE ("ISAC")

The Members of ISAC as on 31 December 2016 are:

(i)	Shri A V Sinha, Formal DGRD & SS, MoRTH	Member
(ii)	Shri Arun Kumar Mishra, Former Secretary, Urban Development, Government of India	Member
(iii)	Ms Rekha Sharma, Retired Judge Delhi High Court	Member

EXECUTIVE COMMITTEE

The Executive Committee as on 31 December 2016 is comprised of all full-time Members of the Board, including the Chairman.

AUDIT COMMITTEE

The members of the Audit Committee as on 31 December 2016 are**:**

(i) Sh. Manoj Kumar, DGRD & SS;

(ii) Mrs. Veena Ish, IAS, Member (Administrative); and

(iii) Shri D O Tawade, Member (Technical).

The scope and the terms of reference of the Audit Committee, *inter alia*, include:

(i) Overseeing financial reporting processes through periodic financial statements and the disclosure of financial information and significant accounting policies; and

(ii) Reviewing with the management of the following:

(a) the Audit Report of CAG on Annual Accounts of the Issuer;

(b) the Report of CAG on the performance of the Issuer;

(c) the Report of Committee of Public Undertakings on the CAG Report; and

(d) the Critical Analysis report of internal auditors and the recommendation of the Internal Audit Committee.

BOND COMMITTEE

The members of the Bond Committee as of 31 March 2017 are**:**

(i) Shri. Rohit Kumar Singh, IAS, (Member), Finance;

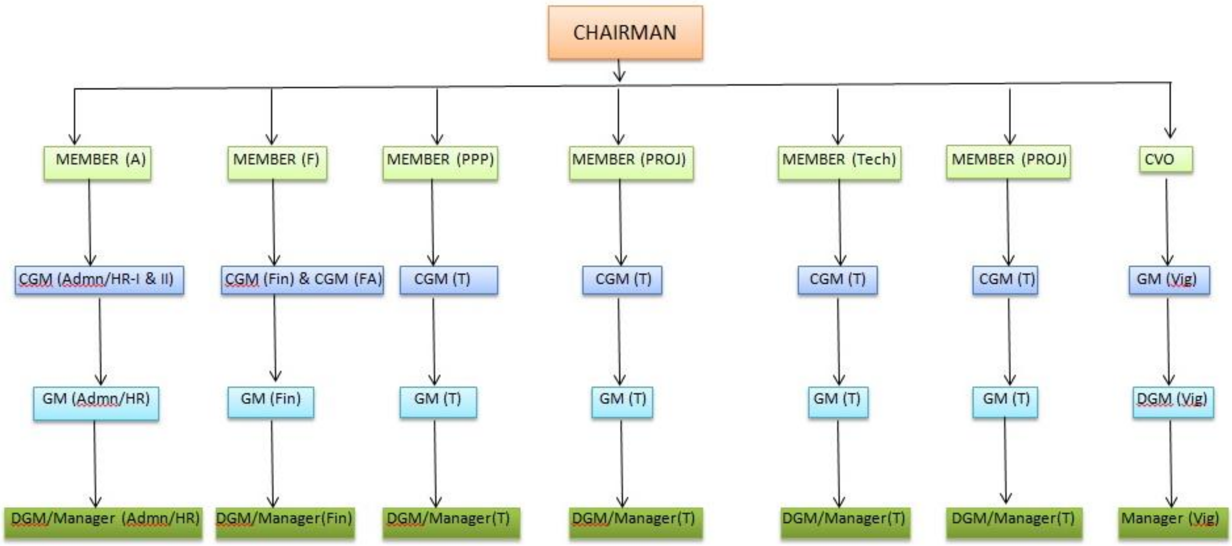
(ii) Shri Madhup Kumar, CGM(Fin);

(iii) Shri Siba N.Nayak, CGM (FA);

(iv) Shri Sanjeev Kumar, GM (Fin).

Organisation Structure of the Issuer

The organisation structure of the Issuer is as follows:



Payment or Benefit to Officers of the Issuer

The Issuer implements a pay structure utilised by all Central Government authorities, however deputationists are paid a salary and allowances using the Issuer's own scaling model. No officer or other employee is entitled to any benefit on termination of his employment at the Issuer, other than statutory benefits such as provident fund and gratuity in accordance with the applicable laws.

PROMOTER OF THE ISSUER

Under Entry 23 of the Union List of the seventh Schedule to the Constitution of India (**"Entry 23"**), the development and maintenance of National Highways is vested in the Central Government. Further, the NH Act provides that the Central Government may direct that any function in relation to the development or maintenance of national highways shall also be exercisable among others, by any officer or authority subordinate to the Central Government.

In exercise of the above powers vested in the Central Government under Entry 23 and under Section 5 of the NH Act, the President of India gave his assent to The National Highways Authority of India Bill, 1988 which was passed by both the Houses of Parliament on 16 December 1988. Accordingly, the Issuer was established on 15 June 1989 as an autonomous body under the MoRTH.

KEY REGULATION AND POLICIES

The following description is a summary of relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to the Issuer. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bylaws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

In addition to the regulations and policies specified below, taxation law, labour law, intellectual property law, environmental law and other miscellaneous laws apply to the Issuer as they do to any other Indian company.

The following are the significant laws and regulations that govern the Issuer's operations:

A. The National Highways Act 1956 ("NH Act")

Under the NH Act, the Government is vested with the power to declare a highway as a national highway and also to acquire land for this purpose. The Government may, by notification, declare its intention to acquire any land when it is satisfied that for a public purpose such land is required to be acquired for the building, maintenance, management or operation of a national highway or part thereof. The NH Act prescribes the procedure for such land acquisition which inter alia includes entering and inspecting such land, hearing of objections and declaration of such acquisition and the mode of taking possession. The NH Act also provides for payment of compensation to owners and any other person whose right of enjoyment in that land has been affected. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Second Amendment) Bill, 2015, introduced in the lower house of the Indian Parliament, seeks to amend the provisions of the Land Acquisition Act to make the provisions in relation to determination of compensation, rehabilitation and resettlement and infrastructure amenities of the Land Acquisition Act applicable to the NH Act with effect from 1 January 2015. Further, it exempts certain categories of land use, including infrastructure projects under public-private ownership where ownership of land continues to vest in the Government, from requirements to obtain consents from affected families where land is being acquired.

The Government is responsible for the development and maintenance of national highways. However, it may, by notification in the official gazette, direct that such functions may also be exercised by governments of the states in which the highway is located, or by any officer or authority subordinate to the Central Government or to the state government. Notwithstanding the aforesaid provision, the Government has the power to enter into an agreement with any person for the development and maintenance of a part or whole of a national highway. Such person would have the right to collect and retain fees at such rates as may be notified by the Central Government having regard to the expenditure involved in building, maintenance, management and operation of the whole or part of such national highway, interest on the capital invested, reasonable return, the volume of traffic and the period of the agreement. The NH Rules further provide procedure for technical approval and financial sanction by the Government or executive agency and related reporting for execution of works in relation to the operation and maintenance of national highways.

B. The National Highways Authority of India Act 1988 ("NHAI Act")

The Issuer is responsible for the development, maintenance and management of national highways. The Issuer was constituted by the NHAI Act and became operational in 1995. In accordance with the NHAI Act, the Government carries out development and maintenance of the national highway system through the Issuer. The Issuer has the power to enter into and perform any contract necessary for the discharge of its functions under the NHAI Act. The Issuer has the power to acquire any land, and such acquired land will be deemed to be land needed for a public purpose.

The NHAI Act prescribes a limit in relation to the value of the contracts that may be entered into by the Issuer. However, the Issuer may enter into contracts exceeding the value so specified, on obtaining prior approval of the Government. NHAI Act provides that the contracts for acquisition, sale or lease of immovable property on behalf of the Issuer cannot exceed a term of 30 years unless previously approved by the Government. The National Highways Authority of India (Amendment) Act, 2013, received the assent of the President on 10 September 2013. It aims at increasing institutional capacity of the Issuer to help execute the powers delegated to it. The Issuer's primary mandate is the time and cost bound implementation of the NHDP through a host of funding options, which include fund assistance from external multilateral agencies like the World Bank and the ADB. The Issuer also strives to provide road connectivity to major ports. The Issuer's role encompasses involving the private sector in financing construction, maintenance and operation of the national highways and wayside amenities. The Issuer is also involved in the improvement, maintenance and augmentation of the existing national highways network and implementation of road safety measures and environment management measures.

C. Central Road Fund Act 2000 ("CRF Act")

The CRF Act proposed to levy and collect by way of cess, a duty of excise and customs on petrol and diesel. The proceeds are used for development and maintenance of National Highways, development of rural roads, development and maintenance of other state roads including roads of inter-state and economic importance and for improvement of safety at rail- road crossings, etc.

D. Financing of the NHDP

The Government of India, under the CRF Act created a dedicated fund for NHDP. Certain sources for financing of NHDP are through securitization of cess as well as involving the private sector and encouraging PPP. The NHDP is also being financed through long-term external loans from the World Bank, the ADB and the JBIC as well as through tolling of roads

E. Private Participation in the NHDP

In an effort to attract private sector participation in the NHDP, the Issuer has formulated model concession agreements where a private entity (the **"concessionaire"**) is awarded a concession to build, operate and collect toll on a road for a specified period of time.

The bidding for the projects takes place in two stages as per the process provided below:

- in the pre-qualification stage, the Issuer selects certain bidders on the basis of technical and financial expertise, prior experience in implementing similar projects and previous track record; and

- in the second stage, the Issuer invites commercial bids from the pre-qualified bidders on the basis of which the right to develop the project is awarded.

The Government will carry out all preparatory work including land acquisition and utility removal. Right of way will be made available to concessionaires free from all encumbrances.

Further, the Government / the Issuer will provide capital grant up to 40 per cent. of the total project cost, on a case and/or case basis to enhance viability of such projects.

In a BOT project, the concessionaire meets the upfront costs and expenditure on annual maintenance and recovers the entire cost along with the interest from toll collections during the concession period. To increase the viability of the projects, a capital grant is provided by the Central Government/ the Issuer on a case to case basis. The concessionaire at the end of the concession period transfers the road back to the Government. The concessionaire's investment in the road is recovered directly through user fees by way of tolls.

In annuity projects, the concessionaire is required to meet the entire upfront cost (no grant is paid by Government / the Issuer) and the expenditure on annual maintenance. The concessionaire recovers the entire investment and predetermined return on investments through annuity payments by Central Government and/or the Issuer.

Tax incentives which are being provided to the concessionaire are 100 per cent. tax exemption for five years and 30 per cent. relief for the next 5 years, which may be availed of in 20 years. The Government has also allowed duty free import of specified modern high capacity equipment for highway construction.

F. Exit Policy

The CCEA introduced a policy initiative on 13 May 2015 which aimed at improving the availability of equity in the market. It would permit concessionaires/developers to divest 100 per cent. equity in the project, two years after completion of construction of the project. This would help unlock equity from completed projects making it potentially available for investment into new projects. This would also harmonise conditions uniformly across all concessions signed prior to 2009 with the policy framework for post 2009 contracts which permit divestment of equity up to 100 per cent. two years after completion of construction.

G. The Control of National Highways (Land and Traffic) Act, 2002 ("NHLT Act")

The NHLT Act provides for control of land within national highways, right of way and traffic moving on national highways and also for removal of unauthorised occupation thereon. In accordance with the provisions of the NHLT Act, the Central Government has established Highway Administrations. Under the NHLT Act, all land that forms part of a highway which vests in the Central Government, or that which does not already vest in the Central Government but has been acquired for the purpose of highways shall be deemed to be the property of the Central Government. The NHLT Act prohibits any person from occupying any highway land or discharging any material through on such land without the permission of the Highway Administration. The NHLT Act permits the grant of lease and license for use of highway land for temporary use.

H. Environmental Regulations

Infrastructure projects must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974 (**"Water Pollution Act"**), the Air (Prevention and Control of Pollution) Act, 1981 (**"Air Pollution Act"**) and the Environment Protection Act, 1986 (**"Environment Act"**).

The Water Pollution Act aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Pollution Control Board include, *inter alia,* coordination of activities of the State Pollution Control Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for, *inter alia*, the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control, inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water, laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters, and laying down standards for treatment of trade effluents to be discharged. This legislation prohibits any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer, or bring into use any new or altered outlet for discharge of sewage, or being to make any new discharge of sewage without taking prior consent of the State Pollution Control Board.

The Central and State Pollution Control Boards constituted under the Water Pollution Act are also to perform functions as per the Air Pollution Act for the prevention and control of air pollution. The Air Pollution Act aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Pollution Control Board, establish or operate any industrial plant in an air pollution control area as notified by the State Government.

The Environment Act has been enacted for the protection and improvement of the environment. The Act empowers the Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The Government may make rules for regulating environmental pollution.

With respect to forest conservation, the Forest (Conservation) Act, 1980 prevents State Governments from making any order directing that any forest land be used for a non-forest purpose or that any forest land is assigned through lease or otherwise to any private person or corporation not owned or controlled by the Government without the approval of the Central Government of India. The Ministry of Environment and Forests (**"MoEF"**) mandates that an Environment Impact Assessment (**"EIA"**) must be conducted for projects. In the process, the Ministry receives proposals for the setting up of projects and assesses their impact on the environment before granting clearances to the projects.

The EIA Notification S.O. 1533, issued on 14 September 2006 (the **"EIA Notification"**) under the provisions of the Environment Act, prescribes that new construction projects require prior environmental clearance from the MoEF. The environmental clearance must be obtained from the MoEF according to the procedure specified in the EIA Notification. No construction work, preliminary or other, relating to the setting up of a project can be undertaken until such clearance is obtained. Under the EIA Notification, the environmental clearance process for new projects consists of four stages – screening, scoping, public consultation and appraisal. After completion of public consultation, the applicant is required to make appropriate changes in the draft 'EIA Report' and the 'Environment Management Plan.' The final EIA Report has to be submitted to the concerned regulatory authority for appraisal. The regulatory authority is required to given its decision within 105 days of the receipt of the final EIA Report.

I. Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating, processing, treating, packaging, storing, using, collecting, offering for sale converting or transferring hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

J. Public Liability Insurance Act, 1991 (the "Public Liability Act")

The Public Liability Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of 'hazardous substances' covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the Environment Relief Fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

K. Green Highways (Plantation, Transplantation, Beautification and Maintenance) Policy, 2015

In September 2015, MoRTH has launched Green Highways Plantation, Transplantation, Beautification and Maintenance Policy, 2015 which will require road developers to earmark 1 per cent. of a project's total cost for planting of trees and shrubs across the national highways. Under this policy, the maintenance of such plantations will be outsourced through a bidding process to plantation agencies. MoRTH/the Issuer will appoint the authorised agency for empanelment of such plantation agencies.

L. Labour Regulations

Depending upon the nature of the activity undertaken by us, applicable environmental and labour laws and regulations include the following:

- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Payment of Wages Act, 1936;
- The Workmen's Compensation Act, 1923;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965;
- The Payment of Gratuity Act, 1972;

M. Other applicable regulations

As per the NHAI Act, the Issuer is empowered to make regulation in order to further the object of NHAI Act. In exercise of such power, the Issuer has framed certain rules which are as follows:

- National Highways Authority of India (Recruitment, Seniority and Promotion) Regulations, 1996;
- National Highways Authority of India (Joining Time) Regulations, 1996;
- National Highways Authority of India (Incentive) Regulations, 1996;
- National Highways Authority of India (Traveling Allowance and Daily Allowance) Regulations, 1997;

- National Highways Authority of India (Leave) Regulations, 1997;
- National Highways Authority of India (Conduct Discipline and Appeal) Regulations, 1997;
- National Highways Authority of India (Leave Travel Concession) Regulations, 1997;
- National Highways Authority of India (Medical Attendance and Treatment) Regulations, 1997;
- National Highways Authority of India (Transaction of Business) Regulations, 1997;
- National Highways Authority of India (House Rent Allowance and Leased Accommodation) Regulations, 1997;
- National Highways Authority of India (Transaction of Business Amendment) Regulations 2001; and
- National Highways Authority of India (Medical Attendance and Treatment Amendment) Regulations 2004.

N. Regulation of Foreign Investment

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the DIPP, which is regulated by the Foreign Investment Promotion Board (**"FIPB"**). The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (**"FEMA Regulations"**) to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. As laid down by the FEMA Regulations, no prior consent and approval is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

O. Regulatory Requirements in relation to issuance of Indian Rupee denominated bonds overseas.

The framework with respect to issuance of Indian rupee denominated bonds overseas is set out in the ECB Regulations. The ECB Regulations enables any corporate or body corporate to issue only plain vanilla Indian rupee denominated bonds in an overseas FATF compliant financial centre. The bonds can be either placed privately or listed on exchanges as per host country regulations. Eligible entities can issue INR denominated bonds overseas both under the automatic route and the approval route. Under the automatic route, the amount of borrowing will be up to INR 50 billion equivalent per financial year. Issuance of bonds beyond this limit will require prior approval of the RBI under the approval route. Issuance of Indian rupee denominated bonds overseas will be within the aggregate limit of INR 2,433.23 billion for foreign investment in corporate debt. Any investor from a FATF compliant jurisdiction can invest in the bonds issued under the ECB Regulations. Indian banks shall not have access to these bonds but, subject to compliance with applicable prudential norms, can act as an arranger or underwriter. If the Indian bank acts as an underwriter, it must not hold more than 5 per cent. of the issue size after six months of the issue.

Indian rupee denominated bonds can only be issued in a jurisdiction:

(a) in which an offer of the Notes would constitute a violation of relevant laws or require registration of the Notes; or

(b) (i) which is not a member of FATF or a member of an FATF style regional body; or

Any jurisdiction

(ii) whose securities market regulator is not a signatory to the IOSCO's "Multilateral Memorandum of Understanding (Appendix A Signatories)" or a signatory to a bilateral memorandum of understanding with the SEBI for information sharing arrangements; or

(iii) which is a country identified in the public statement of the FATF as:

(A) a jurisdiction having strategic Anti Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or

(B) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies

which is not a Restricted Jurisdiction and can only be subscribed by a person who eligible under the ECB Regulations. The bonds shall have minimum maturity of three years. Call and put options, if any, are not exercisable prior to completion of the minimum maturity period.

The all-in-cost of borrowing by issuance of the bonds should be commensurate with prevailing market conditions. The foreign currency – INR conversion will be at the market rate on the date of settlement for the purpose of transactions undertaken for issue and servicing of the bonds.

Overseas investors are eligible to hedge their exposure in Indian Rupee through permitted derivative products with an AD Bank in India. The investors can also access the domestic market through branches or subsidiaries of Indian banks abroad or branches of foreign banks with Indian presence on a back to back basis. The leverage ratio for the borrowing by financial institutions will be as per the prudential norms as prescribed by the sectoral regulator concerned.

Further, the ECB Regulations prescribes that the proceeds of the borrowing can be used for all purposes except the following:

- real estate activities other than development of integrated township / affordable housing projects;
- investing in capital market and using the proceeds for equity investment domestically;
- activities prohibited as per the foreign direct investment guidelines;
- on-lending to other entities for any of the above purposes; and
- purchase of land.

Filing and regulatory requirements in relation to issuance of Notes

An ECB borrower or issuer of Indian rupee denominated bonds, including the Issuer, is required to obtain a loan registration number (**"LRN"**) from the RBI before an issuance of Notes is effected. For allotment of the LRN, ECB borrowers are required to submit Form 83 certified by a company secretary or chartered accountant to the AD Bank of the ECB borrower. The AD Bank is then required to forward the Form 83 to the RBI. Any ECB borrower, including the Issuer, is required to submit an ECB-2 Return on a monthly basis via its AD Bank to the RBI. So long as any of the Notes remain outstanding, the Issuer shall comply with and maintain in force all approvals, authorisations and consents and promptly make all notifications, registrations and filings, including, but not limited to, compliance with the FEMA and the ECB Regulations, and shall seek from the Noteholders all such information and documents as may be required by the Issuer to enable it to obtain the list of primary holders of the Notes and provide such information to the regulatory authorities in India, as may from time to time be required by it to comply with its obligations under the ECB Regulations.

Procedure in relation to any change to the Terms and Conditions of the Notes

Any material change in the terms and conditions of the Notes after obtaining the LRN requires the prior approval of the RBI or AD Bank, as the case may be. Certain changes (such as amendments to the repayment date, currency, the name of the borrower, recognised lender, cancellation of LRN or reduction in the principal amount of the Notes) may be approved by the AD Bank under a delegated authority from the RBI subject to certain conditions being complied with. Any redemption of the Notes prior to their stated maturity, including on occurrence of an Event of Default or for taxation reasons (as further described in the Conditions) will require the prior approval of the RBI or the AD Bank, as the case may be.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of India of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date, potentially with retrospective effect.

1. India

The following is a summary of the principal existing Indian tax consequences for non-resident investors subscribing to the Notes issued by the Issuer. The summary is based on existing Indian taxation law and practice in force at the date of this Prospectus and is subject to change. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction of acquiring, owning and disposing of the Notes.

Taxation of interest and withholding in respect thereof

Interest on the Notes may not be subject to taxes in India if the proceeds of the issuance of the Notes are used for purposes of business carried on by the Issuer outside India or for the purposes of making or earning any income from any source outside India. However, should the proceeds of the issuance of the Notes be used for the purposes of carrying on the Issuer's business in India or for the purposes of making or earning any income from any source in India, non-resident investors would be liable to pay tax on the interest paid on the Notes at the prevailing tax rates subject to and in accordance with the existing conditions contained in the IT Act. The rates of tax may be reduced if the beneficial recipient is a resident of a country with which the Government has entered into an agreement for granting relief of tax or for avoidance of double taxation (each a **"Tax Treaty"**), which, provided the provisions of such Tax Treaty are complied with, provides for the taxation in India of income by way of interest at a rate lower than that stated below. The Noteholder could be required to provide certain documents or other information as prescribed by law to apply the beneficial withholding tax rate. At present, the tax rates under the IT Act is lower as compared with any of the Tax Treaties entered into by India.

Under Section 115A read with Section 194LC of the IT Act, interest income of a non-resident, arising out of offshore rupee denominated bonds (in this case, the Notes) which are issued before 1 July 2020, is subject to tax at 5 per cent. (plus applicable surcharge and cess). This tax liability is discharged by way of tax being withheld at source. For the above concessional tax regime to apply, the Noteholder may be required to provide either a (i) copy of the Permanent Account Number (PAN), registration card and number; or (ii) documentation including a tax residency certificate, a tax identification number and other details including their name, address, email details and contact number, pursuant to the notification issued by the Central Board of Direct Taxes dated 24 June 2016, inserting Rule 37BC of Income Tax Rules, 1962. In case the 5 per cent. rate (plus applicable surcharge and cess) is not applicable as a result of the absence of the aforementioned details, the tax rates could range from 30 per cent. to 40 per cent. plus applicable surcharge and cess under the relevant domestic laws. However, these rates may be reduced, subject to the relevant Tax Treaty and the conditions therein. In such a case, the Noteholder would be liable to bear the tax burden, by way of a tax withholding.

If interest payable on the Notes is subject to tax in India, there is a requirement to withhold tax at the prevailing tax rate under the provisions of the IT Act, subject to any lower rate of tax provided for by an applicable Tax Treaty. The Noteholders would be required to provide a tax residency certificate, Form 10F and other relevant details and/or documents in order to claim relevant Tax Treaty benefits.

All payments of, or in respect of, interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India. If tax is required to be withheld under the law, pursuant to Condition 7 (*Taxation*), the Issuer will pay additional amounts as may be necessary in order that the net amount received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or the deduction, although this is subject to certain exceptions.

However, this provision requires the non-resident recipient of income to provide any details required to ensure the lowest possible withholding tax incidence.

Taxation of gains arising on transfer

Some key considerations in relation to taxation of gains arising on transfer of Notes are as follows:

(i) Under Section 47(viiaa) of the IT Act, gains arising out of transfer (outside India) of offshore rupee denominated bonds (Notes) by a non-resident investor to another non-resident investor is not subject to capital gains tax. Accordingly, there would be no withholding tax implications on such transfers; and

(ii) any gains arising to a non-resident investor from disposal of the Notes held as stock-in-trade would be subject to income tax in India or in the case where a Tax Treaty is applicable to the extent, if any, that the gains are attributable to a "permanent establishment" of the non-resident investor in India (or in the absence of a Tax Treaty, attributable to a "business connection" in India). A non-resident investor would be liable to pay Indian tax on such gains at the rate of 40 per cent. (plus applicable surcharge and educational cess and secondary and higher education cess) depending upon the legal status of the non-resident investor and his taxable income in India.

The above tax rates are subject to any relevant Tax Treaty benefit, if any. The Noteholders would be required to provide a tax residency certificate, Form 10F and other relevant details and/or documents in order to claim such benefit.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

Wealth Tax

No wealth tax is payable at present in relation to the Notes.

Estate Duty

No estate duty is payable at present in relation to the Notes. There are no inheritance taxes or succession duties currently imposed in respect of the Notes held outside India.

Gift Tax

No gift tax is payable at present in relation to the Notes in India. However, if Notes are gifted to any person, or transferred to any person at less than a fair market value, gift tax may be applicable on the recipient, in India.

Stamp Duty

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless brought into India. Stamp duty would be payable if the Notes are brought into India for enforcement or for any other purpose. This stamp duty will have to be paid within a period of three months from the date the Notes are first received in India. The amount of Stamp duty payable would depend on the applicable Stamp Act of the relevant state into which the Notes are brought.

2. The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the **"Commission's Proposal"**) for a Council Directive implementing enhanced co-operation for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **"participating Member States"**). However, on 16 March 2016, Estonia completed the formalities required to cease participation in the enhanced cooperation on FTT.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Axis Bank Limited, Singapore Branch, Nomura International (Hong Kong) Limited, SBICAP (Singapore) Limited, Singapore Branch and Standard Chartered Bank(together, the **"Joint Bookrunners and Lead Managers"**) have, pursuant to a subscription agreement (the **"Subscription Agreement"**) dated 12 May 2017, on a several basis agreed to subscribe for the Notes at the issue price of 100 per cent. of the principal amount of Notes (the **"Issue Price"**). The Issuer will also reimburse the Joint Bookrunners and Lead Managers in respect of a combined underwriting and selling commission and certain other expenses, and the Issuer has agreed to indemnify the Joint Bookrunners and Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

The Notes are a new issue of securities for which there currently is no market. The Joint Bookrunners and Lead Managers have advised the Issuer that they intend to make a market in the Notes as permitted by applicable law. They are not obligated, however, to make a market in the Notes and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for the Notes.

Each Joint Bookrunner and Lead Manager or its affiliates may purchase the Notes for its own account or enter into secondary market transactions or derivative transactions relating to the Notes, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackagings and credit default swaps, at the same time as the offering of the Notes. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Prospectus relates (notwithstanding that such selected counterparties may also be a purchaser of the Notes). As a result of such transactions, a Joint Bookrunner and Lead Manager or its affiliates may hold long or short positions relating to the Notes. Each of the Joint Bookrunners and Lead Managers and their affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer or its affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, each Joint Bookrunner and Lead Manager and its affiliates may, from time to time after completion of the offering of the Notes, engage in other transactions with, and perform services for, the Issuer or its affiliates in the ordinary course of their business. Each Joint Bookrunner and Lead Manager or its affiliates may also purchase Notes for asset management and/or proprietary purposes but not with a view to distribution or may hold Notes on behalf of clients or in the capacity of investment advisors. While each Joint Bookrunner and Lead Manager and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause a Joint Bookrunner and Lead Manager or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Joint Bookrunner and Lead Manager may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in a transaction not subject to the registration requirements of, the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Bookrunner and Lead Manager has represented and agreed that:

(a) it has offered and sold, and it will offer and sell, the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the issue of the Notes, within the United States or to, or for the account or benefit, of U.S. persons; and

(b) at or prior to confirmation of sale of Notes to a distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period it will send to such purchaser a confirmation or notice stating that such purchaser is subject to the foregoing restrictions on offers and sales. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, any offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Each Joint Bookrunner and Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (**"FSMA"**)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

India

Each Joint Bookrunner and Lead Manager represents and agrees that (a) this Prospectus has not been and will not be registered, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or other offering material in respect of any private placement under the Companies Act or any other applicable Indian laws) with any Registrar of Companies or the SEBI or any other statutory or regulatory body of like nature in India, save and except any information from any part of the Prospectus which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including but not limited to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 or pursuant to the sanction of any regulatory or adjudicatory body in India (b) the Notes will not be offered or sold, and have not been offered or sold, to any person in India by means of any document, other than to persons permitted to acquire the Notes under Indian law and (c) the Prospectus or any other offering document or material relating to the Notes will not be circulated or distributed and have not been circulated or distributed, directly or indirectly, to any person or the public or any member of the public in India which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of Indian laws. Each Joint Bookrunner and Lead Manager represents and agrees that the Notes have not been offered or sold and will not be offered or sold in India in circumstances which would constitute an offer of securities (whether to the public or by way of private placement) within the meaning of the Companies Act or any other applicable Indian laws for the time being in force.

Each Joint Bookrunner and Lead Manager represents and agrees, to the best of its knowledge and belief:

(a) the Prospectus or any material relating to the Notes has not been and will not be circulated or distributed to any prospective investor who does not meet the FATF Requirements (as defined below) or to any offshore branch of an Indian bank;

(b) the Notes are only being issued in a country and only being subscribed by a resident of a country:

   (i) that is a member of FATF or a member of a FATF-style regional body and whose securities market regulator is a signatory to the IOSCO's Multilateral Memorandum of Understanding or a signatory to a bilateral Memorandum of Understanding with the SEBI for information sharing arrangements; and

   (ii) that is not identified in the public statement of FATF as a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter-measures apply, or a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

None of the Joint Bookrunners or Lead Managers or the issuer accept responsibility for determining the FATF compliance status or compliance with the FATF Requirements or Noteholders if such Notes are subsequently reoffered or resold.

In addition, holders and beneficial owners shall be responsible for compliance with restrictions on the ownership of the Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of the Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. Potential investors should seek independent advice and verify compliance with FATF Requirements (as defined below) prior to any purchase of the Notes.

The holders and beneficial owners of the Notes shall be deemed to confirm that for so long as they hold any Notes, they will meet the FATF Requirements and will not be an offshore branch of an Indian bank. Further, all Noteholders represent and agree that the Notes will not be offered or sold on the secondary market to any person who does not comply with the FATF Requirements or which is an offshore branch of an Indian bank.

To comply with applicable laws and regulations, the Issuer or its duly appointed agent may from time to time request Euroclear and Clearstream, Luxembourg to provide them with details of the accountholders within Euroclear and Clearstream, Luxembourg, as may be appropriate, that hold the Notes and the number of Notes held by each such accountholder.

Euroclear and Clearstream, Luxembourg participants which are holders of the Notes or intermediaries acting on behalf of such Noteholders would be deemed to have hereby authorised Euroclear and Clearstream, Luxembourg, as may be appropriate, to disclose such information to the Issuer or its duly appointed agent.

"FATF Requirements" means, in relation to any investor in the Notes, an investor who is a resident of a country:

(a) that is a member of the FATF or a member of a FATF-style regional body;

(b) whose securities market regulator is a signatory to the IOSCO's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the SEBI for information sharing arrangements; and

(c) which is not identified in a public statement of the FATF as:

   (i) being a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or

   (ii) being a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

Hong Kong

Each Joint Bookrunner and Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **"SFO"**), other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **"C(WUMP)O"**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Bookrunner and Lead Manager has acknowledged that this document has not been registered as a prospectus with the MAS. Accordingly, each Joint Bookrunner and Lead Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the **"SFA"**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275)(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

General

No action has been taken by the Issuer or any of the Joint Bookrunners and Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Bookrunner and Lead Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of the Notes by it will be made on the same terms.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IFRS

The summarised financial information and audited financial statements of the Issuer included in this Prospectus are presented in accordance with the accounting principles generally accepted in India (**"Indian GAAP"**), which differs from the International Financial Reporting Standards (**"IFRS"**) in certain respects. The matters described below cannot necessarily be expected to reveal all differences between Indian GAAP and IFRS which are relevant to the Issuer. Consequently, there can be no assurance that these are the only differences in the accounting principles that could have a significant impact on the financial information included in this Prospectus. Furthermore, the Issuer has made no attempt to identify or quantify the impact of these differences or any future differences between Indian GAAP and IFRS which may result from prospective changes in accounting standards. The Issuer has not considered matters of Indian GAAP presentation and disclosures, which also differ from IFRS. In making an investment decision, investors must rely upon their own examination of the Issuer's business, the terms of the offerings and the financial information included in this Prospectus.

Potential investors should consult their own professional advisors for an understanding of the principal differences between the Indian GAAP and IFRS and how these differences might affect the financial statements of the Issuer as given in this document.

Particulars	Indian GAAP	IFRS
Format and content of financial statements	Entities are required to present balance sheets, profit and loss accounts and, if listed or proposing listing, cash flows for two years together with accounting policies, schedules and notes. Format for presentation of financial statements is as prescribed by the relevant statute.	Entities are required to present balance sheets, income statements, statements of changes in equity, cash flows and notes, comprising a summary of significant accounting policies and other explanatory notes for a period of two years.
Changes in accounting policies	Any change in an accounting policy which has a material effect should be disclosed. The impact of, and the adjustments resulting from such change, if material, should be shown in the financial statements of the period in which such change is made, to reflect the effect of such change. Where the effect of such change is not ascertainable, wholly or in part, the fact should be indicated. If a change is made in the accounting policies which has no material effect on the financial statements for the current period, but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted.	Any change in an accounting policy should be accounted for retrospectively, with comparative information restated and the amount of the adjustment relating to prior periods adjusted against the opening balance of retained earnings of the earliest year presented. An exemption applies when it is impracticable to change comparative information.
Revenue recognition-Interest	Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.	Interest income is recognised using the effective interest method.

Particulars	Indian GAAP	IFRS
Prior Period Items	Adjust the error or omission in the period in which it is discovered and corrected with appropriate disclosure.	Material prior period errors are corrected retrospectively in the first financial statements issued after their discovery.
Extraordinary Items	Extraordinary items of such size and nature that requires separate disclosure to explain the performance of the entity are disclosed separately, net of income taxes, on the face of the income statement or in the notes, provided the total of all such items is shown on the face of the income statement. Exceptional items usually shown on the face of the income statement or in the notes.	No concept of Extraordinary items
Foreign exchange translation	AS11 "The Effects of Changes in Foreign Exchange Rates" deals with accounting for foreign exchange transactions. Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary items are restated at year-end exchange rates. Exchange differences arising on transactions and translation of monetary items are recognised as income or expense in the year in which they arise. Foreign exchange losses that relate to foreign borrowings incurred to finance an asset are treated as a part of borrowing cost and are capitalised subject to exercise of the option by the entity only up to 1 April 2011. Translation differences arising on a monetary item that, in substance, forms part of an enterprise’s net investment in a non- integral foreign operation should be accumulated in a foreign currency translation reserve in the enterprise’s financial statements until the disposal of the net investment, at which time they should be recognised as income or as expenses. Translation of foreign operations integral to the reporting enterprise requires foreign exchange gains or losses to be recognised in the income statement	Gains or losses arising out of foreign exchange translation differences are required to be included in the determination of net income, unless these differences are regarded as an adjustment to interest costs, which are eligible for capitalisation as borrowing costs on fixed assets. For the purposes of consolidating a foreign subsidiary, its financial statements are translated into the parent’s reporting currency. Assets and liabilities are translated using the balance sheet rate of exchange. Amounts in the income statements are translated using the weighted average rate for the period. Translation differences that arise are reported in a separate component of shareholders’ equity. The concept of capitalisation of exchange fluctuations, arising from foreign liabilities incurred for acquiring fixed assets does not exist
Deferred taxation	Deferred taxes are required to be provided for the tax effect of timing differences between taxable income and accounting income using substantively enacted tax rates. Deferred tax assets arising due to unabsorbed depreciation or carry forward of losses are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.	Deferred income taxes are recognised for the future tax effects of temporary differences between the carrying amount and tax base of assets and liabilities and operating loss carry- forwards, at the enacted or substantively enacted tax rates. Deferred tax assets and liabilities must be recognised regardless of when the temporary difference is likely to reverse.

Particulars	Indian GAAP	IFRS
	Other deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.	Deferred tax assets must be recognised when it is probable that sufficient taxable profits/ reversible differences will be available against which the deferred tax assets can be utilised.
Proposed dividend	Proposed dividends are recognised in the financial statements in the period to which they relate, even if they are subject to shareholders' approval.	Proposed Dividends are disclosed in Notes to Accounts.
Employee Benefits/Retirement **Benefit**	The long term employee benefits are accounted for on actuarial valuation basis. Actuarial gains/ losses are fully recognised in the year they accrue.	The long term employee benefits are accounted for on actuarial valuation basis. Actuarial gains/ losses are subject to corridor approach and actuarial gains/ losses beyond the corridor are recognised over the average working life of the employees. However, Immediate recognition of actuarial gains and losses is permitted through other comprehensive Income.
Depreciation	Depreciation is generally charged at rates prescribed by the Companies Act. These rates are the minimum rates, and companies are permitted to charge depreciation at higher rates, in order to write off the cost of assets over their useful lives, if shorter.	The depreciable amount of an item of property, plant and equipment are allocated on a systematic basis over its useful life.
Fair values of financial instruments	Financial Assets and Liabilities are recognised and carried at Cost. There is a requirement of disclosure of Fair value, in few cases.	Financial Assets and liabilities are recognised at fair value and carried at fair value or at Amortised Cost, depending upon the category of Financial Assets and Liabilities.

LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

In the ordinary course of the Issuer's business, the Issuer (as well as certain of its Members, officers and employees) and its SPVs are involved in disputes at various levels of adjudication, including civil suits, arbitral claims, land-acquisition related disputes and environmental disputes. The total amount of the claims against the Issuer in all proceedings is not ascertainable, as the monetary claim against it has not been quantified. The following are certain material legal proceedings involving the Issuer and its SPVs as of the date of the Prospectus. For the purpose of this section, pending legal proceedings where there is a monetary claim of INR 1,000 million or above by or against the Issuer have been considered material, as well as certain material civil and environmental proceedings by or against the Issuer that have also been disclosed. The amounts claimed or counter-claimed has also been presented in USD after applying the reference rate as published by the RBI on 31 March 2017. This is not an exhaustive presentation of all legal, regulatory, arbitral and administrative proceedings that the Issuer is involved in.

Environmental Cases

1. Mr. Mantri Shyam Prasad (the "applicant") has filed an application (No. 53 of 2015) before the National Green Tribunal (the **"Tribunal"**) against the Issuer. The applicant has alleged that during the development of the stretch of national highway between Hanumanthuvaka and the Naval Armament Depot on NH-16, certain areas were reserved as green belts, and that due to the negligence of the Issuer, trees in the green belt area have been destroyed and/or uprooted. The applicant has claimed that this has resulted in ecological imbalance and consequential damage to the environment. The applicant has requested the Tribunal to take appropriate action against the Issuer for a violation under the Environment Protection Act, 1986 and to direct the Issuer to remove any encroachments. The Issuer has in its reply stated that the construction work referred to in the application is being undertaking by the Greater Vishakhapatnam Municipal Corporation and not the Issuer. The matter is currently pending before the Tribunal.

2. The Legal Aid Committee, National Green Tribunal Bar Association (the "applicant") has filed an application (No. 151 of 2013) before the Tribunal against the Issuer, among other parties. The application is with respect to environmental issues surrounding the floods in the State of Uttarakhand which occurred in 2013. The applicant has requested the Tribunal to direct the Issuer to take the appropriate actions as required under various environmental regulations and laws for the protection and preservation of the Gangotri–Uttarakashi region. The Issuer has in its reply stated that it does not have any projects under implementation in the aforementioned area and the Issuer is therefore in compliance with applicable environmental regulations and laws. The matter is currently pending before the Tribunal.

3. Mr. Rohit Choudhary (the "applicant") has filed an application (No. 174 of 2013) before the Tribunal against the Issuer, among other parties. The applicant has asked the Tribunal to direct the Issuer to take steps to comply with the environment clearance conditions provided by the MoRTH. The applicant has requested the Tribunal to direct the Issuer to not undertake the expansion or widening of the existing stretch of NH-37. The Issuer in its reply has stated that the section of NH-37 under dispute is not managed by the Issuer and thus they are not required to comply with the conditions imposed by the MoRTH. The matter is currently pending before the Tribunal.

4. Mr. Vardhman Kaushik (the "applicant") has filed an application (No. 21 of 2014) before the Tribunal against the Issuer, among other parties. The application is in relation to air pollution, specifically in the National Capital Region of Delhi, attributed in part to unchecked construction work undertaken by the Issuer. The applicant has requested the Tribunal to direct the Issuer to identify the causes and factors of a dramatic increase in air pollution in the National Capital Region of Delhi, and to implement relevant guidelines issued by the World Health Organisation. The Tribunal has directed the Issuer to install weigh-in motion systems on toll plazas located on national highways. The Issuer has filed a status report and the matter is currently pending before the Tribunal.

5. Dr. Kashmira Kakati (the "applicant") has filed an application (No. 19 of 2014) before the Tribunal against the Issuer, among other parties. The applicant has alleged that the Issuer has carried out construction work for the development of national highways around the Dihing Patkai elephant reserves and Bogapani elephant corridor in Assam without obtaining the necessary clearances. The Issuer in its reply has stated that the necessary clearances have been obtained by it for undertaking construction work and that the matter is barred due to limitation. The matter is currently pending before the Tribunal.

6. The Society for Protection of Culture, Heritage, Environment, Tradition and Promotion of National Awareness (the "applicant") has filed an application (No. 307 of 2016) before the Tribunal against the

Issuer, among other parties. The applicant has alleged that the Issuer has not taken any steps for the preservation of water bodies or water recharging areas for harvesting rainwater. The Issuer in its reply has stated that the stretch of NH-8 in question is owned by the Delhi Jal Board and the Airport Authority of India. The Issuer has only been granted the land for construction purposes and thus is not required to respond the requests made by the applicant before the Tribunal. The matter is currently pending before the Tribunal.

7. The Society for Protection of Culture, Heritage, Environment, Tradition and Promotion of National Awareness (the "applicant") has filed an application (No. 386 of 2016) before the Tribunal against the Issuer, among other parties. The applicant has requested the Tribunal to direct the Issuer to plant trees within 30 metre and 50 metre strips alongside national highways throughout India. The Issuer in its reply has stated that there are no guidelines or statutory regulations in India that requires the Issuer to undertake plantations as requested by the applicant. The matter is currently pending before the Tribunal.

8. Mr Sushil Raaja (the "applicant") has filed an application (No. 270 of 2016) before the Tribunal against the Issuer, among other parties. The applicant has alleged that the Issuer has not planted trees alongside 12 project stretches, including sections of the national highway between Meerut-Muzzafarnager, Ghaziabad-Aligarh and Meerut-Bulandshahar among others. The Issuer in its reply has stated that the necessary compliances have been made with respect to the applicable laws and regulations. The matter is currently pending before the Tribunal.

9. Mr Rajendra Krishan Sharma (the "applicant") has filed an application (No. 123 of 2016) before the Tribunal against the Issuer, among other parties. The applicant has claimed that the road widening projects undertaken by the Issuer along the Mehrauli-Guragon section of NH-8, amongst others, has led to the destruction of the relevant green belt areas. The Issuer in its reply has stated that the road under question is being developed by Haryana Urban Development Authority and that the actions of the Issuer have not resulted in the destruction of the green belt. The matter is currently pending before the Tribunal.

10. Mr Amresh Singh (the "applicant") has filed an application (No. 295 of 2016) before the Tribunal against the Issuer, among other parties. The applicant has claimed that debris and silt generated during the construction of the Udhampur-Banihal road is being dumped into the Tawi river. The applicant has requested the Tribunal to take appropriate action against the Issuer. The Issuer in its reply has stated that the two stretches of land relating to this matter have been given to Hindustan Construction Company Limited and Gammon India Limited for development. While Hindustan Construction Company Limited has not started construction, Gammon India Limited has submitted an affidavit before the court stating that the debris and silt generated from their construction is being disposed of in accordance with applicable regulations. The matter is currently pending before the Tribunal.

11. Gram Sewa Samiti Mahipalpur (the "applicant") has filed an application (No. 366 of 2016) before the Tribunal against the Issuer, among other parties. The applicant has claimed that due to construction of a flyover on NH-8, certain manholes have been blocked which has led to waterlogging. The applicant has asked the Tribunal to direct the Issuer to take steps to prevent waterlogging caused by its development of NH-8 by constructing rain water drainage systems. The Issuer in its reply has stated that the matter has already been adjudicated upon by the Delhi High Court, wherein the Issuer had submitted that adequate water drainage systems are already existing along the relevant stretch of land and that it is the duty of the contractor (Jaypee DSC Joint Ventures Limited) to ensure the cleanliness of the drain. The Delhi High Court in its order has stated that the Issuer discharged its duties diligently and found that the waterlogging was a result of illegal encroachment by the residents of Mahipalpur. The matter is currently pending before the Tribunal.

Arbitration Claims against the Issuer

1. Soma Isolux NH One Tollway Private Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to development of the Panipat-Jalandhar section of NH-1 in the States of Haryana and Punjab. The claims raised before the arbitration tribunal relate to compensation for loss of revenue suffered by the claimant due to delays by the Issuer in finalising the location of toll plazas and commencement of toll operations, an increase in overhead costs, damages for delays in fulfilling conditions precedent to the concession agreement and delays in handing over the site to the claimant. The claims raised amount to INR 57,532.9 million (USD 887.32 million) including interest. The Issuer has also filed counter claims in the matter amounting to INR 1,565 million (USD 24.13 million). The matter is currently pending.

2. Barsat Krishnagar Expressways Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of sections of NH-34 in the State of West Bengal. The claims raised

before the arbitration tribunal relate to (a) compensation for losses suffered by the claimant due to the delay by the Issuer in granting a right of way to the claimant, and (b) damages for breach of the concession agreement on account of the Issuer failing to declare an appointment date despite the claimant having fulfilled all conditions precedent to the concession agreement. The claims raised aggregate to an amount of INR 21,398.9 million (USD 330.03 million). The matter is currently pending.

3. Gwalior Jhansi Expressways Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of certain sections of NH-75 in the States of Uttar Pradesh and Madhya Pradesh. The claims relate to compensation for non-payment of annuities and interest, for additional direct costs incurred by the claimant due to a material breach of the concession agreement by the Issuer, and additional costs incurred by the claimant in respect of interest payments during the construction period beyond the scheduled project completion date. The claims raised by the claimant amount to INR 20,611.5 million (USD 317.88 million). The Issuer has also filed a counter claim valued at INR 3,244.5 million (USD 50.03 million). The matter is currently pending.

4. Moradabad Bareilly Expressway Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Moradabad-Bareilly section of NH-24 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to compensation for delays by the Issuer in handing over the project land, and on account of the Issuer's delay in granting the provisional completion certificate for a section of the Moradabad-Bareilly road which has resulted in a loss of toll revenue for the claimant. The claims raised by the claimant amount to INR 8,795 million (USD 135.64 million). The matter is currently pending.

5. Jorbat Shillong Expressway Limited (the "claimant") has initiated arbitration proceedings against the Issuer with respect to the development of the Jorbat Shillong section of NH–40 in the States of Assam and Meghalaya. The claims raised before the arbitration tribunal relate to compensation for the delay in handing over the legal right to construction on sections of NH-40 and compensation for the additional costs incurred by the claimant for the increase in the scope of work to be carried out by the claimant. The claims raised by the claimant total INR 8032.3 million(USD 123.88 million). The matter is currently pending.

6. Bangalore Elevated Tollway Limited, (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the work carried out on NH-7 from Silk Board junction to Electronic City junction. The claims raised before the arbitration tribunal relate to compensation for loss of toll revenue suffered by the claimant due to an extension of the concession period, for additional costs incurred due to an increase in the scope of the work carried out, and compensation for additional payments made by the claimant to the engineering and procurement company contractors. The claims raised by the claimant amount to INR 7,359.9 million (USD 113.51 million) including interest. The matter is currently pending.

7. Farakka - Raiganj Highways Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of NH-34 in the State of West Bengal. The claims raised before the arbitration tribunal relate to compensation for the losses suffered by the claimant as a result of a delay in disbursement of grants by the Issuer, and payment of interest for the delay in the completion of the work. The claims raised by the claimant total INR 7,124.2 million (USD 109.87 million) including interest. The matter is currently pending.

8. Lanco Kanpur Highways Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Aligarh Kanpur section of NH-91 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to compensation for the early termination of the concession agreement by the Issuer. The amount claimed by the claimant is INR 3,003.6 million. The Issuer has also filed a counter claim relating to payment of damages for delay in the completion of the work due to non-fulfilment of conditions precedent to the concession agreement by the claimant. The claims raised by the Issuer total INR 7,019.9 million (USD 108.26 million). The matter is currently pending.

9. Berhampore-Farakka Highways Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Baharampore-Farakka section of NH-34 in the State of West Bengal. The claims raised before the arbitration tribunal relate to compensation for the losses suffered by the claimant as a result of a delay in the disbursement of grants by the Issuer and the payment of interest for the delayed period. The claims raised by the claimant total INR 6,277.5 million (USD 96.81 million). The matter is currently pending.

10. L&T Chennai Tada Tollways Private Limited (the "claimant") has initiated arbitration proceedings against the Issuer for the development of the Chennai-Tada section of NH-5 in the State of Tamil Nadu.

The claims raised before the arbitration tribunal relate to damages for the delay by the Issuer in handing over right of way and compensation for financial losses incurred by the claimant towards non-utilisation of plant and machinery. The claims raised by the claimant amount to INR 5,836.6 million (USD 90.01 million). The matter is currently pending.

11. Abhijeet Bihar Roadways Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development and expansion of the Chhapra-Gopalganj section of NH-85 in the State of Bihar. The claims raised before the arbitration tribunal relate to compensation for the delay in payment by the Issuer for the felling of trees and the non-release of a bank guarantee by the Issuer. The claims raised by the claimant amount to INR 5,169.2 million (USD 79.72 million). The Issuer has also filed a counter claim against the claimant amounting to INR 15,291.6 million (USD 235.84 million). The matter is currently pending.

12. Western UP Tollway Company Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the widening of the Meerut-Muzzaffarnagar section of NH-58 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to compensation for additional costs incurred by the claimant due to the extended construction period, compensation for the losses suffered by the claimant due to delays in acquiring the land by the Issuer, and for the loss of toll revenue by the claimant due to the extended construction period. The claims raised by the claimant amount to INR 5,130 million (USD 79.11 million). The matter is currently pending.

13. Hindustan Construction Company Limited (the "claimant") has initiated three arbitration proceedings against the Issuer in relation to the development of certain sections of NH-28 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to the compensation for the additional costs incurred by the claimant due to the extension of the contract period. The claims raised by the claimant amount to INR 4,140.3 million (USD 63.85 million). The matter is currently pending.

14. NCC–VEE (JV) (the "claimant") has initiated arbitration proceedings against the Issuer relating to the construction of the Lucknow-Muzaffarpur and the Gorakhpur-Gopalganj sections of NH-28 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to compensation for losses incurred by the claimant in executing the project, for additional royalties to be paid by the claimant, and to reimburse an amount previously deducted on workmen’s welfare cess. The claims raised by the claimant amount to INR 3,346.5 million (USD 51.61 million). The matter is currently pending.

15. Madhucon Project Limited (the "claimant") has initiated arbitration proceedings against the Issuer with respect to the development of the Darabhanga-Janjarpur section of NH-57 in the State of Bihar. The claims raised before the arbitration tribunal relate to the refund of cess which was deducted by the Issuer from the interim payments, reimbursement for the payments by the claimant towards the increase in royalty, and compensation due to losses incurred by the claimant towards insurance payments due to the time extension to the project. The claims raised by the claimant total INR 3,269.4 million (USD 50.42 million). The matter is currently pending.

16. Essel Walajahpet Poonamallee Toll Roads Private Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Walajahpet–Poonamallee section of NH-4 in the State of Tamil Nadu. The claims raised before the arbitration tribunal relate to compensation for the losses suffered by the claimant for reduction in toll rates by the Issuer, which has in turn resulted in a lack of funds for construction and development of the project. The claims further relate to reimbursement for an amount paid by the claimant for the extension of the performance security provided by it due to the extension of the contract period under the concession agreement, and compensation for the losses suffered by the claimant for the material breach of the concession agreement by the Issuer. The claims raised by the claimant amount to INR 3,153 million (USD 48.62 million). The issuer has filed a counter claim of INR 5,866.4 million (USD 90.47 million). The matter is currently pending.

17. Hindustan Constructions Company Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Maibong to Nrimbanglo section of NH-54 in the State of Assam. The claims raised before the arbitration tribunal relate to compensation for additional costs incurred by the claimant due to an extension of the concession agreement. The claims raised by the claimant amount to INR 3,005.7 million (USD 46.35 million). The matter is currently pending.

18. You One Maharia (JV) (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development and widening of the section of NH-5 along the Champvathi river in the State of West Bengal. The claims raised before the arbitration tribunal relate to compensation for the loss incurred by the claimant due to the non-availability of the development site, for loss of profit suffered due to the

non-utilisation of equipment for construction, for loss incurred on account of illegal confiscation of equipment by the Issuer prior to the termination of the concession agreement, and the illegal encashment of bank guarantees by the Issuer. The claims raised by the claimant equal INR 2,975.3 million (USD 45.88 million) with interest. A one-time settlement was proposed by the Issuer, however it has been refused and the matter is currently pending.

19. Pati Sdn. Bhd.-Bhagareetha Engineering Limited (JV) (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Etawah-Rajpur section of NH-2 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to compensation for non-recovery of additional overhead costs incurred by the claimant, reimbursement of interest paid to the bank to maintain the bank guarantee, and non-payment of money owed by the Issuer for work carried out under the concession agreement. The claims raised by the claimant amount to INR 2,666.2 million (USD 41.12 million). The matter is currently pending.

20. Pondicherry Tindivanam Tollway Limited has initiated arbitration proceedings against the Issuer with respect to the development of the Pondicherry-Tindivanam section of NH-66 in the State of Tamil Nadu. The claims raised before the arbitration tribunal relate to compensation for additional expenses incurred by the claimant on overheads, for losses suffered due to changes in legislation, and for additional expenses incurred for the prolonged maintenance of the bank guarantee. The claims raised by the claimant amount to INR 2,652.3 million (USD 40.90 million). The matter is currently pending.

21. Atlanta Infra Assets Limited (the "claimant") has initiated arbitration claims against the Issuer in relation to the development of the Nagpur-Kondhali section of NH-6 in the State of Maharashtra. The claims raised before the arbitration tribunal relate to compensation on account of a delay in handing over a right of way and compensation for the toll revenue. The claims raised by the claimant amount to INR 2,606.7 million (USD 40.20 million). The matter is currently pending.

22. IL&FS Engg. & Construction Company Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Daboka-Nagaon section of NH- 36 in the State of Assam. The claims raised before the arbitration tribunal relate to compensation for losses incurred by the claimant due to the extension of the period of contract, and reimbursement for the costs incurred by the claimant on account of levying worker's welfare cess. The claims raised by the claimant amount to INR 2,551.5 million (USD 39.35 million) including interest. The matter is currently pending.

23. GMR Ambala Chandigarh Expressway Limited BHD (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Ambala-Chandigarh section of NH-21 in the States of Haryana and Punjab. The claims raised before the arbitration tribunal relate to losses suffered by the claimant on account of loss of toll revenue due to development of alternate roads by the Issuer on the section of NH-21. The claims raised by the claimant total INR 2,474 million (USD 38.15 million). The matter is currently pending.

24. Oriental Structural Engineers Limited – KMC Construction Limited (JV) (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of NH-2 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to reimbursement of the amount paid by the claimant towards labour cess and compensation for the premature and unlawful encashment of bank guarantee by the Issuer. The claims raised by the claimant total INR 2,428.2 million (USD 37.44 million) including interest. The Issuer has also filed a counter claim amounting to INR 1,214.4 million (USD 18.72 million). The matter is currently pending.

25. Patel-KNR Infrastructure Private Limited has initiated arbitration proceedings against the Issuer for the development, operation and maintenance of the Islam Nagar-Kadtal border section of NH-7 in the State of Karnataka. The claims raised before the arbitration tribunal relate to compensation for non-payment of the first annuity, for losses suffered by the claimant for the non-handing over of land by the Issuer, and compensation for additional costs incurred by the claimant due to changes in law. The claims raised by the claimant amount to INR 2,346 million (USD 36.18 million). The matter is currently pending.

26. O.B Infrastructure Limited (the "claimant") has initiated arbitration proceedings against the Issuer in connection with the operation and maintenance of the Orai-Bhognipur section of NH-25 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to compensation for additional costs incurred by the claimant due to a time extension to the project, on the basis of delayed annuity payments, and the additional expenses incurred by the claimant due to the change in scope of work for the project. The claims raised by the claimant amount to INR 2,285.1 million (USD 35.24 million). The matter is currently pending.

27. Sunway Constructions Sdn. Bhd. (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of NH–25 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to compensation for losses suffered by the claimant due to delays by the Issuer in handing over the site for development free from all encumbrances, losses incurred due to the delay by the Issuer in appointing a supervision consultant, and losses suffered due to delays in making interim payments to the claimant. The claims raised by the claimant total INR 2,267.9 million (USD 34.97 million). The matter is currently pending.

28. SOMA Enterprises and Limak Construction Industry - SOMA Enterprises (JV) (the "claimants") have initiated arbitration proceedings against the Issuer in relation to the development and upgrading of the Bhiladi-Jetpur section of NH-8D and the upgrading of the Porbandar-Bhiladi road section of NH-8B in the State of Gujarat. The claims raised before the arbitration tribunal relate to the payment of worker's cess and other construction worker's cess rules. The claims raised by the claimants total INR 2,129.8 million (USD 32.84 million). The matter is currently pending.

29. Daelim Industrial Company – Nagarjuna Construction Company (JV) (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Garamore-Gagodhar section of NH-8A and NH-15 in the State of Gujarat. The claims raised before the arbitration tribunal relate to compensation for losses suffered by the claimant due to the Issuer failing to hand over the development site free of encumbrances, for the additional costs incurred on account of the Issuer making major alterations to the scope of work required, and compensation for additional losses incurred by the claimant due to additional expenses on insurance. The claims raised by the claimant total INR 2,125.5 million (USD 32.78 million). The matter is currently pending.

30. ItalianThai Development Public Company Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Salsalabari to Assam-Bengal border section of NH-31 in State of West Bengal. The claims raised before the arbitration tribunal relate to compensation for additional costs incurred and losses sustained by the claimant as a result of a loss of resources due to delays in executing the project. The claims raised by the claimant amount to INR 2,041.4 million (USD 31.48 million). The matter is currently pending.

31. IRCON International Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Siliguri-Islampur section of NH-31 and the Islampur bypass in the State of West Bengal. The claims raised before the arbitration tribunal relate to compensation for losses suffered by the claimant due to under-utilisation of plant and machinery, for losses suffered due to an increase in overhead expenses, and for losses suffered on account of an increase in development costs. The claims raised by the claimant amount to INR 1073.64 million including interest. The Issuer has filed a counter claim of INR 2,029.8 million (USD 31.30 million). The matter is currently pending.

32. Maharia Raj (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of NH-1 in the State of Haryana. The claims raised before the arbitration tribunal relate to compensation for losses incurred due to non-availability of the site, and for loss of profit due to delays caused by the confiscation of equipment used for execution of the project. The claims raised by the claimant amount to INR 1,979.5 million (USD 30.52 million). The Issuer has also filed a counter claim amounting to INR 391.4 million (USD 6.03 million). The matter is currently pending.

33. Ashoka Valecha (JV) (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the construction of the Chittorgarh bypass of NH-76 in the State of Rajasthan. The claims raised before the arbitration tribunal relate to the compensation for additional costs incurred by the claimant in sourcing the relevant items required for construction, and for losses suffered due to various delays in execution of the project. The claims raised by the claimant amount to INR 1,975.7 million (USD 30.47 million). The matter is currently pending.

34. GVK Shivpuri Dewas Expressway Private Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Shivpuri-Dewas section of NH-3 in the State of Madhya Pradesh. The claims raised before the arbitration tribunal relate to the claimant requesting the return of the performance bank guarantee upon termination of the contract by the Issuer, and compensation for the losses suffered by the claimant due to delays in receiving environment clearances. The claims raised by the claimant amount to INR 1,862.6 million (USD 28.72 million). The matter is currently pending.

35. KMC Construction Limited - RK - SD (JV) (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Ichapuram-Ganjam section of NH–5 in the State of Orrisa. The claims raised before the arbitration tribunal relate to reimbursement for the payment made by the

claimant on account of building and construction worker's welfare cess, reimbursement of the excess amount of royalty being deducted by the Issuer from the claimant's interim payments, and payment of the balance due against the final bill raised by the claimant. The claims raised by the claimant total INR 1,861.6 million (USD 28.71 million). The matter is currently pending.

36. Progressive Constructions Limited – Saudi A-1 Terais Trading International Construction Company Limited (JV) (the "claimant") has initiated arbitration proceedings against the Issuer in respect of the extension to the Ganjam-Sunakhala section of NH-5 in the State of Orissa. The claims raised before the arbitration tribunal relate to the additional costs incurred by the claimant on account of revision in rates of certain plants and machinery. The amount involved in the matter is INR 1,694.4 million. The claims raised by the claimant amount to INR 5,178.9 million (USD 79.87 million). The matters are currently pending.

37. Ashoka Highways (Bhandara) Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Wainganga-Bridge section of NH-6 on the border between Chhattisgarh and Maharashtra. The claims raised before the arbitration tribunal relate to compensation for delays in payment by the Issuer, for delays in handing over the site to the claimant, and compensation for the loss incurred by the claimant on account of a reduction in toll fees. The claims raised by the claimant amount to INR 1,616.2 million (USD 24.92 million). The matter is currently pending.

38. BSCPL Godhra Tollway Limited has initiated arbitration proceedings against the Issuer for the development of the Godhra to Gujarat/Madhya Pradesh border section of NH-59 in the State of Gujarat. The claims raised before the arbitration tribunal relate to compensation for costs incurred by the claimant due to changes in law, and damages for the non-completion of conditions precedent to the concession agreement by the Issuer. The claims raised by the claimant amount to INR 1,570.4 million (USD 24.22 million). The matter is currently pending.

39. Oriental Pathways (Agra) Private Limited has initiated arbitration proceedings against the Issuer for the development of the Agra-Bharatpur section of NH-11 in the State of Uttar Pradesh and Rajasthan. The claims raised before the arbitration tribunal relate to compensation for expenses incurred by the claimant towards tree cutting, and compensation for losses suffered by the claimant due to a force majeure event. The claims raised by the claimant amount to INR 1,557.4 million (USD 24.01 million). The hearings have been completed in the matter and an award declaration is pending.

40. United Engineers Malaysia Bhd – Essar Constructions Limited (JV) (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the work done for the rehabilitation and upgradation of the Sira-Chitradurga section of NH–4 in the State of Karnataka. The claims raised before the arbitration tribunal relate to the ownership of the machinery used for carrying out the work, and the wrongful termination of the contract by the Issuer. The claims raised by the claimant amount to INR 1,552.4 million (USD 23.94 million). The matter is currently pending.

41. Open Joint Stock Company Centrodorstroy, Russia (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of sections on NH-2 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to compensation for losses incurred by the claimant due to delays by the Issuer in providing the claimant with a site free from obstructions for development, and various drawings and plans of the proposed development to a reasonably acceptable standard. The claims raised by the claimant amount to INR 1,483.9 million (USD 22.88 million). The matter is currently pending.

42. Jaintia Hill Private Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Jowai Meghalya/Assam Border section of NH-44 in the State of Meghalaya. The claims raised before the arbitration tribunal relate to compensation for the loss of profit suffered by the claimant due to unlawful termination and breach of the terms of the concession agreement by the Issuer. The claims raised by the claimant amount to INR 1,475.9 million (USD 22.76 million). An award has been published in favour of the claimant and the Issuer is considering filing an appeal.

43. IJM Gayatri (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the widening and development of the Ongole to Chilakaluripet section of NH-5 in the State of Andhra Pradesh. The claims raised before the arbitration tribunal relate to compensation for losses incurred by the claimant due to adjustments in the price of items required for the development of the project. The claims raised by the claimant amount to INR 1,477.4 million (USD 22.78 million). The Issuer has proposed a settlement offer which the claimant has rejected. The matter is currently pending.

44. KMC Constructions Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development and construction of the Udaipur-Ratanpur-Gandhinagar section of NH-8 in the States of Rajasthan and Gujarat. The claims raised before the arbitration tribunal relate to compensation for the losses suffered by the claimant due to changes in the price of the items used for the development of the project, and reimbursement of amounts paid towards the procurement of excavation materials. The claims raised by the claimant amount to INR 1,419.3 million (USD 21.89) including interest. The Issuer has also filed a counter claim in the matter for INR 181.6 million (USD 2.80 million). The matter is currently pending.

45. Madhucon-Binapuri (JV) (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development and widening of the Vijayawada to Eluru section of NH-5 in State of Andhra Pradesh. The claims raised before the arbitration tribunal relate to the non-release of payments by the Issuer towards the interim payment certificates, compensation for losses incurred by the claimant due to revision of the rates of materials used for the execution of the project, and non-payment by the Issuer towards land-clearing carried out by the claimant. The claims raised by the claimant amount to INR 1,397.4 million (USD 21.55 million). The matter is currently pending.

46. Afcons APIL JV (the "claimant"), has initiated arbitration proceedings against the Issuer in relation to the development of the Haveri-Hubli section of NH-4 in the State of Karnataka. The claims raised before the arbitration tribunal relate to compensation for increased costs paid by the claimant on materials used in the development of the project. The claims raised by the claimant amount to INR 1,295.1 million (USD 19.97 million). The matter is currently pending.

47. Progressive Constructions Limited-Suncon (JV) (the "claimant") has initiated arbitration proceedings against the Issuer with respect to development of the Giridh-Dhanbad section of NH-2 in the state of Jharkhand. The claims raised before the arbitration tribunal relate to the additional transportation costs incurred by the claimant and for increased overhead costs incurred due to time extensions to the project. The claims raised by the claimant amount to INR 1251.4 million (USD 19.30 million). The matter is currently pending.

48. Italian Thai Development Public Company Limited-Som Dutt Builders (JV) has initiated arbitration proceedings against the Issuer in relation to the development of Sikandra-Baunti section of NH-2 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to compensation for the extra costs incurred by the claimant as a result of an extension of the contract period under the concession agreement. Further, the claimant has requested a reimbursement of the amount deducted by the Issuer from the interim payments made to the claimant for the construction of a certain section of the road. The claims raised by the claimant amount to INR 1,231.8 million (USD 18.99 million). The matter is currently pending.

49. Mecon-Gea has initiated arbitration proceedings against the Issuer in relation to the development of NH-47 in the State of Kerala. The claims raised before the arbitration tribunal relate to compensation for the losses suffered due to the termination of the concession agreement by the Issuer. The arbitration tribunal issued an order directing the Issuer to pay the claimant compensation for losses incurred on account of termination of the contract by the Issuer. The Issuer filed a case in the high court of New Delhi which passed an order setting aside the order of the arbitration tribunal. The high court further requested the arbitration tribunal to re-hear the matter. The claims raised by the claimant amount to INR 1,214.1 million (USD 18.72 million). The matter is currently pending.

50. Som Dutt Builders-Nagarjuna Construction Company-Navayuga Engineering Company (JV) has initiated arbitration proceedings against the Issuer in relation to the development of the Kanpur-Fatehpur section of NH-2 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to compensation for extra costs and expenses incurred by the claimant due to the extension of the contract period under the concession agreement, and reimbursement of additional costs incurred by the claimant for extension of a bank guarantee. The claims raised by the claimant amount to INR 1,137.8 million (USD 17.54 million). The matter is currently pending.

51. Gammon-Atlanta JV (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Khurda-Bhuvaneshwar section in the State of Odisha. The claims raised before the arbitration tribunal relate to compensation for the increase in the price of construction materials and labour wages, and due to delays caused by a breach of the concession agreement by the Issuer. The claims raised by the claimant amount to INR 1,134.9 million (USD 17.50 million). The matter is currently pending.

52. Progressive Constructions Limited (the "claimant") has initiated arbitration proceedings against the Issuer with respect to development of the Gorakhpur to Gopalganj section of NH-28 in the State of Bihar. The claims raised before the arbitration tribunal relate to compensation for additional payments made by the claimant towards royalties to the Bihar government. The claims raised by the claimant amount to INR 1066.6 million (USD 16.45 million). The matter is currently pending.

53. Shree Jaganath Expressways Private Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Chandikhole-Jagatpur-Bhubaneswar section of NH-5 in the State of Odisha. The claims raised before the arbitration tribunal relate to compensation for the losses suffered by the claimant due to an increase in overhead costs and delays in handing over the land for development by the Issuer. The claims raised by the claimant amount to INR 1,040.5 million (USD 16.04 million). The matter is currently pending.

54. Patna Buxar Highways Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development of the Patna-Buxar stretch of NH-30 in the State of Bihar. The claims raised before the arbitration tribunal relate to compensation for the losses suffered by the claimant due to the Issuer failing to hand over the site free of encumbrances, termination of the agreement by the Issuer and the Issuer encashing the performance guarantee issued by the claimant. The claims raised by the claimant amount to INR 1,040 million (USD 16.03 million). The matter is currently pending.

55. BSC C&C Kurali Toll Road Limited has initiated the arbitration proceedings against the Issuer in relation to the construction, operation and maintenance of the Kurali-Kiratpur section of NH-21 in the State of Punjab. The claims raised before the arbitration tribunal relate to compensation for losses suffered by the claimant due to delays in completion of the project, the cost of construction of additional tunnels and costs incurred due to changes in law. The claims raised by the claimant amount to INR 1,029 million (USD 15.87 million) with interest. The matter is currently pending.

56. U.P. State Bridge Corporation Limited has initiated arbitration proceedings against the Issuer in relation to the development of the Hapur-Garhmukteshwar section of NH-24 in the State of Uttar Pradesh. The claims raised before the arbitration tribunal relate to compensation for the increased cost of materials used in the construction of the project and for additional due to the time extension to the contract period. The claims raised by the claimant amount to INR 1,015.7 million (USD 15.66 million). The matter is currently pending.

57. Bhagheeratha Engineering Limited has initiated arbitration proceedings against the Issuer in relation to the development of the Thumbipadi-Salem section of NH-7 in the State of Tamil Nadu. The claims raised before the arbitration tribunal relate to compensation for the additional overhead expenses incurred by the claimant as a result of the extended period of contract. The claims raised by the claimant amount to INR 1,011.8 million (USD 15.60 million). The Issuer has filed a counter claim in the matter totalling INR 1,284.9 million (USD 19.81 million). The matters are currently pending.

58. Abhijeet Angul Sambalpur Toll Road Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development and construction of the Angul-Sambalpur section of NH-42 in the State of Odisha. The claims raised before the arbitration tribunal relate to compensation for the losses suffered by the claimant on account of wrongful termination of the concession agreement and debarment from participation in bidding for future projects of the Issuer. The claims raised by the claimant amount to INR 21,059 million (USD 324.79 million). The matter is currently pending.

59. Abhijeet Hazaribagh Toll Road Private Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development and construction of the Barhi-Hazaribagh section of NH-33 in the State of Jharkhand. The claims raised before the arbitration tribunal relate to compensation for the losses suffered by the claimant on account of early termination of the concession agreement by the Issuer. The claims raised by the claimant amount to INR 5704.3 million (USD 87.97 million). The matter is currently pending.

60. Progressive Constructions Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development and construction of the Bijni to West Bengal Border section of NH-31C in the State of Assam. The claims raised before the arbitration tribunal relate to compensation for the losses suffered by the claimant due to illegal termination of the concession agreement and delay in handing over of encumbrance free site by the Issuer. The claims raised by the claimant amount to INR 2007 million (USD 30.95 million). The matter is currently pending.

61. Pune Sholapur Road Development Company Limited (the "claimant") has initiated arbitration proceedings against the Issuer in relation to the development and construction of the Pune Solapur

section of NH-9 in the State Maharashtra. The claims raised before the arbitration tribunal relate to compensation for the losses suffered by the claimant on account of increase in the scope of work carried out by the claimant on the Pune Solapur section of NH-9. The claims raised by the claimant amount to INR 7595.2 million (USD 117.14 million). The matter is currently pending.

Arbitration Claims by the Issuer

1. The Issuer has initiated arbitration proceedings against You One Maharia (JV) (the "contractor") for the development of the Gundla Pochampali-Bowenpalli Shivarampalli-Thondapalli section of NH-9 in the State of Andhra Pradesh. The claims raised before the arbitration tribunal relate to the submission of a forged bank guarantee by the contractor. The claims raised by the Issuer amount to INR 3,887.4 million (USD 59.96 million). The matter is currently pending.

2. Tuticorin Port Road Company Limited, an SPV of the Issuer (**"TPRCL"**), has initiated arbitration proceedings against MECON-GEA Energy System (India) Limited (JV) (the "contractor") in relation to the development of Tirunelveli-Tuticorin Road on NH-7A in the State of Tamil Nadu. The claims raised before the arbitration tribunal relate to compensation for the delay by the contractor in the completion of the project. TPRCL has claimed that the contractor failed to mobilise mechanical equipment used for the construction of road works on time, delaying the construction of bridges on the project. The claims raised by TPRCL amount to INR 3,004.1 million (USD 46.33 million). The matter is currently pending.

3. The Issuer has initiated arbitration proceedings against M.B. Patil Constructions Limited, for the development of the Gundla Pochampali-Bowenpalli Shivarampalli-Thondapalli section of NH-9 in the State of Andhra Pradesh. The claims raised before the arbitration tribunal relate to compensation for delays by the contractor in the construction of the project, and for the encashment of a bank guarantee submitted by the contractor. The claims raised by the Issuer amount to INR 1.378.3 million (USD 21.25 million) and the contractor has issued a counter claim of INR 3,335 million (USD 51.43 million). The matter is currently pending.

Cases where Arbitration Award has been challenged by the Issuer

1. The Issuer has filed a petition (Original Miscellaneous Petition (**"OMP"**) No 349/2016) before the Delhi High Court challenging the award dated 26 February 2016 passed by the arbitration tribunal in favour of IRB Goa Tollway Private Limited. The award was passed by the arbitration tribunal for various claims raised by IRB Goa Tollway Private Limited, including for the wrongful termination of the concession agreement. The claims raised by the Issuer amount to INR 3,039.8 million (USD 46.88 million). The matter is currently pending.

2. The Issuer has filed a petition (OMP (Comm) No 313/2016) before the Delhi High Court challenging the award dated 16 November 2016 passed by the arbitration tribunal in favour of BumiHiway-DDBL (JV). The award was passed by the arbitration tribunal for various claims brought by BumiHiway-DDBL (JV), including on account of loss of profit due to illegal expulsion, overhead expenses and additional depreciation of plant machinery. The claims raised by the Issuer amount to INR 2,971.2 million (USD 45.82 million). The matter is currently pending.

3. The Issuer has filed a petition (OMP No 391/2015) before the Delhi High Court challenging the award dated 17 March 2015 passed by the arbitration tribunal in favour of Mapex Infrastructure Private Limited. The award was passed by arbitrational tribunal for various claims raised by Mapex Infrastructure Private Limited, including for additional costs arising out of changes in law and the payment of a bonus for early completion of the Project. The claims raised by the Issuer amount to INR 2,192.7 million (USD 33.81 million). The matter is currently pending.

4. The Issuer has filed a petition (OMP No 1203/2013) before the Delhi High Court challenging the award dated 8 August 2013 passed by the arbitration tribunal in favour of Bridge & Roof Co. Limited. The award was passed by the arbitration tribunal for various claims made by Bridge & Roof Co. Limited, including for losses incurred due to termination of the concession agreement, and expenses incurred for maintaining a bank guarantee. The claims raised by the Issuer amount to INR 2,006.4 million (USD 30.94 million). The matter is currently pending.

5. The Issuer has filed a petition (OMP No 4/2014) before the Delhi High Court challenging the award dated 23 August 2013 passed by the arbitration tribunal in favour of Afcons Apil JV. The award was passed by the arbitration tribunal for various claims raised by Afcons Apil JV, including for compensation on account of expenses incurred for construction of additional structures suggested by the independent engineer, and for rate adjustments on account of changes in the bill of quantity items. The

claims raised by the Issuer amount to INR 1,216 million (USD 18.75 million). The matter is currently pending.

6. The Issuer has filed a petition (OMP No 441/2010) before the Delhi High Court challenging the award dated 19 February 2010 passed by the arbitration tribunal in favour of Ssangyong Engineering & Construction Co Limited. The award was passed by the arbitration tribunal for various claims raised by Ssangyong Engineering & Construction Co Limited, including compensation for additional costs incurred and the Issuer withholding payment against old interim payment certificates. The claims raised by the Issuer amount to INR 1,080.7 million (USD 16.66 million). The matter is currently pending.

7. The Issuer has filed a petition (OMP No 476/2010) before the Delhi High Court challenging the award dated 17 March 2015 passed by the arbitration tribunal for certain claims in favour of Ganpati Tolls. The award was passed by the arbitration tribunal for claims including compensation for delays in the work due to transport strikes, losses incurred due to a cyclone at Kandla port, and wrongful and illegal encashment of a bank guarantee by the Issuer. The claims raised by the Issuer amount to INR 1,047.2 million (USD 16.15 million). The matter is currently pending.

Cases where Arbitration Award has been challenged by the concessionaire against the Issuer

1. MAPEX Infrastructure Private Limited (the "applicant") has filed a petition (OMP No 384/2015) before the Delhi High Court challenging the award dated 17 March 2015 passed by the arbitration tribunal in relation to various claims, including for losses incurred due to the change in scope of the work, for additional costs arising out of changes in law, and for payment of a bonus for early completion of the project. The amount involved in the matter is INR 2,192.7 million (USD 33.81 million) and is currently pending before the Delhi High Court.

2. Ganpati Tolls (the "applicant") has filed a petition (OMP No 445/2010) before the Delhi High Court challenging the award dated 16 April 2010 passed by the arbitration tribunal in relation to various claims, including for compensation for delays in work due to transport strikes, losses incurred due to a cyclone at Kandla port, and wrongful and illegal encashment of performance security by the Issuer in the form of a bank guarantee. The amount involved in the matter is INR 1,047.2 million (USD 16.15 million). The matter is currently pending.

Land acquisition cases against the Issuer

The Issuer is defending a number of claims in the Indian courts as a co-defendant of various state governments brought by persons who have had their land compulsorily acquired for development of roads and national highways by the Issuer. The claims filed against the Issuer relate to, among other things, the adequacy of the compensation paid in respect of the land acquisitions. As of 31 March 2017, there are approximately 60,000 land acquisition cases pending against the Issuer.

It is not practicable for the Issuer to provide a potential aggregate liability in relation to the aforementioned litigation for the following reasons:

- The large number of claims means that it is difficult for the Issuer to accurately assess quantum.
- Each claim varies in duration and complexity, and thus the determination of certain cases may not occur until subsequent fiscal years.
- The potential impact of each claim on the Issuer will depend on the likelihood of success of each claim. Some claims may be spurious whereas others may reach a financial settlement.

GENERAL INFORMATION

1. Authorisations

(a) At the meeting of the Members of the Board, held on 15 February 2017 the Members of the Issuer authorised the issue of the Notes, constituted the Bond Committee and delegated powers to it in connection with the issue of Notes.

(b) At the meeting of the Bond Committee of the Issuer held on 20 April 2017, the committee approved terms of the Issue.

2. Listing and Admission to Trading

Application has been made to the UK Listing Authority for the Notes to be admitted to the London Official List and to the London Stock Exchange plc's regulated market. Application has also been made to the SGX-ST for the listing and quotation of the Notes on the SGX Official List. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the SGX Official List of the SGX-ST and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer or the Notes. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 or its equivalent in other currencies. It is expected that official listing will be granted on or about 18 May 2017 subject only to the issue of the Global Certificate. Prior to the listing of the Notes, dealings will be permitted by the relevant stock exchange in accordance with its rules.

The total expenses relating to the admission of the Notes to trading are approximately £16,750.

3. Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for this issue is XS1606949391 and the Common Code is 160694939.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

4. No Significant or Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer since 31 March 2016 (the end of the last financial period for which audited financial statements have been published).

There has been no material adverse change in the prospects of the Issuer since 31 March 2016 (the date of the last published audited financial statements).

5. Litigation

Save as set out in "*Legal and other information - outstanding litigations and material developments*" of this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or the profitability of the Issuer or its Subsidiaries.

6. Accounts

The accounts of the Issuer are audited by the Comptroller and Auditor General of India who has audited the Issuer's standalone financial statements for each of the financial years ended 31 March 2015 and 2016.

PSMG & Associates (registered chartered accountants in India), India, have conducted a limited review of the accounts of the Issuer for the nine month period ending on 31 December 2016.

7. Documents

For so long as the Notes are outstanding, copies of the following documents will be available for inspection (in the case of the documents listed in paragraph (a) below) from the specified offices of the Principal Paying Agent, Calculation Agent and Transfer Agent, upon written request between 9.30 a.m. and 3.30 p.m. (London time) Monday to Friday (excluding public holiday) and (in the case of documents listed in paragraph (b) below) from the registered office of the Issuer during normal business hours:

(a) this Prospectus, the Trust Deed and the Agency Agreement; and

(b) the audited standalone financial statements as at and for the years ended 31 March 2015 and 2016 and the respective audit reports of the Auditors thereon.

In addition, a copy of this Prospectus will also be available for viewing on the website of the Regulatory Information Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

8. Yield

The yield on the Notes will be 7.30 per cent. per annum, calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

9. Joint Bookrunners and Lead Managers Transacting with the Issuer

Certain of the Joint Bookrunners and Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

10. Trustee's action

The Terms and Conditions of the Notes and the Trust Deed provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Trustee is unable to take any action, the Noteholders are permitted by the Conditions and the Trust Deed to take the relevant action directly.

11. Interests involved

Save for the fees payable to the Joint Bookrunners and Lead Managers, the Trustee and the Agents, so far as the Issuer is aware, no person, natural or legal, involved in the issue of the Notes has an interest that is material to the issue of the Notes.

INDEX OF DEFINED TERMS

This Prospectus uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Prospectus is intended for the convenience only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Prospectus shall have the meaning as defined in this section "*Index of Defined Terms*". Further, any references to any statute or regulations or policies shall, unless the context otherwise requires include amendments thereto, from time to time.