

Series 2020 / 157 –
Series 2020 A/1(FX)/157_4

SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 10, 2020



HDB FINANCIAL SERVICES LIMITED
(CIN: U65993GJ2007PLC051028)

(Incorporated on June 4, 2007, in the name of HDB Financial Services Limited, a company within the meaning of the Companies Act, 1956 and registered with the Reserve Bank of India as a Non-Banking Financial company)

Registered Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad – 380 009
Tel: +91 079-30482714

Corporate Office: Zenith House, Opp. Race Course, KeshavraoKhadye Marg, Mahalaxmi, Mumbai – 400034

Tel: 022-39586300 / 49116300; Fax: 022-39586666 / 49116666; Website: www.hdbfs.com;

Contact Person: Mr. Haren Parekh, Chief Financial Officer; e-mail: compliance@hdbfs.com

Supplemental Disclosure Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 6, 2008, as amended from time to time and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

PRIVATE PLACEMENT OF 3000 (WITH GREEN SHOE OPTION OF 3000 TO RETAIN TOTAL SUBSCRIPTION UPTO 6000) SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES ("SERIES 2020 / 157 - SERIES 2020 A/1(FX)/157 DEBENTURES" OR "THIS TRANCHE") OF THE FACE VALUE OF RS.10,00,000/- (RUPEES TEN LAKH ONLY) EACH FOR CASH AGGREGATING UPTO RS. 300,00,00,000/- (RUPEES THREE HUNDRED CRORE ONLY) WITH GREEN SHOE OPTION OF RS. 300,00,00,000/- (RUPEES THREE HUNDRED CRORE ONLY) TO RETAIN TOTAL SUBSCRIPTION UPTO RS. 600,00,00,000/- (RUPEES SIX HUNDRED CRORE ONLY) ISSUED UNDER THE SHELF DISCLOSURE DOCUMENT DATED MAY 19, 2020, AS AMENDED / SUPPLEMENTED FROM TIME TO TIME ("SHELF DISCLOSURE DOCUMENT" OR "SHELF DD") FOR PRIVATE PLACEMENT OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES AGGREGATING UPTO RS.170,00,00,00,000/- (RUPEES SEVENTEEN THOUSAND CRORE ONLY), TO BE ISSUED IN ONE OR MORE TRANCHE/ SERIES.

THIS IS A FRESH ISSUANCE UNDER SERIES 2020 A/1(FX)/157

This supplemental disclosure document ("Supplemental Disclosure Document/Supplemental DD") is issued in terms of and pursuant to the Shelf Disclosure Document dated **May 19, 2020**. All the terms, conditions, information and stipulations contained in the Shelf Disclosure Document, unless the context states otherwise or unless specifically stated otherwise, are incorporated herein by reference as if the same were set out herein. Investors are advised to refer to the same to the extent applicable. This Supplemental Disclosure Document must be read in conjunction with the Shelf Disclosure Document and the Private Placement Offer cum Application Letter.

This Supplemental DD contains details of this Tranche/ Series and any material changes in the information provided in the Shelf Disclosure Document, as set out herein. Accordingly set out below are the updated particulars / changes in the particulars set out in the Shelf Disclosure Document, which additional / updated information / particulars shall be read in conjunction with other

Series 2020 / 157 –
Series 2020 A/1(FX)/157_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 10, 2020**

information / particulars appearing in the Shelf Disclosure Document. All other particulars appearing in the Shelf Disclosure Document shall remain unchanged. In case of any inconsistency between the terms of this Supplemental DD and the Shelf DD and/or the terms of this Supplemental DD and/or any other Transaction Document, the terms as set out in this Supplemental DD shall prevail.

All capitalised terms used but not defined herein shall have the meaning ascribed to them in the Shelf Disclosure Document.

This Supplemental DD is dated September 10, 2020

SUMMARY TERM SHEET

| | |
|--------------------------|--|
| Issuer | HDB Financial Services Limited |
| Type of Instrument | Secured, Rated, Listed, Redeemable, Non-Convertible Debentures |
| Nature of Instrument | Secured |
| Seniority | Senior |
| Mode of Issue | Private placement |
| Eligible Investors | Please refer paragraph “Who can apply” of the Shelf Disclosure Document dated May 19, 2020 |
| Listing | <p>The Series 2020/157 is proposed to be listed on WDM segment of BSE Limited. BSE has given its in-principle approval to list the NCDs issued under this Tranche to be issued and allotted in terms of the Shelf DD vide its letter dated May 19, 2020.</p> <p>In the event that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors, or Qualified Foreign Investors, the Issuer shall get the securities listed on the BSE within 15 days of allotment.</p> <p>In case of delay in listing of this Tranche beyond 20 (Twenty) days from the deemed date of allotment, the Company will pay penal interest, of 1% (one percent) p.a. over the interest/coupon rate/implicit yield from the expiry of 30 (thirty) days from the deemed date of allotment till the listing of this Tranche, to the investor.</p> |
| Rating of the Instrument | CARE Ratings Ltd has assigned a “CARE AAA; Stable” (pronounced “CARE Triple A with stable outlook”) and CRISIL Limited has assigned a “CRISIL AAA/Stable” (pronounced “CRISIL Triple A with stable outlook”), to this long term Non-convertible Debenture issue programme of upto Rs.15,000 Crore, of the Company. Instruments with this rating are considered to have the high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. |
| Issue Size | The aggregate size of the Issue program is for Rs.170,00,00,00,000/- (Rupees Seventeen Thousand Crore only), including Market Linked Debentures amounting to Rs.2000 Crore, which Issue shall comprise of one or more Tranches of Debentures, out of which the aggregate size of this |

Series 2020 / 157 –
Series 2020 A/1(FX)/157_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 10, 2020**

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| | Tranche is Rs.300,00,00,000/- (Rupees Three Hundred Crore Only) with Green Shoe Option of Rs. 300,00,00,000/- (Rupees Three Hundred Crore Only) to retain total subscription upto Rs. 600,00,00,000/- (Rupees Six Hundred Crore only) |
| Option to retain oversubscription (Amount) | Yes, Green Shoe Option of Rs. 300,00,00,000/- (Rupees Three Hundred Crore Only) |
| Past Issue history | Nil |
| Objects of the Issue | The funds raised through the Issue comprising of this Tranche will be utilized as per the section "Utilisation of Issue Proceeds" stipulated in the Shelf DD dated May 19, 2020. |
| Details of the utilization of the Proceeds | The proceeds of the Issue comprising of this Tranche would be utilised by the Company, inter-alia, for disbursements of loans to borrowers, refinancing existing borrowings, augmenting the business capital requirements of the Company, and for the general corporate purposes of the Company. |
| Repurchase, Reissue and Consolidation of Debentures | The Company shall be entitled to re-purchase and re-issue and/or consolidate the Debentures as per the terms and in the manner set out in the Debenture Trust Deed. |
| Consolidation of ISINs | The Company shall have the right/shall be entitled to add additional securities (for such additional amounts as may be issued by the Company from time to time) to the existing ISINs from time to time in accordance with the terms as set out in the Debenture Trust Deed. |
| Step Up/Step Down Coupon Rate | N.A. |
| Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.) | As mentioned below. |
| Day Count Basis | Actual/ Actual |
| Default Interest Rate | In case of default in payment of interest and/or principal redemption on the due dates, additional interest @ 2% (Two percent) p.a. over the applicable coupon rate will be payable by the Company from the date of the occurrence of the default until the default is cured or the debentures are redeemed pursuant to such default, as applicable. |
| Put Option Date | N.A. |
| Put Option Price | N.A. |
| Call Option Date | N.A. |
| Call Option Price | N.A. |
| Put Notification Time | N.A. |
| Call Notification Time | N.A. |
| Rollover Option | N.A. |
| Face Value | Rs. 10,00,000/- (Rs. Ten Lakh only) per Debenture |
| Minimum Application and in multiples of __ Debt securities thereafter | Minimum 10 Debentures and in multiples of 1 Debenture thereafter |

Series 2020 / 157 –
Series 2020 A/1(FX)/157_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 10, 2020**

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| Issuance mode of the Instrument | Demat only |
| Trading mode of the Instrument | Demat only |
| Settlement mode of the Instrument | NEFT / RTGS |
| Depository(ies) | NSDL / CDSL |
| Business Day | means any day of the week (excluding non-business Saturdays, Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) (as may be amended/supplemented from time to time) or any other day on which banks are closed for customer business in Mumbai, India) on which money market is functioning in Mumbai. |
| Business Day Convention | Should any of the Due Date(s) fall on a non-Business Day, the next Business Day shall be considered as the effective date for the purpose of coupon/interest payment and the previous Business Day shall be considered as the effective date for the purpose of payment of redemption proceeds. However, in case any such payment falls on a holiday, the amount of that payment and the amounts and dates of all future payments shall remain as originally stipulated at the time of issuing the Debentures. |
| Record Date | Means in relation to any Due Date on which any payments are scheduled to be made by the Issuer to the Debenture Holders, the day falling at least 15 (Fifteen) calendar days prior to such Due Date. |
| Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security, Ranking of Security and interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document). | <p>Series 2020 / 157 being issued under this Disclosure Document shall be secured through:</p> <p>First and exclusive charge by way of hypothecation over present and future receivables of the Issuer having minimum asset cover of 1.10 times of the principal outstanding and interest accrued but not paid, to be maintained throughout the tenure of the NCDs.</p> <p>and</p> <p>First pari passu mortgage in favour of the Trustees on all the Company's immovable property situated at Heera Panna Commercial Complex, 3rd Floor, Dr. Yagnik Road, Rajkot.</p> <p>The Company shall endeavor for security to be created prior to allotment of the NCDs being issued and allotted under each Tranche. The Company may provide or cause to be provided (without being obliged to) such further security (including over moveable/immoveable property) for securing its obligations in respect of the Debentures or any Tranche(s) thereof as may be decided by the Company without requiring the consent of the Debenture Trustee and/or the Debenture Holders.</p> <p>Release of Excess Hypothecated Assets</p> |

Series 2020 / 157 –
Series 2020 A/1(FX)/157_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 10, 2020**

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| | <p>Notwithstanding anything contained in the Deed, in the event that the Hypothecated Assets are of a book value greater than that required for the maintenance of the Asset Cover, the Company shall be entitled to require the Debenture Trustee to release the excess Hypothecated Assets such that the Hypothecated Assets remaining after such release would be sufficient for maintenance of the Asset Cover at or above the Minimum Asset Cover ("Released Assets"). The Company shall, for such release, issue a letter to the Debenture Trustee substantially in the format set out in Schedule II of the Deed of Hypothecation describing the Hypothecated Assets to be released ("Release Request Letter").</p> <p>The Debenture Trustee shall effectuate such release by issuing a no objection letter in response to the Release Request Letter and shall also, if requested by the Company execute all such documents as may be required for such release. The Release Request Letter shall be accompanied by a certificate from the independent chartered accountant of the Company confirming to the Debenture Trustee in writing the amount of Released Assets and that the Asset Cover Ratio shall be maintained at or above the Minimum Security Cover post such excess release. The Debenture Trustee shall not be required to provide any notice to or obtain any consent of the Debenture Holders for issuing the no-objection letter and releasing the excess Hypothecated Assets under the terms hereof. The Debenture Trustee shall not be liable for any consequences for having acted in terms hereof and having made such release.</p> <p>The Released Assets shall not be construed to be a part of the Security and the Company shall be entitled to deal with the Released Assets in the manner it deems fit.</p> |
| Transaction Documents | Shelf Disclosure Document, Supplemental Disclosure Document, Debenture Trust Deed, Debenture Trustee Agreement, Deed of Hypothecation and any other document that may be designated by the Debenture Trustee as a Transaction Document |
| Delay in execution of the Debenture Trust Deed/ Security Documents | In the event of delay in execution of the Debenture Trust Deed and/or the Deed of Hypothecation beyond a period of 3 month from the Deemed Date of Allotment, the Company will ensure refund of the Application Money at an agreed rate of interest or will pay penal interest of 2% over the coupon rate/ yield from the date being the 31 st date from the Deemed Date of Allotment till the execution of Debenture Trust Deed and Deed of Hypothecation are complied with at the option of the investor |
| Conditions Precedent to Disbursement | As per the relevant Debenture Trust Deed |
| Condition Subsequent to Disbursement | As per the relevant Debenture Trust Deed |
| Events of Default | As per the relevant Debenture Trust Deed |
| Provisions related to Cross | As per the relevant Debenture Trust Deed |

Series 2020 / 157 –
Series 2020 A/1(FX)/157_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 10, 2020**

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| Default Clause | |
| Covenants | As per the relevant Debenture Trust Deed |
| Role and Responsibilities of Debenture Trustee | To oversee and monitor the overall transaction for and on behalf of the Debenture Holders as customary for transaction of a similar nature and size and as executed under the appropriate Transaction Documents. |
| Governing Law and Jurisdiction | The Debentures are governed by and will be construed in accordance with the Indian Law and the parties submit to the exclusive jurisdiction of the courts and tribunals in Ahmedabad or Mumbai. |
| FII Investment | The guideline for FII Investment in Debt Securities issued by RBI on March 1, 2012 vide its circular no.89 will be complied with for listing of the above Debentures. |
| Manner of bidding in the issue | Open bidding on the BSE Electronic Bidding platform. |
| Manner of settlement | Through Indian Clearing Corporation Limited |
| Settlement cycle | Settlement shall be on T+1 day |
| Manner of allotment | Series 2020 / 157 - Series 2020 A/1(FX)/157- Uniform (Fixed Rate bidding) |

Gross Debt: Equity Ratio of the Company:

| | |
|-------------------------------------|------|
| Before the issue of debt securities | 6.49 |
| After the issue of debt securities | 6.52 |

Note: The Company reserves the right to amend the Tranche timetable including the Date of Allotment

Series 2020 / 157 - Series 2020 A/1(FX)/157

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|---|---|
| Arranger | HDFC Bank Limited |
| Tranche Size | Rs. 300,00,00,000/- (Rupees Three Hundred Crore Only) with Green Shoe Option of Rs. 300,00,00,000/- (Rupees Three Hundred Crore Only) to retain total subscription upto Rs. 600,00,00,000/- (Rupees Six Hundred Crore only) |
| Issue Price | Rs.10,00,000/- per debenture |
| Pay-in Amount | Rs.10,00,000/- per debenture |
| Interest/Coupon Rate | 5.1121% p.a. |
| Coupon Type | Annual Coupon |
| Premium/Discount at which security is issued and the effective yield as a result of such discount | N.A. |
| Coupon Reset Process | N.A. |
| Redemption Premium / Discount | N.A. |

Series 2020 / 157 –
Series 2020 A/1(FX)/157_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 10, 2020**

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| Redemption Amount | Rs.10,00,000/- per Debenture |
| Interest on Application Money | 5.1121% p.a. Also refer Shelf Disclosure Document. |
| Tenor | 683 days from the deemed date of allotment i.e. Friday, September 11, 2020 |
| Issue Timing | Tranche Opening Date : Thursday, September 10, 2020 Tranche Closing Date : Thursday, September 10, 2020 Pay-in Date : Friday, September 11, 2020 Deemed Date of Allotment : Friday, September 11, 2020 |
| Redemption Date | Tuesday, July 26, 2022 |

Disclosure of cash flows (pursuant to SEBI Circular no. CIR/IMD/DF/18/2013 dated 29th October 2013)

| | |
|---|--|
| Company | HDB Financial Services Limited |
| Face Value (per security) | Rs.10,00,000/- per instrument |
| Date of Allotment | Friday, September 11, 2020 |
| Redemption | Tuesday, July 26, 2022 |
| Coupon Rate | 5.1121% p.a. |
| Frequency of the interest payment with specified dates | Payable Annually, Monday, July 26, 2021 And on maturity i.e. Tuesday, July 26, 2022 |
| Day Count Convention | Actual/Actual |

| Cash Flows | Date | Day | No. Of Days in Coupon Period | Amount in Rupees per debenture of Rs.10 lakh |
|------------------------|---------------|---------|------------------------------|--|
| 1 st coupon | July 26, 2021 | Monday | 318 | 44,538 |
| 2 nd coupon | July 26, 2022 | Tuesday | 365 | 51,121 |
| Principal Repayment | July 26, 2022 | Tuesday | N.A. | 10,00,000 |

Series 2020 / 157 –
Series 2020 A/1(FX)/157_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 10, 2020**

MODE OF PAYMENT

All transfers/RTGS must be made payable to "ICCL". Details for RTGS payments are mentioned herein below:

| | |
|---------------------|-------------------------------------|
| Name of Bank | HDFC BANK |
| IFSC Code | HDFC0000060 |
| Account number | ICCLEB |
| Name of beneficiary | INDIAN CLEARING CORPORATION LIMITED |

| | |
|---------------------|---------------------------------|
| Name of Bank | ICICI Bank Ltd. |
| IFSC Code | ICIC0000106 |
| Account number | ICCLEB |
| Name of beneficiary | INDIAN CLEARING CORPORATION LTD |

| | |
|---------------------|---------------------------------|
| Name of Bank | YES BANK |
| IFSC Code | YESBOCMSNOC |
| Account number | ICCLEB |
| Name of beneficiary | INDIAN CLEARING CORPORATION LTD |

For HDB Financial Services Limited

Authorised Signatory

Name: G. Ramesh

Title : Managing Director & CEO

Date : September 10, 2020