THE ISSUE

The CBDT has, by the CBDT Notification, authorised our Company to raise the Bonds aggregating to ₹ 5,000.00 crores out of which our Company has already raised an amount of:

(i) ₹ 190.80 crores on a private placement basis through a disclosure document dated August 30, 2013 and a resolution of the Resource Committee (sub-committee of the Board) on September 2, 2013; and
(ii) ₹ 2,370.0005 crore through the Tranche – I Issue, pursuant to the Shelf Prospectus and the Prospectus Tranche – I and a resolution of the Resource Committee (sub-committee of the Board) on October 25, 2013.

Our Company proposes to raise the balance amount of ₹ 2,439.1995 crores* prior to March 31, 2014.

***** *In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹ 1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹ 5,000 crores. In case our Company raises funds through private placements during the process of the present Issue, the Residual Shelf Limit for the Issue shall get reduced by such amount raised.***

By virtue of its letter (bearing no. IMD/DOF-1/BM/VA/OW/26774/2013) dated October 21, 2013, SEBI has allowed our Company to undertake the present Issue, as well as any other subsequent public issue of the Bonds within the Shelf Limit in pursuance of the Shelf Prospectus, along with a bring-down tranche prospectus, containing, inter-alia, details of any material developments that may have occurred between the immediately preceding issue and date of filing of such subsequent tranche prospectus. Consequently, this Issue is being undertaken pursuant to the terms and conditions of the Shelf Prospectus and this Prospectus Tranche – II.

The following is a summary of the terms of the Bonds, for an amount not exceeding the Residual Shelf Limit. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section entitled “Terms of the Issue” on page 56.

COMMON TERMS FOR ALL SERIES OF THE BONDS

Security name	See the section titled “Terms and Conditions in Connection with the Bonds” on page 54.
Issuer	Housing and Urban Development Corporation Limited.
Type of instrument	Tax free bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act.
Nature of instrument	Secured.
Seniority	Senior.
Mode of issue	Public issue.
Eligible Investors	See the section titled “Issue Procedure – Who can apply” on page 72.
Listing	The Bonds shall be listed on the BSE within 12 Working Days from the Issue Closure Date.
Rating of the instrument	‘CARE AA+’ from CARE and ‘IND AA+’ from IRRPL. These credit ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by assigning rating agencies and should be evaluated independently of any other ratings. For the rationale for these ratings, see Annexure B on page 292 of the Shelf Prospectus.
Base Issue Size	₹ 500 crore.
Option to retain oversubscription	Upto the Residual Shelf Limit (i.e. ₹ 2,439.1995 crore).
Objects of the Issue	See the section titled “Objects of the Issue” on page 41.
Details of utilisation of proceeds	See the section titled “Objects of the Issue” on page 41.
Interest rate	See the section titled “Terms of the Issue – Interest” on page 60.
Step up/ step down interest rates	See the section titled “Terms of the Issue – Interest” on page 60.
Coupon payment frequency	Annual.
Coupon payment dates	See the section titled “Terms of the Issue – Payment of Interest on Bonds” on page 63.
Coupon type	Fixed.
Default interest	See the section titled “Terms of the Issue – Events of Default” on page 67.

Day count basis	Actual/ actual. For further details, see the section titled "Terms of the Issue" on page 56.
Interest on Application Amounts	See the section titled "Terms of the Issue – Interest on Application Amounts" on page 61.
Tenor	10 years, 15 years and 20 years from the Deemed Date of Allotment.
Redemption Dates	For Tranche – II Series 1A Bonds and Tranche – II Series 1B Bonds, the date, falling 10 years from the Deemed Date of Allotment; for Tranche – II Series 2A Bonds and Tranche – II Series 2B Bonds, the date falling 15 years from the Deemed Date of Allotment; and for Tranche – II Series 3A Bonds and Tranche – II Series 3B Bonds, the date falling 20 years from the Deemed Date of Allotment.
Redemption Amount	In respect of Bonds Allotted to a Bondholder, the face value of the Bonds along with interest (at the applicable interest rates) that may have accrued as on the Redemption Date.
Issue Price (in ₹)	₹ 1,000.
Face Value (in ₹)	₹ 1,000.
Minimum application size	₹ 5,000 (5 Bonds).
Issue opening date	December 2, 2013.
Issue closing date*	January 10, 2014. The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof, or the Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.
Pay-in date	Application Date.
Deemed date of Allotment	Deemed Date of Allotment shall be the date on which the Board of Directors/or any duly constituted committee thereof, or the Chairman and Managing Director, approves the Allotment of the Bonds for the Issue. All benefits relating to the Bonds including interest on Bonds (as specified for the Issue in this Prospectus Tranche – II) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Issuance mode of the instrument	Dematerialised form or physical form** as specified by an Applicant in the Application Form for all Applicants except for Eligible QFIs (under Categories II, III and IV).
Trading	In dematerialised form only.
Depositaries	NSDL and CDSL.
Business day convention	See the section titled "Definitions and Abbreviations" on page 3.
Record Date	15 (fifteen) days prior to the relevant Interest Payment Date or relevant Redemption Date for Bonds issued under this Prospectus Tranche – II. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi, the succeeding Business Day will be considered as the Record Date.
Security	The Bonds proposed to be issued are secured by a floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.
Transaction documents	The Draft Shelf Prospectus, the Shelf Prospectus, this Prospectus Tranche – II read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other security documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by the Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Escrow Agreement, the Memorandum of Understanding with the Registrar and the Memorandum of Understanding with the Lead Managers.
Events of default	See the section titled "Terms of the Issue – Events of Default" on page 67.
Roles and responsibility of the Debenture Trustee	See the section titled "Terms of the Issue – Debenture Trustee" on page 70.
Governing law and jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing Indian laws. Any dispute between the Company and the Bondholders will be subject to the jurisdiction of competent courts in New Delhi.
Security cover	At least 100% of the outstanding Bonds at any point of time.
Debenture Trustee	SBICAP Trustee Company Limited.
Registrar	Karvy Computershare Private Limited.
Modes of payment	Through various available modes as detailed in the section titled "Issue Procedure – Payment Instructions" on page 83.
Lead Managers	Axis Capital Limited, Edelweiss Financial Services Limited, HDFC Bank Limited, Karvy

	Investor Services Limited and RR Investors Capital Services Private Limited.

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

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

SPECIFIC TERMS FOR EACH SERIES OF BONDS

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

Options	Series of Bonds*		
	For Category I, II & III#		
	Tranche – II Series 1A	Tranche – II Series 2A	Tranche – II Series 3A
Interest rate (%) p.a.	8.51%	8.58%	8.76%
Annualised yield (%) p.a.	8.51%	8.58%	8.76%
Options	For Category IV only#		
	Tranche – II Series 1B	Tranche – II Series 2B	Tranche – II Series 3B
Interest rate (%) p.a.	8.76%	8.83%	9.01%
Annualised yield (%) p.a.	8.76%	8.83%	9.01%

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

* *Our Company shall allocate and Allot Bonds of Tranche – II Series 1A/Tranche – II Series 1B maturity (depending upon the Category of Applicants) to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Bond series in their Application Form.*
** *For various modes of interest payment, see the section titled "Terms of the Issue – Modes of Payment" on page 66.*
# *In pursuance of the CBDT Notification, it is clarified that:*

(i) *The interest rates indicated under the Tranche – II Series 1B Bonds, the Tranche – II Series 2B Bonds and the Tranche – II Series 3B Bonds shall be payable only on the Bonds allotted to Category IV Investors in the Issue. Such interest is payable only if on the Record Date for payment of interest, the Bonds are held by Category IV Investors.*
(ii) *In case the Tranche – II Series 1B Bonds, the Tranche – II Series 2B Bonds and the Tranche – II Series 3B Bonds are transferred by Category IV Investors to Investors from Categories I, II and III, the interest rate on such Bonds shall stand at par with interest rate applicable on the Tranche – II Series 1A Bonds, the Tranche – II Series 2A Bonds and the Tranche – II Series 3A Bonds, respectively.*
(iii) *If the Tranche – II Series 1B Bonds, the Tranche – II Series 2B Bonds and the Tranche – II Series 3B Bonds are sold/ transferred by Category IV Investors to other Category IV Investors (as on the Record Date), the interest rates on such Bonds shall remain unchanged.*
(iv) *The Tranche – II Series 1B Bonds, the Tranche – II Series 2B Bonds and the Tranche – II Series 3B Bonds shall continue to carry the specified interest rate if on the Record Date, such Bonds are held by Category IV Investors.*
(v) *If on any Record Date, the original Category IV Allottees/ transferee(s) hold the Tranche – II Series 1B Bonds, the Tranche – II Series 2B Bonds and the Tranche – II Series 3B Bonds for an aggregate face value amount of over ₹10 lakhs, then the interest rate applicable to such Category IV Allottees/transferee(s) shall stand at par with interest rates applicable on the Tranche – II Series 1A Bonds, the Tranche – II Series 2A Bonds and the Tranche – II Series 3A Bonds, respectively.*
(vi) *For the purpose of classification and verification of status of Category IV Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the relevant Issue shall be clubbed and taken together on the basis of PAN.*