

Series 2021/5 - Series 2021 P/1/5_6

Private and Confidential – For Private Circulation Only
Tranche Placement Memorandum for Issue of Unsecured Rated Listed
Perpetual Debt Instruments on a private placement basis
October 28, 2021



HDB FINANCIAL SERVICES LIMITED
CIN: U65993GJ2007PLC051028
RBI Registration Number: N.01.00477
PAN Number: AABCH8761M

(Incorporated on June 4, 2007, in Ahmedabad, 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:** +91 079-30482717

Corporate Office: Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai – 400034;
Tel: 022- 49116300;

Fax: 022-49116666; **Website:** www.hdbfs.com;

Compliance Officer: Ms. Dipti Khandelwal, **Contact details of Compliance Officer:** 022-49116368
e-mail: compliance@hdbfs.com

Tranche Placement Memorandum for Series 2021/5 under Shelf Placement Memorandum dated October 25, 2021

Date: October 28, 2021

Type of Placement Memorandum: Private Placement

Private Placement of upto 150 (One Hundred Fifty) Unsecured, Rated, Listed, Perpetual Debt Instruments ("Series 2021/5 - Series 2021 P/1/5 PDIs") of the face value of Rs. 1,00,00,000/- (Rupees One Crore Only) each for cash aggregating upto Rs. 100,00,00,000/- (Rupees One Hundred Crore Only) with Green Shoe Option of upto Rs. 50,00,00,000/- (Rupees Fifty Crore Only) to retain total subscription upto Rs. 150,00,00,000/- (Rupees One Hundred Fifty Crore only) issued under the Shelf Placement Memorandum dated October 25, 2021 as amended / supplemented from time to time.

This Tranche Placement Memorandum is issued in terms of and pursuant to the Shelf Placement Memorandum dated October 25, 2021. All the terms, conditions, information and stipulations contained in the Shelf Placement Memorandum are incorporated herein by reference as if the same were set out herein. Investors are advised to refer to the same. This Tranche Placement Memorandum must be read in conjunction with the Shelf Placement Memorandum and the Private Placement Offer Cum Application Letter. All capitalised terms used but not defined herein shall have the meaning ascribed to them in the Shelf Placement Memorandum.

This Tranche Placement Memorandum contains details of this Tranche of private placement of Series 2021/5 PDIs and any material changes in the information provided in the Shelf Placement Memorandum, as set out herein. Accordingly, set out below are the updated particulars / changes in the particulars set out in the Shelf Placement Memorandum, which additional / updated information / particulars shall be read in conjunction with other information / particulars appearing in the Shelf Placement Memorandum. All other particulars appearing in the Shelf Placement Memorandum shall remain unchanged.

CREDIT RATING

Details of credit rating along with reference to the rating letter issued (not older than one month on the date of the opening the issue) by the rating agencies in relation to the Issue is disclosed as follows. The detailed press release of the Credit Rating Agencies along with rating rationale(s) adopted (not older than one year on the date of opening of the Issue) is also disclosed:

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CARE Ratings Limited has assigned a "CARE AAA Stable" (pronounced "CARE Triple A with stable outlook") and CRISIL Ratings Limited has assigned a "CRISIL AAA/Stable" (pronounced "CRISIL Triple A with stable outlook") rating to the captioned Issue. As per CARE and CRISIL's rating letter(s), instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations and such instruments carry very low credit risk. Investors may please note that the rating is not a recommendation to buy, sell or hold securities and investors should take their own decisions. The rating agency has the right to suspend, withdraw or revise the rating / outlook assigned to the Issue at any time, on the basis of new information or unavailability of information or other circumstances which the rating agency believes may have an impact on the rating.

Date of Rating Letters: October 19, 2021 by CARE Ratings Limited and October 01, 2021 by CRISIL Ratings Limited
Date of Rating Rationale/ Press Release of Ratings: September 23, 2021 & October 13, 2021 by CARE Ratings Limited and August 13, 2021 by CRISIL Ratings

Press Release and Rating Rationale: As Annexed hereto

SECTION I

UPDATED FINANCIAL INFORMATION

Any changes in Section F (*Financial Information*) of the Shelf Placement Memorandum:

I. Gross Debt: Equity Ratio of the Company

Before the Issue	6.14
After the Issue	6.16

II. A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the issue opening date, as applicable.

Standalone Audited Financial Statement

There is no change in the audited financial statements provided in the Shelf Placement Memorandum.

Consolidated

As on even date the Issuer does not have any subsidiary. The standalone and consolidated financial information would be the same and the Financial Information as disclosed above shall apply.

III. Unaudited financial information for stub period.

[Listed issuers (whose debt securities or specified securities are listed on recognised stock exchange(s)) in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, may disclose unaudited financial information for the stub period in the format as prescribed therein with limited review report in the placement memorandum, as filed with the stock exchanges, instead of audited financial statements for stub period, subject to making necessary disclosures in this regard in placement memorandum including risk factors.]

There is no change in the unaudited financial statements provided for stub period in the Shelf Placement Memorandum.

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IV. Any other changes

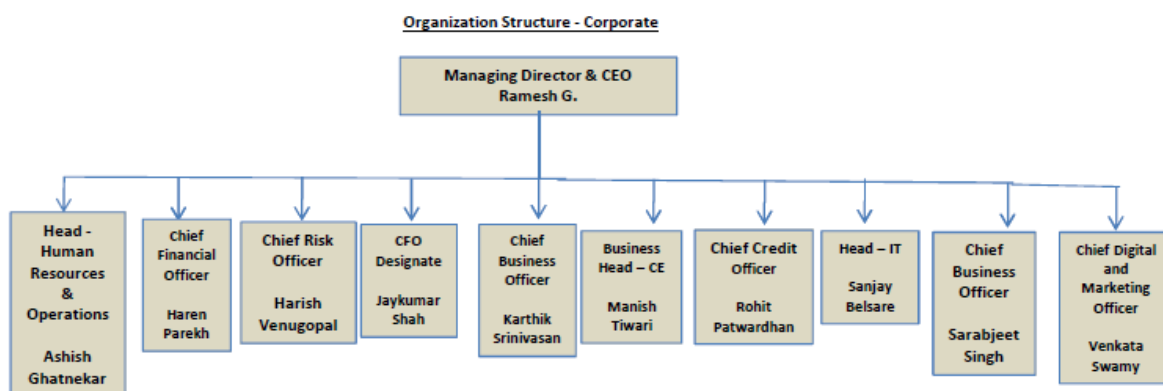
Brief Particulars of the management of the Company and the corporate structure:

The Company is professionally managed by its Board of Directors, headed by Mr. G. Ramesh, Managing Director and Chief Executive Officer (MD & CEO). Following are the Key Senior Management:

- Ashish Ghatnekar, Head - Human Resources & Operations
- Haren Parekh, Chief Financial Officer
- Harish Venugopal, Chief Risk Officer
- Jaykumar Shah, CFO Designate
- Karthik Srinivasan, Chief Business Officer
- Manish Tiwari, Business Head - CE
- Rohit Patwardhan, Chief Credit Officer
- Sanjay Belsare, Head - IT
- Sarabjeet Singh, Chief Business Officer
- Venkata Swamy, Chief Digital and Marketing Officer

The Company has a qualified pool of employees.

The organisational chart of the Company is as set out below:



SECTION II

OTHER MATERIAL CHANGES


Any other material changes in the information contained in the Shelf Placement Memorandum:

Nil

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SECTION III**SUMMARY TERM SHEET****Series 2021/5 - Series 2021 P/1/5**

Security Name (Name of the non-convertible securities which includes (Coupon/dividend, Issuer Name and maturity year) e.g. 8.70% XXX 2015.	HDB/7.68%/Annual/Perpetual_Series 2021 P/1/5
Issuer	HDB Financial Services Limited
Type of Instrument	Unsecured, Rated, Listed, Perpetual Debt Instruments in the nature of Non-Convertible Debentures ("PDIs")
Nature of Instrument	Unsecured (Tier I Capital)
Seniority	i. Superior to the claims of investors in Equity Shares of the Company; and ii. Subordinated to the claims of all other creditors of the Company (but pari-passu inter se the holders of the PDIs)
Mode of Issue	Private placement
Eligible Investors	Please refer paragraph " Who can apply " of the Shelf Placement Memorandum dated October 25, 2021
Details of Arrangers (if any)	<p>Name: Genev Capital Pvt Ltd</p>  <p>Regd Address: 9/F, Eucharistic Congress Building III, 5 Convent Road, Colaba, Mumbai – 400 039 Corporate Address: 9/F, Eucharistic Congress Building III, 5 Convent Road, Colaba, Mumbai – 400 039 Name of contact person: Rita Thakur E-mail: rita@genevcap.com Fax: 022-66064601 Tel No: 022-66064600 Website: www.genevcap.com</p>
Listing	<p>The Series 2021/5 PDIs are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the BSE Ltd within a maximum period of 4 (Four) trading days from the Issue Closing Date.</p> <p>In accordance with the SEBI Debt Listing Regulations, in case of a delay by the Company in listing the Series 2021/5 PDIs beyond 4 (Four) trading days from the Issue Closing Date, the Company shall (i) make payment to the PDI Holders of 1% (One Percent) per annum over the Coupon Rate from the Deemed Date of Allotment till the listing of such Series 2021/5 PDIs; and (ii) be permitted to utilize the issue proceeds of its subsequent two privately placed issuances of securities only after having received final listing approval from BSE in respect of the listing of the Series 2021/5 PDIs.</p>
Rating of the Instrument	CARE Ratings Limited (CARE) has assigned a "CARE AAA/Stable" (pronounced "CARE Triple A with stable outlook") and CRISIL Ratings Limited has assigned a "CRISIL AAA/Stable" (pronounced "CRISIL Triple A with stable outlook"), to this Perpetual Debt Instrument issue programme of upto Rs.500 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.

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Issue Size	The aggregate size of the Issue is for upto Rs. 500,00,00,000/- (Rupees Five Hundred Crores only) out of which this Issue of Series 2021/5 PDIs is upto Rs. 150,00,00,000/- (Rupees One Hundred Fifty Crore only) in the manner as specified in the Section 'Base Issue and Green Shoe Option' below.						
Base Issue and Green Shoe Option	Rs. 100,00,00,000/- (Rupees One Hundred Crore Only) with Green Shoe Option of upto Rs. 50,00,00,000/- (Rupees Fifty Crore Only) to retain total subscription upto Rs. 150,00,00,000/- (Rupees One Hundred Fifty Crore only)						
Tranche Size	Rs. 100,00,00,000/- (Rupees One Hundred Crore Only) with Green Shoe Option of upto Rs. 50,00,00,000/- (Rupees Fifty Crore Only) to retain total subscription upto Rs. 150,00,00,000/- (Rupees One Hundred Fifty Crore only)						
Minimum Subscription	Rs. 1,00,00,000/- (Rupees One Crore Only) i.e. 1 PDI						
Option to retain oversubscription (Amount)	Yes, Green Shoe Option of upto Rs. 50,00,00,000/- (Rupees Fifty Crore Only)						
Objects of the Issue / Purpose for which there is requirement of funds The Issuer shall provide granular disclosures in their placement memorandum, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".	The proceeds of the Issue comprising of this Series would be utilised by the Company for regular business activities including its financing / lending activities, working capital and general corporate purposes in compliance with the provisions of Applicable Laws. The funds raised through the Issue will be utilized as per the section "Utilisation of the Proceeds" stipulated below.						
Details of the utilization of the Proceeds.	<p>The Company shall endeavour to utilise the funds raised through the Issue as mentioned below:</p> <table border="1"> <thead> <tr> <th>Purpose</th><th>Percentage of fund raised</th></tr> </thead> <tbody> <tr> <td>For financing / lending activities</td><td>50</td></tr> <tr> <td>For general corporate purposes</td><td>50</td></tr> </tbody> </table>	Purpose	Percentage of fund raised	For financing / lending activities	50	For general corporate purposes	50
Purpose	Percentage of fund raised						
For financing / lending activities	50						
For general corporate purposes	50						
In case the Issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format:	The proceeds of the Issue will not be utilised for providing loans to any group company.						
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 Placement Memorandum.						
Coupon Rate	7.68% p.a.(shall be increased by 50 bps on exercise of Step-up Option)						
Step Up/Step Down Coupon Rate	Step Up Coupon Rate -50 bps						
Step-up Option	<p>The PDIs will have a step-up option which shall be exercised only once during the whole life of the instrument, in conjunction with the first Call Option date, after lapse of 10 years from the date of issue.</p> <p>The Step Up shall be 50 bps. In effect the coupon rate of PDIs shall be stepped up to 0.50% p.a. for subsequent years if Call Option is not exercised by the Issuer after the end of 10th year from the Deemed Date of Allotment.</p> <p>The Step-up Option shall be exercised on the business day immediately succeeding the expiry of 10 years from the Deemed Date of Allotment (i.e. on October 30, 2031)</p>						

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Lock-in clause	<p>a. The PDIs shall be subject to lock-in clause in terms of which the issuer may defer the payment of interest if:</p> <p>i. the issuer's CRAR is below the minimum regulatory requirement prescribed by RBI</p> <p>ii. the impact of such payment results in Issuer's CRAR falling or remaining below minimum regulatory requirement prescribed by RBI</p> <p>b. However, the Issuer may pay interest with prior approval of RBI when the impact of such payment may result in net loss or increase in net loss, provided the CRAR remains above the minimum regulatory requirement prescribed by RBI</p> <p>c. The interest shall not be cumulative except in cases as in 'a.'</p>
Coupon Payment Frequency	Annual
Coupon Payment Dates	On anniversary of the Deemed Date of Allotment each year (i.e 29 th of October every year), subject to RBI Regulations (upto call option date, in case if call option is exercised by the Issuer)
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.).	Not Applicable
Day Count Basis	Actual/ Actual
Interest on Application Money	Interest at the respective Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Series 2021/5 PDIs for the period starting from and including the date of realization of application money in the Issuer's bank account up to one day prior to the Deemed Date of Allotment.
Default Interest Rate	<p>In case of default in payment of Coupon and/ or redemption of the principal amount of the PDIs on the respective due dates, additional interest of at least 2% (Two Percent) per annum over and above the Coupon Rate shall be payable by the Company for the defaulting period until the defaulted amount together with the delay penalty is paid.</p> <p>Where the Company fails to execute the trust deed within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall also pay interest of at least 2% (Two Percent) per annum or such other rate, as specified by SEBI to the PDI Holders, over and above the Coupon Rate, till the execution of the Trust Deed.</p>
Tenor	Perpetual
Redemption Date	<p>N.A</p> <p>The Outstanding Principal Amount of the PDIs, together with accrued but unpaid coupon and additional interest, if any, may be redeemed by the Company only on a Call Option Date and by exercising Call Option (if there is any), subject however to the prior approval in writing of the RBI. The PDIs will not carry any obligation, for Coupon or otherwise, after redemption has occurred and all amounts due have been paid.</p> <p>In the event that the Company is required to redeem the outstanding principal amount of the PDIs in full or in part, or pay any monies in respect thereof including accrued Coupon, before the Call Option Date, due to change in Applicable Laws or under the terms of the Trust Deed including on the occurrence of an Event of Default, the Company shall ensure</p>

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	that it shall obtain all requisite approvals, if any, of the RBI or any other applicable authorities and such redemption and payment shall be subject to receipt of such approvals, as applicable.
Redemption Amount	Rs. 1,00,00,000/- (Rupees One Crore Only) per PDIs
Redemption Premium/ Discount	N.A.
Issue Price	Rs. 1,00,00,000/- (Rupees One Crore Only) per PDIs
Discount at which security is issued and the effective yield as a result of such discount.	N.A.
Put Option Date	N.A.
Put Option Price	N.A.
Call Option Date	<p>Call option shall be exercised by Issuer only after prior approval of RBI.</p> <p>A date falling on the Business Day immediately succeeding the expiry of a period of 10 (Ten) years from the Deemed Date of Allotment and any date thereafter.</p> <p>Coupon shall be payable on actual day count basis till the date of exercise of such Call Option.</p>
Call Option Price	At the face value
Put Notification Time	N.A.
Call Notification Time	<p>The Company shall send a notice to the PDI Holder(s) in writing (with a copy marked to the Debenture Trustee) at least 21 (Twenty One) calendar days prior to the relevant Call Option Date, communicating either (a) the intent of the Company to exercise the Call Option on the Call Option Date or (b) the intent of the Company not to exercise the Call Option on the Call Option Date ("Call Option Notice"). Provided however that prior to the issue of such Call Option Notice, the Company shall have obtained the approval in writing of the RBI for the exercise of such Call Option.</p> <p>The Company shall also provide a copy of the Call Option Notice to the Stock Exchange and shall publish the Call Option Notice in an English national daily and regional daily having wide circulation at the place where the registered office of the Company is situated, indicating the details of such rights, including the Call Option Date, and whether the Company intends to or does not intend to, exercise the Call Option on the Call Option Date.</p> <p>Upon the issuance of the Call Option Notice by the Company and if the Company has in the Call Option Notice indicated its intention to exercise the Call Option on the Call Option Date, the Company shall on the Call Option Date, redeem the PDIs by crediting to the beneficiary account of the PDI Holder(s), the Redemption Amount or the relevant proportion of the Redemption Amount as specified in the Tranche Placement Memorandum, in respect of the PDIs.</p> <p>The Company shall also pay interest at the rate of 15% (Fifteen Percent) per annum for the period of delay in making payment of the Redemption Amount or the relevant proportion of the Redemption Amount as specified in the Tranche Placement Memorandum on the Call Option Date if the Company has exercised its Call Option and any other period of delay, if any, as per the terms of and in accordance with the SEBI Debt Listing Regulations.</p> <p>If the Company has exercised its Call Option right, then after the completion of such exercise of the right of Call Option, the Company shall submit the report to the Stock Exchange and inform the Debenture Trustee and the Depositories, in the manner and upon the terms and conditions as set out in the SEBI Debt Listing Regulations.</p>

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Rollover Option	Not applicable
Face Value	Rs. 1,00,00,000/- (Rupees One Crore Only) per PDI
Minimum Application and in multiples of ___ Debt securities thereafter	1 PDI and in multiples of 1 PDI thereafter.
Issue Timing	10.00 am to 11.00 am
Issue/ Bid Opening Date	Thursday, October 28, 2021
Issue/ Bid Closing Date	Thursday, October 28, 2021
Date of earliest closing of the issue, if any.	Not applicable
Pay-in Date	Friday, October 29, 2021
Deemed Date of Allotment	Friday, October 29, 2021
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	<p>The pay-in of subscription monies for the PDIs shall be made by way of transfer of funds from the bank account(s) of the eligible investors (whose bids have been accepted) as registered with the EBP into the account of the relevant clearing corporation, as specified below, in accordance with the procedure and timelines prescribed in the Electronic Book Mechanism Guidelines and the Operational Guidelines of the EBP.</p> <p>For amounts payable by the Issuer to any PDI Holder pursuant to the terms of the Transaction Documents, Cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer to the specified bank account of the PDI Holder shall be the mode of settlement.</p>
Depository(ies)	NSDL and CDSL
Business Day	Means any day of the week (excluding non-working 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) in Mumbai and any other day on which banks are closed for customer business in Mumbai) on which the money market is functioning in Mumbai and "Business Days" shall be construed accordingly.
Business Day Convention	<p>If any Coupon Payment Date in respect of the Series 2021/5 PDIs falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment, however, the dates of the future Coupon payments in respect of such Series 2021/5 PDIs would be as per the schedule originally stipulated in the relevant Tranche Placement Memorandum. In other words, the subsequent Coupon payment schedule would not be disturbed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on non-Business Day.</p> <p>If the Redemption Date (including the last Coupon Payment Date) or the due date in respect of liquidated damages (if any) and all other monies payable under Series 2021/5 PDIs falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment.</p>
Disclosure of Interest/Dividend / redemption dates	Please see the section on ' Coupon Rate ' and ' Redemption Date ' above.
Record Date	The date which will be used for determining the PDI Holder(s) who shall be entitled to receive the amounts due on any due date, which shall be the date falling 15 (Fifteen) calendar days prior to any due date.
All covenants of the issue	As set out in Note 1 to the 'Summary Term Sheet' under the Shelf Placement

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(including side letters, accelerated payment clause, etc.)	Memorandum.
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 PDI holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/Shelf Placement Memorandum.	Not Applicable, as the Issue is Unsecured
Transaction Documents	This Shelf Placement Memorandum, Tranche Placement Memorandum, Trust Deed, Trustee Agreement and the Private Placement Offer Cum Application Letter, as amended from time to time, and any other document that may be designated by the Trustee as a Transaction Document.
Conditions Precedent to Disbursement	<ul style="list-style-type: none"> (i) The Issuer shall deliver to the Trustee, a certified true copy of the Issuer's constitutional documents, registration certificate and certificate of incorporation, as amended up-to-date; (ii) The Issuer shall deliver to the Trustee, consent letter from the Trustee conveying their consent to act as Trustees for the PDI Holder(s); (iii) The Issuer shall deliver to the Trustee, a certified true copy of the corporate authorisations of the Issuer authorising the issue of PDIs and also the execution of the necessary documents in that behalf; (iv) The Issuer shall obtain the in-principle approval for listing the PDIs on the WDM segment of the Stock Exchange; (v) The Issuer shall deliver to the Trustee, a copy of the rating letters in relation to the PDIs issued by the Rating Agencies; <p>Such other Conditions Precedent as set out in the Transaction Documents.</p>
Conditions Subsequent to Disbursement	<ul style="list-style-type: none"> (i) Filing of the return of allotment within the timelines specified under the Act and the rules made thereunder; (ii) Completion of listing of the PDIs on the WDM segment of the Stock Exchange; (iii) Credit of the PDIs in the demat account(s) of the allottees; <p>Such other Conditions Subsequent as set out in the Transaction Documents.</p>
Events of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	As per Note 2 of the Shelf Placement Memorandum.
Creation of recovery expense fund	<p>Details and purpose of the recovery expense fund:</p> <p>The Company has created a recovery expense fund with BSE and shall maintain the fund in the manner as specified in the SEBI Circular dated October 22, 2020 vide reference no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 and as may be supplemented or amended from time to time, and inform the Debenture Trustee about the same.</p> <p><u>Utilisation of Recovery Expense Fund:</u> In the event of default, the Trustee shall obtain the</p>

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	<p>consent of PDI Holders for enforcement of security (if any) and shall inform the same to the designated stock exchange. The amount lying in the Recovery Expense Fund shall be released by the designated stock exchange to the Trustee within five working days of receipt of such intimation. The Trustee shall keep a proper account of all expenses incurred out of the funds received from Recovery Expense Fund.</p> <p><u>Refund of Recovery Expense Fund to the Company:</u> The balance in the Recovery Expense Fund shall be refunded to the Company on repayment to the PDI Holders for which a 'No Objection Certificate (NOC)' shall be issued by the Trustee(s) to the designated stock exchange. The Trustee shall satisfy that there is no 'default' on any other listed debt securities of the Company before issuing the NOC.</p>		
Conditions for breach of covenants (as specified in Trust Deed)	As set out under the head "All covenants of Issue" and "Events of Default" in the Shelf Placement Memorandum.		
Provisions related to Cross Default Clause	Nil		
Role and Responsibilities of Trustee	To oversee and monitor the overall transaction for and on behalf of the PDI 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	As per the "Risk Factors" mentioned in Section O in the Shelf Placement Memorandum.		
Governing Law and Jurisdiction	The Issue shall be governed by and construed in accordance with Indian Law. The courts and tribunals in Mumbai shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the PDIs or the Transaction Documents.		
Due Diligence Certificate	The Issuer shall submit the due diligence certificate provided by the Trustee, to BSE in accordance with the Listing requirement. Such due diligence certificate is annexed hereto.		
Manner of bidding in the issue	Open bidding		
Manner of settlement	Through Indian Clearing Corporation Limited (ICCL) as per the details set out below		
Settlement cycle	Settlement shall be on T+1 day		
Manner of allotment	Uniform Price (Fixed Rate bidding)		
Minimum Bid Lot	Rs.1,00,00,000 (Rupees One Crore Only) and in the Multiples of Rs. 1,00,00,000/- (Rupees One Crore Only) thereafter.		
Terms and conditions of trustee agreement including fees charged by trustees(s), details of security to be created and process of due diligence carried out by the trustee	Please refer to Summary Term Sheet and Annexure VI of the Shelf Placement Memorandum.		
Terms of raising of securities	Duration, if applicable:	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment.	
	Rate of Interest:	7.68% p.a.(shall be increased by 50 bps on exercise of Step-up Option)	
	Mode of Payment	NEFT / RTGS	
	Mode of Repayment	Electronic clearing services (ECS)/credit through RTGS system/funds transfer	
Grant of advances against PDI	No advance shall be granted against the security of the PDI issued under the Series.		

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The Issuer shall maintain hundred percent asset cover sufficient to discharge the principal amount at all times for the non-convertible debt securities issued. The Company shall provide a half-yearly certificate regarding maintenance of hundred percent asset cover including compliance with all the covenants, in respect of listed non-convertible debt securities, by the statutory auditor, along with the financial results.

General Notes:

- a. If there is any change in Coupon Rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change shall be disclosed by the Company.
- b. The list of documents which has been executed in connection with the issue and subscription of debt securities is annexed with this Tranche Placement Memorandum.

Illustration of Cashflows

Name of the Issuer	HDB Financial Services Limited
Face Value (per security)	Rs. 1,00,00,000/- (Rupees One Crore Only) per PDI
Deemed Date of Allotment	Friday, October 29, 2021
Tenure and Redemption Date	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment.
Coupon Rate	7.68% p.a.(shall be increased by 50 bps on exercise of Step-up Option)
Frequency of the interest payment with specified dates	On October 29, every year until call option is exercised
Day Count Convention	Actual/Actual

Scenario 1: When Call Option is Exercised at the end of 10 years (Cashflows will change accordingly, if the Call Option is exercised at any future date through the life of the instrument)

Cash Flows	Day and date for coupon/ redemption becoming due	No. of Days for denominator	Amount in Rupees per PDI
1st coupon	Saturday, 29 October 2022	365	7,68,000.00
2nd coupon*	Sunday, 29 October 2023	365	7,68,000.00
3rd coupon	Tuesday, 29 October 2024	366	7,68,000.00
4th coupon	Wednesday, 29 October 2025	365	7,68,000.00
5th coupon	Thursday, 29 October 2026	365	7,68,000.00
6th coupon	Friday, 29 October 2027	365	7,68,000.00
7th coupon*	Sunday, 29 October 2028	366	7,68,000.00
8th coupon	Monday, 29 October 2029	365	7,68,000.00
9th coupon	Tuesday, 29 October 2030	366	7,68,000.00
10th coupon	Wednesday, 29 October 2031	365	7,68,000.00
Principal Repayment	On call exercise date**		1,00,00,000.00

*Since 29 October 2023 and 29 October 2028 would be falling on Sunday interest payment due on that day will be made on the next working day (as per SEBI's Operational Circular). All other interest calculations remain same.

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** After Step-up Option is exercised on October 30, 2021, interest payment will be done on actual day count basis at 8.18% p.a. till the life of the issue

Scenario 2 : When Call Option is Not Exercised			
Cash Flows	Day and date for coupon/ redemption becoming due	No. of Days for denominator	Amount in Rupees
Issue amount – Rs. 100,00,00,000/- with Green Shoe Option of Rs. 50,00,00,000/- to retain total subscription upto Rs. 150,00,00,000/-	October 29, of every calendar year	365 /366 (in the case of a leap year)	Rs. 7,68,000/- per debenture for initial 10 years Rs. 8,18,000/- per debenture post initial 10 years till the life of the issue
Interest	For initial 10 years – 7.68% p.a. Post initial 10 years (after exercise of Step-up Option) – 8.18% p.a. for the actual day count, till the life of the issue		

MANNER OF SETTLEMENT

- The eligible investors should complete the funds pay-in to the designated bank account of the Indian Clearing Corporation Ltd (ICCL) by 10:30 am on T+1 day.
- The participants must ensure to do the funds pay-in from the same bank account which is updated by them in the EBP platform while placing the bids.
- The Designated Bank Accounts of ICCL are as under:

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	YESB0CMSNOC
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD

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- In the event of the issue getting withdrawn, the funds refund would be initiated on T+1 day.
- In case of mismatch in the bank account details between bidding platform and the bank account from which payment is done by the eligible investors, the payment would be returned back. Further, pay-in received from any other bank account may lead to cancellation of bid and consequent debarment of the bidder from accessing EBP Platform for 30 days.
- Securities Settlement: Depositories will credit the securities to the demat account of the respective investor.

For HDB Financial Services Limited

**Name: Haren Parekh
Title: Chief Financial Officer
Date: October 28, 2021**

Encl: Due Diligence Certificate issued by the Debenture Trustee

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Due Diligence Certificate

Annexure A

ATSL/CO/21-22/4783
October 19, 2021

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001

Dear Sir / Madam,

SUB.: ISSUE OF UNSECURED, LISTED, RATED, PERPETUAL DEBT INSTRUMENTS IN THE NATURE OF NON CONVERTIBLE DEBENTURES AGGREGATING UPTO 500 CRORES TO BE ISSUED IN ONE OR MORE TRANCHES / SERIES BY HDB FINANCIAL SERVICES LIMITED

We, the debenture trustee to the above mentioned forthcoming issue state as follows:

- 1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
- 2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications, WE CONFIRM that:
 - a) The Issuer has made adequate provisions for and has taken steps to provide for adequate security for the debt securities to be issued – **NOT APPLICABLE.**
 - b) The Issuer has obtained the permissions/consents necessary for creating security on the said property – **NOT APPLICABLE.**
 - c) The Issuer has made all the relevant disclosures about the security and also its continued obligations towards the holders of debt securities – **NOT APPLICABLE.**
 - d) Issuer has adequately disclosed all consents/permissions required for creation of further charge on assets in offer document or private placement memorandum/information memorandum and all disclosures made in the offer document or private placement memorandum/information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement – **NOT APPLICABLE.**
 - e) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum.
 - f) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application – **NOT APPLICABLE.**
 - g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

For Axis Trustee Services Limited

Mangalagowri Bhat
Chief Transformation Officer

Registered Office:
Axis House, Bombay Dyeing Mills Compound, Pandhurang Budhkar Marg, Worli Mumbai - 400 025
Corporate Office:
The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai-400 028
Tel No.: 022-62300451 Fax No.: 022-6230 0700 Website- www.axistrustee.in
Corporate Identity Number: U74999MH2008PLC182264 | MSME Registered UAN: MH190046029



AXIS TRUSTEE