

“HUDCO Tax Free Secured Redeemable Non Convertible Bonds -Tranche III”

(TERM SHEET)

Particulars	Housing and Urban Development Corporation Ltd. TAX FREE BONDS Tranche III
Issue Size	Rs. 75 cr (Base Issue Size) with option to retain oversubscription upto the shelf limit (being Rs. 285.80 cr)
Issue Opening Date	28 th February 2014
Issue Closing Date	19 th March 2014
Rating	‘CARE AA+’ from CARE and ‘IND AA+’ from IRRPL.
Minimum Application	Rs.5000 & in multiples of 1 bond thereafter
Face Value of Bond	Rs.1000
Listing	Proposed to be listed in BSE
Interest on successful application	Respective coupon rates
Interest on refund	Respective coupon rates
Registrar to the issue	M/s Karvy Computershares Pvt. Ltd
Interest payment	Payable Annually Only
Issuance	Both in dematerialised form as well as in physical form as specified by the Applicant (except for Eligible FPIs) in the Application Form

Coupon Rates:

Options	Series of Bonds		
	For Category I, II & III		
	Tranche – III Series 1A	Tranche – III Series 2A	Tranche – III Series 3A
Tenure (years)	10	15	20
Interest rate (%) p.a.	8.29%	8.73%	8.71%
Options	For Category IV only		
	Tranche – III Series 1B	Tranche – III Series 2B	Tranche – III Series 3B
	Interest rate (%) p.a.	Interest rate (%) p.a.	Interest rate (%) p.a.
	8.54%	8.98%	8.96%

Category wise Allocations

Category I	Category II	Category III	Category IV
Upto 10% of Overall Issue Size*	Upto 10% of Overall Issue Size*	Upto 20% of Overall Issue Size*	Upto 60% of Overall Issue Size*
QIB	Corporate	Individuals & HUF applying more than Rs. 10 Lakh	Individuals & HUF applying upto Rs. 10 Lakh
*on first come first serve basis to be determined on the basis of the bid uploads made with the scheduled Stock Exchanges			

HIGHLIGHTS OF TAX BENEFITS

- In exercise of the powers conferred by item (h) of sub-clause (iv) of clause (15) of Section 10 of the Income Tax Act, 1961 (43 of 1961) the Central Government authorizes HUDCO to issue during the FY 2013-14, Tax Free, Secured, Redeemable, Non-convertible Bonds.
- The income by way of interest on these Bonds is fully exempt from Income Tax and shall not form part of Total Income as per provisions under section 10 (15) (iv) (h) of I.T. Act, 1961.
- There will be no deduction of tax at source from the interest, which accrues to the bondholders in these bonds irrespective of the amount of the interest or the status of the investors.
- Wealth Tax is not levied on investment in Bond under section 2(ea) of the Wealth-tax Act, 1957

Who Can Apply

Category I	<ul style="list-style-type: none">• Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;• Provident funds and pension funds with minimum corpus of ` 25 crores, which are authorised to invest in the Bonds;• Insurance companies registered with the IRDA;• Foreign Institutional Investors and sub-accounts (other than a sub account which is a foreign corporate or foreign individual) registered with SEBI, including Sovereign Wealth Funds, Pension and Gratuity Funds registered with SEBI as Foreign Institutional Investors;• National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);• Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India;• Mutual funds registered with SEBI; and• Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Category II	<ul style="list-style-type: none">• Companies within the meaning of section 3 of the Companies Act*;• Statutory bodies/corporations*;• Cooperative banks;• Public/ private/ religious trusts;• Limited Liability Partnerships;• Category III FPI;• Regional rural banks;• Societies registered under applicable laws in India and authorised to invest in the Bonds;• Associations of persons;• Partnership firms in the name of partners; and• Any other foreign/ domestic legal entities/ persons as may be permissible under the CBDT Notification and authorised to invest in the Bonds in terms of applicable laws.
Category III	<p>The following Investors applying for an amount aggregating to above ` 10 lakhs across all Series of Bonds in each Tranche Issue:</p> <ul style="list-style-type: none">• Resident Indian individuals;• Eligible NRIs on a repatriation or non – repatriation basis;• Hindu Undivided Families through the Karta; and• Eligible FPIs, being individuals.
Category IV	<p>The following Investors applying for an amount aggregating to up to and including ` 10 lakhs across all Series of Bonds in each Tranche Issue:</p> <ul style="list-style-type: none">• Resident Indian individuals;• Eligible NRIs on a repatriation or non – repatriation basis;• Hindu Undivided Families through the Karta; and• Eligible FPIs, being individuals.

With reference to the SEBI Circular dated 27th July 2012 - All Debt issue applications must be bidded before getting submitted with the collecting bankers.

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