

Series 2020 / 160 –
Series 2020 A/1(FX)/160_4

SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
DECEMBER 14, 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, Keshavrao Khadye Marg, Mahalaxmi, Mumbai – 400034

Tel: 022- 49116300; Fax: 022-49116666; 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 12000 SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES ("SERIES 2020 / 160 - SERIES 2020 A/1(FX)/160 DEBENTURES" OR "THIS TRANCHE") OF THE FACE VALUE OF RS.10,00,000/- (RUPEES TEN LAKH ONLY) EACH FOR CASH AGGREGATING UPTO RS. 1200,00,00,000/- (RUPEES ONE THOUSAND TWO HUNDRED CRORE ONLY) ISSUED UNDER THE SHELF DISCLOSURE DOCUMENT DATED OCTOBER 22, 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.170,00,00,000/- (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)/160

This supplemental disclosure document ("Supplemental Disclosure Document/Supplemental DD") is issued in terms of and pursuant to the Shelf Disclosure Document dated **October 22, 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 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

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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 October 26, 2020

SUMMARY TERM SHEET

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| 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 October 22, 2020 |
| Listing | <p>The Series 2020/160 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 October 21, 2020.</p> <p>The Company shall get the Debentures listed on the wholesale debt segment of BSE by T+ 4 trading day as per the SEBI Circular no. SEBI /HO / DDHS/ CIR/ P/2020/198 dated October 05, 2020 effective from December 01, 2020.</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.2000,00,00,000/- (Rupees Two Thousand Crore only), which Issue shall comprise of one or more Tranches of Debentures, out of which the aggregate size of this Tranche is Rs.1200,00,00,000/- (Rupees One Thousand Two Hundred Crore Only) |
| Option to retain oversubscription (Amount) | Nil |
| 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 October 22, 2020. |

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| 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 Shelf DD. |
| 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 Shelf DD. |
| 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 |
| 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 |

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| | 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. |
| All covenants of the issue (including side letters, accelerated payment clause, etc.) | Please refer to the 'Issue Details' section under the Shelf DD. |
| Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/Information Memorandum. | <p>Series 2020 / 160 being issued under this Disclosure Document shall be secured through:</p> <p>first and exclusive charge by hypothecation over the specific identified Receivables of the Issuer and first <i>pari passu</i> mortgage over the Specifically Mortgaged Premises or such other security as may be identified by the Company as set out in the Debenture Trust Deed /Security Documents.</p> <p>The Company has created security as per the terms of Deed of Hypothecation dated September 03, 2019.</p> <p>The Company shall, during the currency of the Debentures, maintain a minimum asset cover which shall be 1.10 (One decimal point One Zero) times of the outstanding amount ("Minimum Asset Cover") under this Tranche.</p> <p>It is clarified that if the value of the Secured Assets identified under Schedule I of the Deed of Hypothecation and in the Supplemental Receivables Schedules submitted from time to time gets diminished, the Company shall within 30 (Thirty) calendar days from the end of each financial quarter ("Top-Up Date") provide the Debenture Trustee with a Supplemental Receivables Schedule identifying further Receivables so as to maintain the Asset Cover in accordance with the terms of the Debenture Trust Deed or the relevant Supplemental Disclosure Document. Pursuant to the Top-up, the Company shall take all steps necessary to perfect such security at its own cost including filing the necessary forms for recording the modification of the charge with the applicable registrar of companies. In the event that, at any time, the value of the Security is not sufficient to</p> |

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| | <p>maintain the Minimum Asset Cover, the Company shall within 30 (Thirty) days from the end of financial quarter, create security over such alternate assets (as acceptable to the Debenture Trustee) so as to ensure that the aggregate value of the Security and the alternate assets, so provided (together with replacement, if any), is sufficient to meet the required Minimum Asset Cover.</p> <p>Any substitution, addition and/or replacement of the Secured Assets shall be made under the terms of the Deed of Hypothecation.</p> <p>The Company hereby undertakes that the Receivables on which charge has been created are free from any encumbrances and in case of Specifically Mortgaged Premises which has been charged to secure an earlier debt, the permission or consent to create a <i>pari-passu</i> charge has been obtained from the earlier creditors vide the Inter-se agreement dated September 03, 2019.</p> <p>Release of Excess Secured Assets</p> <p>Notwithstanding anything contained in the Deed of Hypothecation, in the event that the Secured 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 Secured Assets such that the Secured 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 Secured 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 non-objection letter and releasing the excess Secured 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</p> |
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| | the Company shall be entitled to deal with the Released Assets in the manner it deems fit. |
| 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(including manner of voting /conditions of joining Inter Creditor Agreement) | Please refer the "Issue Details" section of the Shelf DD. |
| Creation of recovery expense fund | Details and purpose of the recovery expense fund: The Company shall create a recovery expense fund in the manner as maybe specified by SEBI from time to time and inform the Debenture Trustee about the same. |
| Conditions for breach of covenants (as specified in Debenture Trust Deed) | As set out under the head "All covenants of Issue" and "Events of Default" above. |
| Provisions related to Cross Default Clause | As per the relevant Debenture Trust Deed |
| Covenants | As is customary for a transaction of this nature and as further provided for in the Transaction Documents. |
| 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. |
| Risk factors pertaining to the Issue | Refer Section – III (Risk Factors) as mentioned in the Shelf DD. |
| 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. |

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| Manner of settlement | Through Indian Clearing Corporation Limited |
| Settlement cycle | Settlement shall be on T+1 day |
| Manner of allotment | Series 2020 / 160 - Series 2020 A/1(FX)/160 - Uniform (Fixed Rate bidding) |

Gross Debt: Equity Ratio of the Company:

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| Before the issue of debt securities | 6.54 |
| After the issue of debt securities | 6.67 |

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

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| Arranger | HDFC Bank Limited SBI Capital Markets Ltd ICICI Bank Limited |
| Tranche Size | Rs.1200,00,00,000/- (Rupees One Thousand Two Hundred Crore Only) |
| Issue Price | Rs.10,00,000/- per debenture |
| Pay-in Amount | Rs.10,00,000/- per debenture |
| Interest/Coupon Rate | 5.08% 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. |
| Redemption Amount | Rs.10,00,000/- per Debenture |
| Interest on Application Money | 5.08% p.a. Also refer Shelf Disclosure Document. |
| Tenor | 1078 days from the deemed date of allotment i.e. Tuesday, December 15, 2020 |
| Issue Timing | Tranche Opening Date : Monday, December 14, 2020 Tranche Closing Date : Monday, December 14, 2020 Pay-in Date : Tuesday, December 15, 2020 Deemed Date of Allotment : Tuesday, December 15, 2020 |
| Redemption Date | Tuesday, November 28, 2023 |

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

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| Company | HDB Financial Services Limited |
| Face Value (per security) | Rs.10,00,000/- per instrument |
| Date of Allotment | Tuesday, December 15, 2020 |
| Redemption | Tuesday, November 28, 2023 |
| Coupon Rate | 5.08% p.a. |
| Frequency of the interest payment with specified dates | Payable Annually, Sunday, November 28, 2021, Monday, November 28, 2022, Tuesday, November 28, 2023, And on maturity i.e. Tuesday, November 28, 2023 |
| 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 | November 28, 2021 | Sunday | 348 | 48,433.97 |
| 2 nd coupon | November 28, 2022 | Monday | 365 | 50,800.00 |
| 3 rd coupon | November 28, 2023 | Tuesday | 365 | 50,800.00 |
| Principal Repayment | November 28, 2023 | Tuesday | N.A. | 10,00,000.00 |

MODE OF PAYMENT

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

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

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

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| 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 : December 14, 2020

