

DRAWDOWN PROSPECTUS



WITH YOU, RIGHT THROUGH

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

(incorporated in the Republic of India under the Companies Act, 1956 with CIN L70100MH1977PLC019916)

Issue of INR denominated 13,000,000,000 6.73 per cent. Notes due 2022 payable in U.S. Dollars issued pursuant to the U.S.\$750,000,000 Medium Term note Programme

The INR denominated 13,000,000,000 6.73 per cent. Notes due 2022 (the **Notes**) will be issued by Housing Development Finance Corporation Limited (the **Issuer**) under its U.S.\$750,000,000 Medium Term Note Programme (the **Programme**) as described in the base prospectus dated 14 February 2017 (the **Base Prospectus**). The Notes will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall, at all times, rank *pari passu* and without any preference or priority among themselves and shall also rank *pari passu* with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Issuer (subject to any obligations preferred under mandatory provisions of applicable law prevailing from time to time). The Notes will settle in U.S. dollars. The Issue Price will be payable in U.S. dollars in the amount of USD200,292,426.94 at the agreed conversion rate of INR64.9051 per one U.S. dollar, such conversion rate reported by the RBI and displayed on Reuters page “RBIB” at approximately 1:30 p.m., Mumbai time (adjusted for 1 day forward rate adjustment as determined by the initial purchaser), on 9 November 2017.

The Notes mature on 25 November 2022. The Notes will bear interest on their principal amount from time to time outstanding from and including 16 November 2017 at the rate of 6.73 per cent. per annum payable semi-annually in arrear on 25 May and 25 November in each year commencing on 25 May 2018. Although the Notes are denominated in INR, all payments of principal, interest on the Notes will be made in U.S. dollars without deduction for or on account of taxes imposed or levied by the Republic of India to the extent described under “*Terms and Conditions of the Notes – Taxation*” in the Base Prospectus.

Application has been made to the Financial Conduct Authority in its capacity as competent authority (the **UK Listing Authority**) for the Notes to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for the Notes to be admitted to trading on the London Stock Exchange’s regulated market. References in this Drawdown Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s regulated market and have been admitted to the Official List. The London Stock Exchange’s regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

INVESTING IN THE NOTES INVOLVES RISKS. PROSPECTIVE INVESTORS SHOULD CONSIDER THE RISK FACTORS INCORPORATED BY REFERENCE FROM THE BASE PROSPECTUS (SEE “Documents Incorporated by Reference” BELOW). THE NOTES WILL NOT BE RATED.

The Notes will initially be represented by beneficial interests in a global certificate (the **Global Certificate**) in registered form which will be registered in the name of a nominee of a common depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**). It is expected that delivery of the Global Certificate will be made on 16 November 2017 or such later date as may be determined (the **Closing Date**) by the Issuer.

For Indian regulatory purposes, the Notes constitute “Rupee denominated bonds” under the terms of the RBI Circular No. RBI/2015 16/193 A.P. (DIR Series) Circular No. 17 dated 29 September 2015, the RBI Master Directions, RBI/FED/2015-2016, FED Master Direction No. 5/2015-16 dated 1 January 2016, as updated and/or amended.

This Drawdown Prospectus has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act, 1956, the Companies Act, 2013, (each as amended, supplemented or re-enacted from time to time) and the rules framed thereunder and other applicable Indian laws for the time being in force. This Drawdown Prospectus has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies, the Reserve Bank of India or any stock exchange in India. This Drawdown Prospectus and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold or delivered within the United States, absent registration or an applicable exemption from registration under the Securities Act. The Notes are being sold in an “offshore transaction” pursuant to and as defined in Regulation S (**Regulation S**) under the Securities Act.

The date of this Drawdown Prospectus is 14 November 2017.

IMPORTANT INFORMATION

This Drawdown Prospectus constitutes a prospectus for the purposes of Article 5.3 of the Prospectus Directive. When used in this Drawdown Prospectus, Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA.

This Drawdown Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference”). This Drawdown Prospectus shall be read and construed on the basis that such documents are incorporated in, and form part of, this Drawdown Prospectus. Where there is any inconsistency between the Base Prospectus relating to the Programme, the language used in this Drawdown Prospectus shall prevail.

The Issuer accepts responsibility for the information contained in this Drawdown Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Drawdown Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Further, having made all reasonable enquiries, the Issuer confirms that this Drawdown Prospectus contains or incorporates all information which is material in the context of the Notes, that the information contained or incorporated in this Drawdown Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Drawdown Prospectus are honestly held and that there are no other facts the omission of which would make this Drawdown Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

No person is or has been authorised by the Issuer to give any information or to make any representation other than those contained in this Drawdown Prospectus or any other information supplied in connection with the Notes and, if given or made by any other person, such information or representations must not be relied upon as having been authorised by the Issuer.

Neither Trustee nor the Agents has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and, to the fullest extent permitted by law, no responsibility or liability is accepted by the Trustee or the Agents or any of them as to the accuracy or completeness of the information contained or incorporated in this Drawdown Prospectus. The Trustee and the Agents accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Drawdown Prospectus or any such statement.

Neither this Drawdown Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Trustee or the Agents that any recipient of this Drawdown Prospectus or any other information supplied in connection with the Notes should purchase any of the Notes.

Neither the delivery of this Drawdown Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

This Drawdown Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Drawdown Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions.

In accordance with applicable provisions of Indian regulations, only investors that are compliant with the FATF Requirements (as defined in the Base Prospectus) or are otherwise eligible under Indian regulations, are eligible to purchase or subscribe to the Notes. Further, banks incorporated in India and overseas branches and subsidiaries of such banks and related parties of the Issuer within the meaning of Indian Accounting Standards (Ind-AS) 24 are not permitted to purchase or hold the Notes in any manner whatsoever. By purchasing the Notes, each investor shall be deemed to have acknowledged, represented and agreed that such investor is eligible to purchase the Notes under applicable laws and regulations and is in compliance of the FATF Requirements or is otherwise eligible under Indian regulations for acquiring, owning or selling the Notes, is not an overseas branch or subsidiary of an Indian bank, is not a related party of the Issuer within the meaning of Ind-AS 24 or otherwise prohibited under any applicable law or regulation from acquiring, owning or selling the Notes and that so long as it holds any Notes, it will continue to be in compliance with the FATF Requirements or will continue to be otherwise eligible under Indian regulations for acquiring, owning or selling the Notes. Further, all Noteholders (including holders and beneficial owners) represent and agree that the Notes will not be offered or sold on the secondary market or offered as security to any person who does not meet the FATF Requirements or which is not otherwise eligible under Indian regulations for acquiring or owning the Notes, which is an offshore branch or subsidiary of an Indian bank or which is a related party of the Issuer within the meaning of Ind-AS 24. Potential investors should seek independent advice and verify compliance with the requirements under the ECB Master Directions (as defined in the Base Prospectus) including the FATF Requirements, prior to any purchase of the Notes.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Drawdown Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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RISK FACTORS

Prospective investors in the Notes should consider carefully the information contained in this Drawdown Prospectus and the documents which are incorporated by reference herein and in particular should consider all the risks inherent in making such an investment, including the following Risk Factors to be read in conjunction with the information in the section in the Base Prospectus on pages 8 through 33 thereof entitled “*Risk Factors*” (the **Programme Risk Factors**), before making a decision to invest. The Issuer has identified in the Programme Risk Factors a number of factors which could materially adversely affect its business and its ability to make payments due under the Notes. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described in the Programme Risk Factors.

In the event of any conflict between the descriptions under this “Risk Factors” in this Drawdown Prospectus and the descriptions under “Risk Factors” in the Base Prospectus, the following descriptions in this Drawdown Prospectus shall prevail.

The following Risk Factors are in addition to, and should be read in conjunction with, those in the Base Prospectus under “Risk Factors”.

Certain Conditions in favour of the Noteholders are contingent upon International Financial Corporation having a requisite holding of Notes

Pursuant to Condition 4.3, for so long as International Finance Corporation (**IFC**) is not a Noteholder holding greater than 50 per cent. of the aggregate principal amount of Notes outstanding, the affirmative covenants in section 1(A), the negative covenants in section 1(B), the financial covenants in section 1(C), and the use of proceeds and other covenants in section 1(D) of Schedule 1 to the Conditions (the **Additional Covenants**) shall not apply to the Issuer.

In addition, the following provisions in the Conditions shall not apply to the Issuer for so long as IFC is not a Noteholder:

- (a) the additional default rate interest payable by the Issuer if it fails to make any payment of principal or interest when due in accordance with Condition 5.1; and
- (b) the additional events of default set out in Conditions 10.1(j), (k) and (l),

(together, the **Additional Provisions**).

For so long as IFC does not have the requisite holding of Notes, any present or future Noteholder will not have the benefit of the Additional Covenants or, as the case may be, the Additional Provisions. Therefore, if IFC reduces its holding of the Notes, there may be a material and adverse effect on the price of the Notes and protections afforded to holders thereof.

Financial instability in other countries may cause increased volatility in Indian financial markets

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors’ reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm the Issuer’s business and its future financial performance.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. In particular, sub-prime mortgage loans in the United States have experienced increased rates of delinquency, foreclosure and loss. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major U.S. financial institutions. The United States continues to face adverse economic conditions, and, should a further downgrade of the sovereign credit ratings of the U.S. government occur, it is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade, which may have an adverse effect on the economic outlook across the world.

Recent developments in the Eurozone have exacerbated the ongoing global economic crisis. Large budget deficits and rising public debts in Europe triggered sovereign debt finance crises that resulted in the bailouts of European economies and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Moreover, in 2012, the sovereign ratings of various European Union countries were downgraded. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union.

On 23 June 2016, the United Kingdom held a referendum on its membership of the European Union and voted to leave (**Brexit**). On 29 March 2017 the UK government gave notice (the **Article 50 Notice**) to the President of the European Council of its intention to withdraw from the EU pursuant to Article 50 of the Treaty on European Union (**Article 50**). The delivery of the Article 50 Notice triggered the commencement of a negotiation process between the UK and the EU in respect of the arrangements for such withdrawal. Article 50 provides for a two year period for such negotiations to take place.

The delivery of the Article 50 Notice introduces significant new uncertainties and instabilities in the financial markets. There is significant uncertainty at this stage as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets.

These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and global credit and financial markets.

In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects. In the event that the current adverse conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on the Issuer's business and future financial performance.

TAXATION

See the Chapter in the Base Prospectus entitled “Taxation” for the other tax considerations applicable to the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Drawdown Prospectus and have been filed with the Financial Conduct Authority shall be incorporated in, and form part of, this Drawdown Prospectus:

- (a) the Base Prospectus, which was approved by the UK Listing Authority on 14 February 2017, other than information on the cover page thereof and the section therein entitled “Suitability of Investment”, “Overview of the Programme” and “General Information” which are not incorporated by reference therein, including the information set out at the following pages in particular:
- | | |
|--|------------------------------|
| Risk Factors..... | Pages 8 to 33 (inclusive) |
| Form of the Notes..... | Pages 35 to 38 (inclusive) |
| Terms and Conditions of the Notes..... | Pages 62 to 92 (inclusive) |
| Use of Proceeds..... | Page 93 |
| Description of the Issuer and the Group..... | Pages 107 to 127 (inclusive) |
| Taxation..... | Pages 158 to 163 (inclusive) |
| Subscription and Sale..... | Pages 164 to 170 (inclusive) |
- (b) the Auditors report and audited consolidated annual financial statements of the Issuer as at and for the financial year ended 31 March 2016;
- (c) the Auditors report and audited standalone annual financial statements of the Issuer as at and for the financial year ended 31 March 2016;
- (d) the Auditors report and audited consolidated annual financial statements of the Issuer as at and for the financial year ended 31 March 2017;
- (e) the Auditors report and audited standalone annual financial statements of the Issuer as at and for the financial year ended 31 March 2017;
- (f) the Auditors report and the interim unaudited condensed consolidated financial statements of the Issuer for the quarter ended 30 June 2017;
- (g) the Auditors report and the interim unaudited condensed standalone financial statements of the Issuer for the quarter ended 30 June 2017;
- (h) the Auditors report and the interim unaudited condensed consolidated financial statements of the Issuer for the quarter / six months ended 30 September 2017; and
- (i) the Auditors report and the interim unaudited condensed standalone financial statements of the Issuer for the quarter / six months ended 30 September 2017.

Copies of documents incorporated by reference in this Drawdown Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agents for the time being in London and will be available for viewing on the website of the Regulatory News Service operated by the

London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Drawdown Prospectus shall not form part of this Drawdown Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Drawdown Prospectus.

RECENT DEVELOPMENTS

Since the date of the Base Prospectus, the following key developments have taken place in relation to the Group (as defined in the Base Prospectus):

Appointment of new statutory auditors

At the Fortieth Annual General Meeting (AGM) of the Issuer held on 26 July 2017, Messrs B S R & Co. LLP, Chartered Accountants have been appointed as statutory auditors of the Issuer for a period of five (5) consecutive years to hold office as such from the conclusion of the said AGM until the conclusion of the forty-fifth AGM of the Issuer, subject to ratification by members of the Issuer at every subsequent AGM.

Termination of the Scheme among HDFC Standard Life Insurance Company Limited (HDFC Life), Max Life Insurance Company Limited (Max Life), Max Financial Services Limited (Max Financial) and Max India Limited (Max India)

As set out on pages 123 to 124 of the Base Prospectus, on 8 August 2016, the Board of Directors of HDFC Life, Max Life, Max Financial and Max India, at their respective board meetings, approved entering into definitive agreements for the amalgamation of the businesses between the above entities through a composite Scheme of Arrangement (**Scheme**), and certain regulatory approvals were pending as at the date of the Base Prospectus. These agreements and the Scheme were subsequently terminated by mutual agreement on 31 July 2017, because the parties did not receive the requisite regulatory approvals.

Filing of draft red herring prospectus (DRHP) in relation to a potential initial public offering by HDFC Life

Pursuant to resolutions dated 18 July 2017 and 28 July 2017, the board of directors of HDFC Life and a duly empowered committee of the board of directors of HDFC Life approved an initial public offering of up to 299,827,818 equity shares by HDFC Life (**IPO**). The IPO entails an offer for sale of 191,246,050 equity shares by HDFC and up to 108,581,768 equity shares by Standard Life (Mauritius Holdings) 2006 Limited. On 18 August 2017, HDFC Life filed a DRHP dated 18 August 2017 with the Securities and Exchange Board of India (**SEBI**). The IPO remains subject to the receipt of requisite approvals.¹

Merger of HDFC ERGO General Insurance Co. Ltd. and HDFC General Insurance Ltd.

The Board of Directors of HDFC ERGO General Insurance Co. Ltd., one of the Issuer's subsidiaries (**Transferor Company**) and HDFC General Insurance Ltd., a subsidiary of the Transferor Company (**Transferee Company**), at its meeting held on 9 September 2016, approved a scheme of arrangement (the **Scheme**) for merger of the Transferor Company with the Transferee Company.

¹ HDFC Life is proposing, subject to, receipt of requisite approvals, market conditions and other considerations, to undertake an initial public offer of its Equity Shares and has filed a DRHP dated 18 August 2017, as amended, with SEBI. The DRHP is available on the websites of SEBI, BSE, NSE at www.sebi.gov.in, www.bseindia.com and www.nseindia.com, respectively, and at the websites of the Global Co-ordinators and Book Running Lead Managers at <https://www.morganstanley.com/about-us/globaloffices/india>, www.hdfcbank.com, <https://www.credit-suisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html>, www.india.clsa.com, www.nomuraholdings.com/company/group/asia/india/index.html, respectively and the Book Running Lead Managers at www.edelweissfn.com, <http://www.htisec.com/en-us/haitong-india>, www.idfcbank.com, www.iiflcap.com and www.ubs.com/indianoffers, respectively. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, please refer to the DRHP including the section titled "Risk Factors" on page 23 of the DRHP. Potential investors should not rely on the DRHP filed with SEBI in making any investment decision. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. The Equity Shares have not been and will not be registered under the US Securities Act of 1933 ("U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable United States state securities laws.

The National Company Law Tribunal, Mumbai Bench (**NCLT**), through its order dated 23 June 2017 sanctioned the said Scheme and the Insurance Regulatory and Development Authority of India through its letter dated 14 August 2017 gave its final approval for the said Scheme. The effective date of the merger was 16 August 2017. Pursuant to receipt of requisite approvals, with effect from such effective date, the name of the merged entity is HDFC ERGO General Insurance Co. Ltd.

FINAL TERMS OF THE NOTES

Housing Development Finance Corporation Limited

Issue of INR13,000,000,000 6.73 per cent. Notes due 2022 payable in U.S. Dollars (the Notes)

under the U.S.\$750,000,000

Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated 14 February 2017 and the Drawdown Prospectus dated 14 November 2017 which together constitute a base prospectus for the purposes of the Prospectus Directive (the **Prospectus**). This document (including the Annex hereto) constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus including the Conditions incorporate by reference in the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus and (in the case of Notes listed and admitted to trading on the regulated market of the London Stock Exchange) the applicable Final Terms will also be published on the website of the London Stock Exchange (www.londonstockexchange.com/rns).

1. Issuer: Housing Development Finance Corporation Limited
2. (a) Series Number:..... 2
(b) Tranche Number: 1
(c) Date on which the Notes will be consolidated and form a single Series: ... Not Applicable
3. Specified Currency or Currencies: The lawful currency of India (**Indian Rupees** or **INR**), provided that all payments in respect of the Notes will be made in United States Dollars (**USD**)
4. Aggregate Nominal Amount:
(a) Series:..... INR13,000,000,000
(b) Tranche: INR13,000,000,000
5. (a) Issue Price: 100 per cent. of the Aggregate Nominal Amount

The Issue Price will be payable in USD and will be based on the Aggregate Nominal Amount (in INR) divided by the conversion rate reported by the RBI and displayed on Reuters page “RBIB” at approximately 1:30 p.m., Mumbai (adjusted for 1 day forward rate adjustment as determined by the Noteholders) on 9 November 2017.

(b) Net proceeds: INR13,000,000,000

6. (a) Specified Denominations: INR10,000,000 and integral multiples thereof
- (b) Calculation Amount (in relation to calculation of interest in global form see Conditions):..... INR10,000,000
7. (a) Issue Date:..... 16 November 2017
- (b) Interest Commencement Date: Issue Date
8. Maturity Date: 25 November 2022 (subject to adjustment in accordance with item 23 below)
9. Interest Basis: 6.73 per cent. Fixed Rate (further particulars specified below)
10. Redemption Basis:..... Redemption at par
11. Change of Interest Basis:..... Not Applicable
12. Put/Call Options: Not Applicable
13. (a) Date of board approval for issuance of Notes obtained: 4 May 2017
- (b) Date of regulatory approval/consent for issuance of Notes obtained:..... 28 July 2017
14. Method of distribution:..... Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: Applicable
- (a) Rate(s) of Interest:..... 6.73 per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s):..... 25 May and 25 November in each year up to and including the Maturity Date (each as may be subject to adjustment in accordance with item 23 below). The first Interest Payment Date shall be 25 May 2018 (*long first coupon*).
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):..... INR336,500 per Calculation Amount, payable in USD by applying the following formula:

INR336,500 divided by the Reference Rate, as defined in Condition 7.1
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):..... INR353,325 per Calculation Amount, payable on the Interest Payment Date falling on 25 May 2018

- (e) Day Count Fraction: 30/360
- (f) Determination Date(s): Not Applicable
- 16. Floating Rate Note Provisions Not Applicable
- 17. Zero Coupon Note Provisions Not Applicable

PROVISIONS RELATING TO REDEMPTION

- 18. Issuer Call: Not Applicable
- 19. Investor Put: Not Applicable
- 20. Final Redemption Amount The Final Redemption Amount per Calculation Amount will be payable in USD and determined by the Calculation Agent, on the Rate Fixing Date in respect of the Maturity Date, in accordance with Condition 7.1
- 21. Early Redemption Amount payable on event of default: The Final Redemption Amount as determined in accordance with Condition 7.1; *provided that*, for purposes of such determination, the Scheduled Rate Fixing Date shall be the date that is two Fixing Business Days prior to the date upon which the Notes become due and payable. In addition, the Early Redemption Amount shall also be deemed to include the Make Whole Amount (as defined below).

For the purposes hereof, the “Make Whole Amount” means, in relation to a Note, the aggregate amount in Indian Rupees determined by the relevant Noteholder in good faith, being all reasonable costs that the relevant Noteholder will incur as a result of that Note being redeemed or accelerated on any date prior to the Maturity Date on account of a payment default that has not been cured within the grace period for the same, based on (i) the present value of the excess of the coupon payable in respect of the Notes over the rate or rates at which the relevant Noteholder can redeploy amounts redeemed or accelerated in Indian government securities calculated from the time of early redemption until the Maturity Date of the Notes and (ii) the costs incurred on unwinding the INR-USD hedges in the relevant Noteholder’s funding of the Note.

For the avoidance of doubt, the calculation of the Make Whole Amount shall not be a duty or obligation of the Trustee, the Calculation Agent or the Principal Paying Agent.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 22. Form of Notes: Registered Notes:

Registered Global Note (INR13,000,000,000 nominal amount) registered in the name of a nominee for a common depository for Euroclear and Clearstream (*specify nominal amounts*).

23. Additional Financial Centres:..... New York, London and Mumbai
24. Talons for future Coupons to be attached to Definitive Notes: No
25. Redenomination applicable: Not Applicable
26. Other terms or special conditions Not Applicable

DISTRIBUTION

27. (a) If syndicated, names of Managers:..... Not Applicable
- (b) Stabilising Manager(s) (if any): Not Applicable
28. If non-syndicated, name of relevant Dealer: International Finance Corporation
29. Whether TEFRA D or TEFRA C rules are applicable or TEFRA rules are not applicable: TEFRA rules are not applicable
30. U.S. Selling Restrictions: Category 1
31. Additional Selling Restrictions: Not Applicable

OPERATIONAL INFORMATION

32. Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s): Not Applicable
33. Delivery:..... Delivery free of payment
34. Additional Paying Agent(s) (if any): Not Applicable

ISIN: XS1719091123

Common Code: 171909112

THIRD PARTY INFORMATION

These Final Terms comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$750,000,000 Medium Term Note Programme of Housing Development Finance Corporation Limited.

Signed on behalf of Housing Development Finance Corporation Limited

By: _____
Duly authorised

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to Trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market, and listing is expected to be made on the Official List of the UK Listing Authority, with effect from 16 November 2017.
- (ii) Estimate of total expenses related to Admission to Trading: GBP3,600

2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Dealer and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

3. YIELD (*Fixed Rate Notes Only*)

Indication of yield: 6.73 per cent.

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

4. OPERATIONAL INFORMATION

- (i) ISIN:..... XS1719091123
- (ii) Common Code: 171909112
- (iii) Any clearing system(s) other than Euroclear and Clearstream, and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery free of payment
- (v) Names and addresses of additional Paying Agent(s) (if any):..... Not Applicable

5. DISTRIBUTION

- (i) Method of distribution: Non-syndicated
- (ii) If syndicated, names of Managers:..... Not Applicable
- (iii) Date of Subscription Agreement:..... 22 June 2017
- (iv) Stabilisation Manager(s) (if any): Not Applicable

- (v) If non-syndicated, name of relevant Dealer:..... International Finance Corporation
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 1; TEFRA rules are not applicable

This communication is intended for the sole use of the person to whom it is provided by the sender.

THE INFORMATION CONTAINED HEREIN DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFERING OR SOLICITATION. THE SECURITIES DESCRIBED HEREIN HAVE NOT, AND WILL NOT, BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, INTO THE UNITED STATES UNLESS THE SECURITIES ARE SO REGISTERED OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS IS AVAILABLE. IF A JURISDICTION REQUIRES SUCH OFFERING BE MADE BY A LICENSED BROKER OR DEALER AND THE UNDERWRITERS OR ANY AFFILIATE OF THE UNDERWRITERS IS A LICENSED BROKER OR DEALER IN THAT JURISDICTION, THEN SUCH OFFERING SHALL BE DEEMED TO BE MADE BY THE UNDERWRITERS OR SUCH AFFILIATE ON BEHALF OF THE ISSUER IN SUCH JURISDICTION.

ANNEX TO FINAL TERMS

The following changes shall be deemed to have been made to the Conditions:

(A) Condition 4.1 shall be deemed to have been replaced by the following:

“4.1 Negative pledge

- (a) Subject to paragraph (c) below, the Issuer shall not without an Extraordinary Resolution of the Noteholders create or permit to subsist any Security over any of its properties, assets and effects of whatsoever nature, belonging to or owned by the Issuer (the "**Said Properties and Assets**"). Nothing in this Condition shall prevent the Issuer from agreeing to a similar covenant as set out in this Condition with any of its other present or future lenders.
- (b) Paragraph (a) above does not apply to:
 - (i) any existing security as set out in the Issuer’s annual report for financial year 2015-16;
 - (ii) any lien arising by operation of law or any regulation; and
 - (iii) any Security created over the Said Properties and Assets provided that the aggregate value of the Said Properties and Assets so secured (when aggregated with the value of all other Said Properties and Assets secured pursuant to this sub-paragraph (iii)) does not exceed five per cent. (5%) of the value of the Total Assets of the Issuer.
- (c) For the avoidance of doubt, paragraph (a) does not apply to any negative lien or negative pledge provided by the Issuer to its lenders.

For the purposes hereof:

“**Security**” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having similar effect; and

“**Total Assets**” means total assets, as calculated under the Accounting Standards.”

(B) A new Condition 4.3 shall be deemed to have been added immediately after Condition 4.2 which shall read as follows:

“4.3 Additional Covenants

- (a) If, at any time, International Finance Corporation (**IFC**) is a Noteholder holding greater than 50 per cent. of the aggregate principal amount of the Notes outstanding, then the Issuer shall comply with the provisions of Sections 1(A), 1(B), 1(C) and 1(D) under Schedule 1 hereto (**Additional Covenants**). For the avoidance of doubt, these Additional Covenants shall not apply if IFC is no longer a Noteholder or is a Noteholder holding less than (or equal to) 50 per cent. of the aggregate principal amount of the Notes outstanding.

In this context, the Issuer shall promptly notify the Trustee (on behalf of the Noteholders) and the Principal Paying Agent in writing in the event IFC (i) ceases to be a Noteholder; or (ii) reduces its holding of the Notes to less than (or equal to) 50 per cent. of the aggregate principal amount of the Notes outstanding and the Trustee and the Principal Paying Agent shall be entitled to rely absolutely and without further inquiry upon such notice and shall not

be liable to any person by so doing. The Trustee and the Principal Paying Agent shall be entitled to assume that IFC (i) remains a Noteholder; and (ii) continues to hold more than 50 per cent. of the aggregate principal amount of the Notes outstanding, in the absence of any such notification of the Issuer.

(b) In addition, and notwithstanding anything to the contrary contained in these Conditions, any modification or waiver of the Additional Covenants may be made by way of an Extraordinary Resolution; provided that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of greater than 50 per cent. of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of greater than 50 per cent. in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of greater than 50 per cent. in nominal amount of the Notes for the time being outstanding shall, in each case, be effective as (and shall be deemed to be) an Extraordinary Resolution of the Noteholders for this purpose.”

(C) A new sub-paragraph shall be deemed to have been inserted immediately after the first sub-paragraph of Condition 5.1 which shall read as set out below.

“If IFC is a Noteholder, all outstanding Notes shall bear additional default rate interest as set out in Section 3 of Schedule 1 hereto (as shall be determined by the Principal Paying Agent in accordance therewith). For the avoidance of doubt, this provision shall not apply if IFC is no longer a Noteholder.”

(D) Paragraph number 4 under the heading “*Fallback Provisions - (b) Applicable Price Source Disruption Fallbacks*” in Condition 7.1 which reads “Calculation Agent Determination of Reference Rate” shall be deemed to have been deleted.

(E) Condition 7.2 shall be deemed to have been deleted and, consequently, Condition 4.2(e) shall be deemed to have been deleted as well.

(F) The reference to “U.S.\$50 million” in Condition 10.1(d) shall be deemed to have been replaced by “U.S.\$25 million”.

(G) A new Condition 10.1(j), (k) and (l) shall be deemed to have been added immediately after Condition 10.1(i) which shall read as set out below. In addition, the present Condition 10.1(j) shall be renumbered to 10.1(m).

“(j) any representation or warranty contained in Schedule 2 is found to be incorrect in any material respect;

(k) any authorization necessary for the Issuer to comply with its obligations under the Notes or the Trust Deed, or to carry on its business or operations, is not obtained when required or is rescinded, terminated, lapses or otherwise ceases to be in full force and effect, and is not restored or reinstated within 30 days of notice by the Trustee to the Issuer;

(l) the Notes, the Trust Deed or any of their respective provisions for any reason is terminated, revoked, declared void, repudiated or its validity or enforceability at any time is challenged by any person unless such repudiation or challenge is withdrawn within 30 days of the Trustee’s notice to the Issuer, except that no such notice shall be required or, as the case may be, the notice period shall terminate if and when that repudiation or challenge becomes effective; or”

Notwithstanding the aforesaid, the amendments set out in this paragraph (G) shall not apply if IFC is no longer a Noteholder.

- (H) A new Schedule 1 shall be deemed to have been inserted immediately after Condition 19.4 and shall read as provided below.
- (I) A new Schedule 2 shall be deemed to have been inserted immediately after Schedule 1 of the Conditions and shall read as provided below.

SCHEDULE 1 TO THE TERMS AND CONDITIONS OF THE NOTES

1. Additional Covenants

The Trustee has no responsibility for monitoring or verifying the Issuer's compliance with the covenants and obligations set out in this Schedule 1 (including the Annexes) and shall have no liability to any party for any liabilities arising by reason of any breach by the Issuer thereof. Delivery of any such information to the Trustee is for informational purposes only and the Trustee's receipt of them will not constitute actual or constructive notice or knowledge of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its or their covenants hereunder. The Trustee shall not be responsible for publishing or otherwise providing any such information to the Noteholders.

A. Affirmative Covenants

Unless the Trustee (acting on an Extraordinary Resolution of the Noteholders) otherwise agrees in writing, the Issuer shall:

- (i) appoint and maintain internationally recognized external auditors;
- (ii) upon the Trustee's request (acting on an Extraordinary Resolution of the Noteholders) and with reasonable prior notice to the Issuer, permit the Trustee's representatives, including (where IFC is a Noteholder) the Compliance Advisor Ombudsman (CAO) and consultants to visit and inspect the premises where the business of the Issuer is conducted and to have access to its books of account and records and to its employees and agents to the extent as permitted under law; make best efforts to secure access to the premises of Eligible Sub-borrowers for the Trustee's representatives, including (where IFC is a Noteholder) the CAO for the purpose of environmental and social reviews; provided that no such reasonable prior notice shall be necessary if an Event of Default or Potential Event of Default is continuing;
- (iii) maintain in force, and comply with, all Authorizations which are necessary for the carrying out of the Issuer's business and operations generally, including, without limitation, for the making of Eligible Sub-loans, and the compliance by the Issuer with all its obligations hereunder;
- (iv) institute, maintain and comply with internal policies, procedures and controls consistent with its business and customer profile, for the purpose of ensuring that it will not enter into any transaction (i) with, or for the benefit of, any of the persons or entities named on lists promulgated by, or (ii) related to any activity prohibited by, the United Nations Security Council or its committees pursuant to any resolution under Chapter VII of the United Nations Charter;
- (v) consistent with its business and customer profile, institute, maintain and comply with internal policies, procedures and controls for anti-money laundering and combating the financing of terrorism (AML/CFT) that are in compliance with national laws and regulations and in furtherance of applicable international AML/CFT best practice;

- (vi) maintain insurance coverages for the Issuer's business and properties, as specified in ANNEX 2;
- (vii) implement the agreed social and environmental requirements, ensure the continuing screening of Eligible Sub-borrowers against the E&S Questionnaire including, without limitation, any requirements implied by applicable law, the Exclusion List, the relevant Performance Standards and review of the environmental and social performance of the Eligible Sub-borrowers;
- (viii) comply with the reporting requirements specified in ANNEX 4;
- (ix) ensure that all financial statements are prepared in accordance with Accounting Standards and that all financial calculations to be made under, or for the purposes of, the Notes or any other document relating to the Programme or the issue of the Notes thereunder shall be made in accordance with the Accounting Standards and, except as otherwise required to conform to any provision hereunder, shall be calculated from the then most recently issued financial statements which the Issuer is obligated to furnish to the Trustee under (viii) above.

B. Negative Covenants

Unless the Trustee (acting on an Extraordinary Resolution of the Noteholders) gives prior written approval, the Issuer shall not:

- (i) declare or pay any dividend or make any distributions on its share capital (other than dividends or distributions payable in shares of the Issuer), if an Event of Default has occurred and is then continuing, and if after giving effect to any such action, the Issuer would not be in compliance with the financial covenants set out under Section 1(C);
- (ii) purchase, redeem or otherwise acquire any shares of the Issuer or any option over them, if an Event of Default has occurred and is then continuing, and if after giving effect to any such action, the Issuer would not be in compliance with the financial covenants set out under Section 1(C);
- (iii) change its constitutive documents or the nature or scope of its business or operations in such a way as to have a Material Adverse Effect;
- (iv) (a) use proceeds of the Notes in the territories of any country that is not a member of the World Bank or for reimbursements of expenditures in those territories or for goods produced in or services supplied from any such country; or (b) any other purpose other than as specified in Section 1(D) as the intended use of proceeds of the Notes;
- (v) conduct business with a Shell Bank or enter into any transaction with, or transmit any funds through, a Shell Bank;
- (vi) amend the E&S Questionnaire or provide funding to Eligible Sub-borrowers engaged in any activities on the Exclusion List;
- (vii) engage in (nor authorize or permit any Affiliate, Eligible Sub-borrower or any other Person acting on its behalf to engage in) with respect to its housing

finance company license or any transaction contemplated hereunder, any Sanctionable Practices. The Issuer further covenants that should the Trustee (acting on an Extraordinary Resolution of the Noteholders) notify the Issuer of its concerns that there has been a violation of the provisions of this Section or of the representations and warranties scheduled to the Conditions, it shall cooperate in good faith with the Trustee and its representatives in determining whether such a violation has occurred, and shall respond promptly and in reasonable detail to any notice from the Trustee, and shall furnish documentary support for such response upon the Trustee's request (acting on an Extraordinary Resolution of the Noteholders);

- (viii) voluntarily delist the Notes or permit or suffer the Notes to be delisted at any time during the tenor; or
- (ix) claim any immunity or limitation of liability against any payment obligations arising towards the Trustee (or Noteholders) in connection with the Notes.

C. Financial Covenants

The Issuer shall prudently manage its financial position in accordance with sound banking and financial practices, applicable laws and the National Housing Bank prudential standards including maintenance of required thresholds for financial parameters and ratios. Notwithstanding the above, unless the Trustee (acting on an Extraordinary Resolution of the Noteholders) otherwise agrees, the Issuer shall at all times maintain, and abstain from any action which may result in the breach of, the financial parameters provided below:

- (i) a Risk Weighted Capital Adequacy Ratio of not less than ten percent (10%); and
- (ii) an Equity to Assets Ratio of not less than five percent (5%).

To the extent that regulations impose financial requirements or ratios (i) that are more stringent than the ones set out above, the Issuer shall observe and comply with those more stringent requirements or ratios; or (ii) in addition to the ones set out above, the Issuer shall observe and comply with the same as well.

D. Use of Proceeds and Other Provisions in relation to Eligible Sub-Loans

- (i) The proceeds of the Notes shall be used by the Issuer exclusively to finance Eligible Sub-projects by way of loans to Eligible Sub-borrowers. None of the proceeds of the Notes may be used to refinance or reschedule existing indebtedness of an Eligible Sub-borrower to the Issuer.
- (ii) The Issuer agrees that it shall allocate INR 39,000,000,000 (Indian Rupees Thirty Nine Billion) from its own resources to exclusively finance Eligible Sub-projects by way of loans to Eligible Sub-borrowers.
- (iii) The Issuer shall fully utilize the proceeds of the Notes as well as the amount under sub clause D(ii) above to extend loans to Eligible Sub-borrowers for Eligible Sub-projects, before the Maturity Date. The Issuer shall apply the E&S Questionnaire to all loans extended for affordable housing projects (as per the Pradhan Mantri Awas Yojana – Housing for All (Urban) Scheme),

until the Issuer fully utilizes the proceeds of the Notes as well as the amount under paragraph D(ii) above.

- (iv) make all appropriate arrangements to ensure that each loan to an Eligible Sub-borrower is made in such form and upon such terms and conditions as to require each Eligible Sub-borrower to: (i) carry out the relevant Eligible Sub-project; (ii) at all times comply with, and/or (as the case may be) fulfill all the requirements and conditions for the qualification of Eligible Sub-borrowers and Eligible Sub-projects; (iii) design, construct, operate and maintain and monitor all of its sites, plant, equipment and facilities included in the relevant Eligible Sub-project in accordance with the S&E Requirements; (iv) as soon as possible, but no later than 3 days after its occurrence, notify the Issuer of any incident, accident or circumstance occurring on any site, plant, equipment or facility included in the relevant Eligible Sub-project or in any manner associated with its implementation and/or operation having or which could reasonably be expected to have a material adverse impact on the implementation or operation of the relevant Eligible Sub-project in compliance with the S&E Requirements, or an adverse effect on the environment, health or safety, including without limitation, explosions, spills or workplace accidents which result in death, serious or multiple injury or major pollution, specifying, in each case, the nature of the incident, accident or circumstance and the impact or effect arising or likely to arise therefrom, and the measures to be taken, or plans to be taken, to address them and prevent any future similar event; and keep the Issuer informed of the on-going implementation of those measures; (v) in each year submit to the Issuer a report on that Eligible Sub-borrower's performance in connection with the S&E Requirements containing the necessary information to support the Issuer's social and environmental performance report to be delivered to the Trustee; (vi) permit representatives of the Trustee, (where IFC is a Noteholder) the CAO and/or the Issuer to visit any sites, plants, equipment or facilities included in the relevant Eligible Sub-project and any premises where the business of the Eligible Sub-borrower associated with that Eligible Sub-project is conducted and to have access to that Eligible Sub-borrower's books of account and records and to its employees and agents; (vii) provide such information as the Issuer may from time to time reasonably require with respect to the operations and financial condition of that Eligible Sub-borrower and the relevant Eligible Sub-project; and (viii) ensure that the proceeds of the relevant loan given to an Eligible Sub-borrower are not used in reimbursement of, or used for, expenditures in the territories of any country which is not a member of the World Bank or for goods produced or services supplied from such territories.
- (v) supervise and monitor the implementation of Eligible Sub-projects, diligently exercise its rights under the agreements evidencing the Eligible Sub-loans, and use its best efforts to enforce the provisions of those agreements.

2. Definitions:

A. For the purposes of Sections 1(A), 1(B) and 1(D) above:

“Accounting Standards” means Indian generally accepted accounting principles promulgated by the Institute of Chartered Accountant of India (“ICAI”), together with its pronouncements thereon from time to time, and applied on a consistent basis;

"Affiliate" means with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person (where **"control"** means the power to direct the management or policies of a Person, directly or indirectly, provided that the direct or indirect ownership of 20% or more of the voting share capital of a Person is deemed to constitute control of such Person, and **"controlling"** and **"controlled"** have corresponding meanings);

"Applicable S&E Law" means all applicable statutes, laws, ordinances, rules and regulations of India, including but not limited to any license, permit or other governmental Authorization imposing liability or setting standards of conduct concerning any environmental, social, labor, health and safety or security risks of the type contemplated by the Performance Standards;

"Authority" means any national, supranational, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any Person, whether or not government owned and howsoever constituted or called, that exercises the functions of a central bank);

"Authorization" means any consent, registration, filing, agreement, notarization, certificate, license, approval, permit, authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors' and shareholders' approvals or consents;

"Coercive Practice" has the meaning assigned to it in ANNEX 5;

"Collusive Practice" has the meaning assigned to it in ANNEX 5;

"Corrupt Practice" has the meaning assigned to it in ANNEX 5;

“E&S Questionnaire” means the questionnaire annexed as ANNEX 6 hereto to be used by the Issuer for assessment of an Eligible Sub-borrower to undertake the Eligible Sub-project in accordance with S&E Requirements;

“Eligible Sub-borrower” means any legal entity organized and existing under the laws of India which:

- (i) is at least majority privately owned (i.e. not majority owned or controlled by the government);
- (ii) is not a Related Party or an Affiliate of the Issuer;
- (iii) is a developer developing housing projects and conducts its business and operations primarily in India; and

- (iv) is not primarily engaged in any of the activities on the Exclusion List;

“Eligible Sub-project” means any residential housing development project that:

- (i) complies with the applicable laws of India including the social and environmental requirements of India, and either already complies with the Performance Standards or is expected to comply with the same upon implementing a time bound corrective action plan resulting from a systematic application of the E&S Questionnaire;
- (ii) is located in India and does not finance expenditures in any country not a member of the World Bank;
- (iii) comprises of housing units meeting the criteria of affordable housing as per the Pradhan Mantri Awas Yojana – Housing For All (Urban) Scheme dated March 2016 released by the Ministry of Housing and Urban Poverty Alleviation, Government of India (“PMAY”), as amended from time to time; and
- (iv) is not a slum rehabilitation project.

“Exclusion List” means the list of prohibited activities set forth in ANNEX 1;

“Fraudulent Practice” has the meaning assigned to it in ANNEX 5;

“Group” means the Issuer and its subsidiaries taken as a whole;

“Material Adverse Effect” means a material adverse change, in or affecting the business, condition (financial, operational, legal or otherwise), financial or trading position, shareholders’ equity, results of operations, properties, assets, profitability, general affairs or prospects of the Issuer or the Group taken as a whole, whether or not in the ordinary course of business;

“Obstructive Practice” has the meaning assigned to it in ANNEX 5;

“Performance Standards” means IFC's Performance Standards on Social & Environmental Sustainability, dated January 1, 2012, copies of which are available publicly on the IFC website at <http://www.ifc.org/performancestandards>;

“Person” means any natural person, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, Authority or any other entity whether acting in an individual, fiduciary or other capacity;

“Potential Event of Default” any event or circumstance which would, with notice, lapse of time, the making of a determination or any combination thereof, become an Event of Default;

“Related Party” means, with respect to any Person, any other Person meeting any of the following criteria: (i) each member of such Person's board of directors, supervisory board or equivalent body; (ii) each member of such Person's executive management; (iii) each Person holding, directly or indirectly, more than five percent (5%) of the voting or non-voting share capital of such Person; (iv) each of the parents, children and siblings of the Persons falling under clauses (i) through (iii) above; (v) each of the spouses of the Persons falling under clauses (i) through (iv) above; and (vi) each of the Affiliates of the Persons falling under clauses (i) through (v) above;

"Relevant Financing Operations" means the on-lending operations of the Issuer for financing Eligible Sub-projects by extending loans to Eligible Sub-borrowers for an aggregate amount of INR 52,000,000,000 (Indian Rupees Fifty Two Billion), out of which INR 13,000,000,000 (Indian Rupees Thirteen Billion) is financed by the Notes and INR 39,000,000,000 (Indian Rupees Thirty Nine Billion) is allocated by the Issuer from its own resources;

"S&E Management System" means the social and environmental management system of the Issuer, as implemented and/or in effect from time to time, that enables the Issuer to identify, assess and manage the social and environmental risks in respect of the Relevant Financing Operations in accordance with the S&E Requirements;

"S&E Requirements" means the social and environmental obligations to be undertaken by the Eligible Sub-borrowers to ensure compliance with: (i) the Exclusion List; (ii) Applicable S&E Laws; and (iii) the Performance Standards;

"Sanctionable Practice" means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice, as those terms are defined herein and interpreted in accordance with the Anti-Corruption Guidelines attached hereto as ANNEX 5;

"Shell Bank" means a bank incorporated in a jurisdiction in which it has no physical presence and which is not an Affiliate of a regulated (i) bank or (ii) financial group;

"Subsidiary" means with respect to any Person, any entity over 50% of whose capital is owned, directly or indirectly, by that Person; or for which that Person may nominate or appoint a majority of the members of the board of directors or persons performing similar functions; or which is otherwise effectively controlled by that Person;

"Total Capital" means, with respect to the Issuer, the amount computed in accordance with the table set forth in PART 2 of ANNEX 3; and

"World Bank" means the International Bank for Reconstruction and Development, an international organization established by Articles of Agreement among its member countries.

B. For the purposes of Section 1(C) above:

"Accounting Standards" means Indian generally accepted accounting principles promulgated by the Institute of Chartered Accountant of India ("ICAI"), together with its pronouncements thereon from time to time, and applied on a consistent basis;

"Affiliate" means with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person (where "control" means the power to direct the management or policies of a Person, directly or indirectly, provided that the direct or indirect ownership of 20% or more of the voting share capital of a Person is deemed to constitute control of such Person, and "controlling" and "controlled" have corresponding meanings);

"Country" means the Republic of India;

"Economic Group" means, with respect to any Person, all Persons that are Affiliates or Related Parties of such Person;

"Equity to Assets Ratio" means the result obtained by dividing: (i) Shareholders' Equity; by (ii) Total Assets;

“Exposure” means with respect to any Person or Economic Group, the aggregate of all on-balance sheet assets (including equity) and off-balance sheet commitments and contingencies of the Issuer to such Person or Economic Group, less any related cash collateral; provided, however, that any on-balance sheet assets (including equity), or off-balance sheet commitments or contingencies to the Reserve Bank of India or the Government of India denominated in Indian Rupees shall not be included in the calculation of the Exposure of the Issuer to such Person or Economic Group;

"Person" means any natural person, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, Authority or any other entity whether acting in an individual, fiduciary or other capacity;

"Related Party" means, with respect to any Person, any other Person meeting any of the following criteria: (i) each member of such Person's board of directors, supervisory board or equivalent body; (ii) each member of such Person's executive management; (iii) each Person holding, directly or indirectly, more than five percent (5%) of the voting or non-voting share capital of such Person; (iv) each of the parents, children and siblings of the Persons falling under clauses (i) through (iii) above; (v) each of the spouses of the Persons falling under clauses (i) through (iv) above; and (vi) each of the Affiliates of the Persons falling under clauses (i) through (v) above;

"Risk Weighted Capital Adequacy Ratio" means the result obtained by dividing: (i) Total Capital; by (ii) Risk Weighted Assets;

"Risk Weighted Assets" means, with respect to the Issuer, the amount computed in accordance with the table set forth in PART 1 of ANNEX 3;

“Shareholders Equity” means total equity as calculated under the Accounting Standards;

“Tier 1 Capital” means with respect to the Issuer, the amount computed in accordance with the section titled "Tier 1 Capital" within the table set forth in PART 2 of ANNEX 3;

“Tier 2 Capital” means with respect to the Issuer, the amount computed in accordance with the section titled "Tier 2 Capital" within the table set forth in PART 2 of ANNEX 3;

“Total Assets” means total assets, as calculated under the Accounting Standards; and

"Total Capital" means, with respect to the Issuer, the amount computed in accordance with the table set forth in PART 2 of ANNEX 3.

3. **Default Rate Interest**

- (a) Without limiting the remedies available to the Trustee (acting on behalf of and for the benefit of the Noteholders), and to the maximum extent permitted by applicable law, if the Issuer fails to make any payment of principal or interest (including interest payable pursuant to this Section) when due (whether at stated maturity or upon acceleration), the Issuer shall pay interest on the amount of that payment due and unpaid at the rate which shall be the sum of 2 per cent. per annum and the applicable rate of interest specified in the Final Terms (the “**Default Rate**”).
- (b) Interest at the rate referred to in Section 3(a) above shall accrue from the date on which payment of the relevant overdue amount became due until the date of actual payment of that amount (as well after as before judgment), and shall be payable on demand or, if not demanded, on each Interest Payment Date (as specified in the Final Terms) falling after any such overdue amount became due.

ANNEX 1

EXCLUSION LIST

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labor²/harmful child labor.
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

ANNEX 2

INSURANCE REQUIREMENTS

General Provisions

The insurances required to be arranged by the Issuer are those customarily expected of a prudent financial institution, including but not limited to the following:

At all times:

- (a) Financial Institution Bond (Bankers Blanket Bond) with cover to include, without limitation, the following:-
 - (i) Infidelity of employees;
 - (ii) Forgery or alteration;
 - (iii) Electronic and computer crime; and
- (b) all insurances required by applicable laws and regulations.

The following insurance policies will only be required as long as physical and immovable assets constitute 25% or more of Total Capital:

- (i) Fire and named perils (including natural perils, and strike, riot & civil commotion), or property all risks on assets, with the sum insured based on new replacement cost; and
- (ii) Public liability.

ANNEX 3

COMPUTATION OF RISK WEIGHTED CAPITAL ADEQUACY RATIO

- (i) The "Risk Weighted Capital Adequacy Ratio" shall be computed by applying the relevant "Risk Weight" to the "Book Value of On-Balance Sheet Items" and the "Credit Risk Equivalent of Off-Balance Sheet Items", according to the criteria and methodology contained in Parts 1, 2, 3 and 4 of this ANNEX 3;
- (ii) The "Credit Risk Equivalent of Off-Balance Sheet Items" shall be computed by multiplying the value of the particular off-balance sheet instruments by their respective "Credit Conversion Factors" as delineated in PART 3 of this ANNEX 3;
- (iii) The Issuer shall classify its individual on-balance and off-balance sheet items following the methodology contained in Parts 1 and 3 of this ANNEX 3;
- (iv) In case the central bank of the Country, or any other regulatory or supervising entity or agency having authority over the banking business in the Country should enact regulations prescribing a higher level of capital for banks than contemplated by the Risk Weighted Capital Adequacy Ratio as computed under the methodology described in this ANNEX 3, then any non-compliance by the Issuer with such local regulations shall be deemed a non-compliance under the relevant section of the Conditions of which this ANNEX 3 shall be made a part.

PART 1: CALCULATION OF RISK-BASED ASSETS

I. Asset Class	Book Value of On-Balance Sheet Items (A)	Credit Risk Equivalent of Off-Balance Sheet Items² (B)	Total (A)+(B) =(C)	Risk Weight (D)	Risk Weighted Value (C)x(D)=(E)
(a) Cash				0%	
(b) Claims on central governments and central banks denominated in national currency and funded in that currency. ³				0%	
(c) Other claims on Organization for Economic Cooperation and Development (OECD) ⁴ central governments and central banks.				0%	
(d) Claims collateralized by cash of OECD central government securities or guaranteed by OECD central government.				0%	
(e) Claims on domestic public-sector entities, excluding central government, and loans guaranteed by such entities.				50%	
(f) Claims on multilateral development banks (e.g. IBRD, IDB, etc.) and claims guaranteed by, or collateralized by securities issued by such banks.				20%	
(g) Claims on banks incorporated in OECD and loans guaranteed by OECD Incorporated banks.				20%	
(h) Claims on banks incorporated in countries outside the OECD with a residual maturity of up to one year and loans with a residual maturity of up to one year guaranteed by banks incorporated in countries outside the OECD.				20%	
(i) Claims on non-domestic OECD public-sector entities, excluding central government, and loans guaranteed by such entities.				20%	

² See PART 3 below.

³ Claims on central governments and central banks denominated in foreign currency are classified under (t) and risk weighted 100%.

⁴ Please note that the credit quality of OECD countries varies widely, and the required capital adequacy should be adjusted upward should the institution have significant exposures in non-investment grade countries.

I. Asset Class	Book Value of On-Balance Sheet Items (A)	Credit Risk Equivalent of Off-Balance Sheet Items² (B)	Total (A)+(B) = (C)	Risk Weight (D)	Risk Weighted Value (C)x(D)=(E)
(j) Cash items in process of collection.				20%	
(k) Loans fully secured by mortgage on residential property that is or will be occupied by the Issuer or that is rented.				50%	
(l) Claims on private sector.				100%	
(m) Claims on banks incorporated outside the OECD with a residual maturity of over one year.				100%	
(n) Claims on central governments outside OECD (unless denominated in national currency - and funded in that currency - see above).				100%	
(o) Claims on commercial companies owned by the public sector.				100%	
(p) Premises, plant and equipment and other fixed assets.				100%	
(q) Real estate and other investments (including non-consolidated investment participations in other companies).				100%	
(r) Capital instruments issued by other banks (unless deducted from capital).				100%	
(s) Deferred tax assets				100%	
(t) All other assets (unless deducted from capital).				100%	
Deduct:					
(u) Regulatory Adjustments ⁵				100%	
(v) Threshold Adjustments ⁶				100%	
(w) Risk Weighted Assets					

⁵ For Regulatory Adjustments, refer to PART 4 below, paragraphs 67 to 85.

⁶ For Threshold Adjustments, refer to PART 4 below, paragraphs 87 to 89.

PART 2: CALCULATION OF TOTAL CAPITAL

II. Total Capital	Amount
Tier 1 Capital	
(x) Paid in Share capital/common stock. ⁷	
(y) Disclosed reserves and Retained Earnings.	
Sub-Total: Gross Tier 1 (Basel 3 – Common Equity Tier 1)	
(z) Deduct – Regulatory Adjustments ⁸	
(aa) Deduct – Threshold Adjustments ⁹	
Sub-Total Tier 1 Capital¹⁰	
Tier 2 ¹¹ Capital	
(bb) Hybrid capital instruments.	
(cc) Subordinated term debt ¹² .	
(dd) Other Tier 2 items	
Sub-Total: Tier 2 Capital¹³	
Total Capital	

⁷ Only shares fully paid should be included. Treasury stock (the bank's holding of its own shares) should be deducted as part of Regulatory Adjustments, or should be excluded. Avoid deducting Treasury Stock twice.

⁸ For Regulatory Adjustments, refer to PART 4 below, paragraphs 67 to 85.

⁹ For Threshold Adjustments, refer to PART 4 below, paragraphs 87 to 89.

¹⁰ This figure equals the definition of Tier 1 Capital in the Basel III Guidelines. See the Basel III Guidelines for expanded definitions. Tier 1 Capital is currently set at a minimum of 5%, which increases to 5.5% on January 1, 2014; 6% on January 1, 2016; 6.375% on January 1, 2018; and 7% on January 1, 2019.

¹¹ See the Basel Guidelines for expanded definition of (e) and (f). These items become less relevant as a result of Basel III and the emphasis on Tier 1 capital.

¹² Subordinated term debt is limited to 50% of Tier 1 Capital.

¹³ Tier 2 Capital is limited to 100% of Tier 1 Capital. As the Basel III implementation progresses the level of Tier 2 Capital will decline relative to Tier 1 and Total Capital.

**PART 3: CREDIT RISK EQUIVALENT OF
OFF-BALANCE SHEET ITEMS**

Instruments	Credit Conversion Factors
6. Direct substitutes, e.g. general guarantees of indebtedness (including standby letters of credit serving as financial guarantees for loans and securities) and acceptances (including endorsements with the character of acceptances).	100%
7. Certain transaction-related contingent items (e.g. performances bonds, bid bonds, warranties and standby letters of credit related to particular transactions).	50%
8. Short-term self-liquidating trade-related contingencies (such as documentary credits collateralized by the underlying shipments).	50%
9. Sale and repurchase agreements and asset sales with recourse, where the credit risk remains with the Issuer.	100%
10. Forward asset purchases, forward deposits and party-paid shares and securities, which represent commitments with certain drawdown.	100%
11. Note issuance facilities and revolving underwriting facilities.	50%
12. Other commitments (e.g. formal standby facilities and credit lines) with an original maturity over one year.	50%
13. Similar commitments with an original maturity of up to one year, or which can be unconditionally canceled at any time.	0%

PART 4: REGULATORY AND THRESHOLD ADJUSTMENTS

The following items are required to be deducted from Tier 1 Common Equity:

- Goodwill and other intangibles
- Deferred tax assets
- Cash flow hedge reserve
- Shortfall stock of provisions (includes any shortfall of loan loss or other provisions)
- Gain on sale related to securitisation transactions
- Cumulative gains and losses due to change in own credit risk on fair valued financial liabilities
- Defined benefit pension fund assets or liabilities
- Investments in own shares – treasury stock
- Reciprocal cross holdings in the capital of banking, financial and insurance entities
- Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity
- Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation

For details of the deductions the following is an extract from Basel III: A global regulatory framework for more resilient banks and banking systems (bcbs189.pdf).

The full document is available on <http://www.bis.org/index.htm> - bcbs189.pdf. A copy has been posted to AskFM – SME Banking, under Guidance and Toolkit.

Quote:

“66. This section sets out the regulatory adjustments to be applied to regulatory capital. In most cases these adjustments are applied in the calculation of Common Equity Tier 1.

Goodwill and other intangibles (except mortgage servicing rights)

67. Goodwill and all other intangibles must be deducted in the calculation of Common Equity Tier 1, including any goodwill included in the valuation of significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation. With the exception of mortgage servicing rights, the full amount is to be deducted net of any associated deferred tax liability which would be extinguished if the standards. The amount to be deducted in respect of mortgage servicing rights is set out in the threshold deductions section below.

68. Subject to prior supervisory approval, banks that report under local GAAP may use the IFRS definition of intangible assets to determine which assets are classified as intangible and are thus required to be deducted.

Deferred tax assets

69. Deferred tax assets (DTAs) that rely on future profitability of the bank to be realised are to be deducted in the calculation of Common Equity Tier 1. Deferred tax assets may be netted with associated deferred tax liabilities (DTLs) only if the DTAs and DTLs relate to taxes levied by the same taxation authority and offsetting is permitted by the relevant taxation authority. Where these DTAs relate to temporary differences (e.g. allowance for credit losses) the amount to be deducted is set out in the “threshold deductions” section below. All other such assets, e.g. those relating to operating losses, such as the carry forward of unused tax losses, or unused tax credits, are to be deducted in full net of deferred tax liabilities as described above. The DTLs permitted to be netted against DTAs must exclude amounts that have been netted against the deduction of goodwill, intangibles and defined benefit pension assets, and must be allocated on a pro rata basis between DTAs subject to the threshold deduction treatment and DTAs that are to be deducted in full.

70. An overinstallment of tax or, in some jurisdictions, current year tax losses carried back to prior years may give rise to a claim or receivable from the government or local tax authority. Such amounts are typically classified as current tax assets for accounting purposes. The recovery of such a claim or receivable would not rely on the future profitability of the bank and would be assigned the relevant sovereign risk weighting.

Cash flow hedge reserve

71. The amount of the cash flow hedge reserve that relates to the hedging of items that are not fair valued on the balance sheet (including projected cash flows) should be derecognised in the calculation of Common Equity Tier 1. This means that positive amounts should be deducted and negative amounts should be added back.

72. This treatment specifically identifies the element of the cash flow hedge reserve that is to be derecognised for prudential purposes. It removes the element that gives rise to artificial volatility in common equity, as in this case the reserve only reflects one half of the picture (the fair value of the derivative, but not the changes in fair value of the hedged future cash flow).

Shortfall of the stock of provisions to expected losses

73. The deduction from capital in respect of a shortfall of the stock of provisions to expected losses under the IRB approach should be made in the calculation of Common Equity Tier 1. The full amount is to be deducted and should not be reduced by any tax effects that could be expected to occur if provisions were to rise to the level of expected losses.

Gain on sale related to securitisation transactions

74. Derecognise in the calculation of Common Equity Tier 1 any increase in equity capital resulting from a securitisation transaction, such as that associated with expected future margin income (FMI) resulting in a gain-on-sale.

Cumulative gains and losses due to changes in own credit risk on fair valued financial liabilities

75. Derecognise in the calculation of Common Equity Tier 1, all unrealised gains and losses that have resulted from changes in the fair value of liabilities that are due to changes in the bank's own credit risk.

Defined benefit pension fund assets and liabilities

76. Defined benefit pension fund liabilities, as included on the balance sheet, must be fully recognised in the calculation of Common Equity Tier 1 (i.e. Common Equity Tier 1 cannot be increased through derecognising these liabilities). For each defined benefit pension fund that is an asset on the balance sheet, the asset should be deducted in the calculation of Common Equity Tier 1 net of any associated deferred tax liability which would be extinguished if the asset should become impaired or derecognised under the relevant accounting standards. Assets in the fund to which the bank has unrestricted and unfettered access can, with supervisory approval, offset the deduction. Such offsetting assets should be given the risk weight they would receive if they were owned directly by the bank.

77. This treatment addresses the concern that assets arising from pension funds may not be capable of being withdrawn and used for the protection of depositors and other creditors of a bank. The concern is that their only value stems from a reduction in future payments into the fund. The treatment allows for banks to reduce the deduction of the asset if they can address these concerns and show that the assets can be easily and promptly withdrawn from the fund.

Investments in own shares (treasury stock)

78. All of a bank's investments in its own common shares, whether held directly or indirectly, will be deducted in the calculation of Common Equity Tier 1 (unless already derecognised under the relevant accounting standards). In addition, any own stock which the bank could be contractually obliged to purchase should be deducted in the calculation of Common Equity Tier 1. The treatment

described will apply irrespective of the location of the exposure in the banking book or the trading book. In addition:

- Gross long positions may be deducted net of short positions in the same underlying exposure only if the short positions involve no counterparty risk.
- Banks should look through holdings of index securities to deduct exposures to own shares. However, gross long positions in own shares resulting from holdings of index securities may be netted against short position in own shares resulting from short positions in the same underlying index. In such cases the short positions may involve counterparty risk (which will be subject to the relevant counterparty credit risk charge).

This deduction is necessary to avoid the double counting of a bank's own capital. Certain accounting regimes do not permit the recognition of treasury stock and so this deduction is only relevant where recognition on the balance sheet is permitted. The treatment seeks to remove the double counting that arises from direct holdings, indirect holdings via index funds and potential future holdings as a result of contractual obligations to purchase own shares.

Following the same approach outlined above, banks must deduct investments in their own Additional Tier 1 in the calculation of their Additional Tier 1 capital and must deduct investments in their own Tier 2 in the calculation of their Tier 2 capital.

Reciprocal cross holdings in the capital of banking, financial and insurance entities

79. Reciprocal cross holdings of capital that are designed to artificially inflate the capital position of banks will be deducted in full. Banks must apply a "corresponding deduction approach" to such investments in the capital of other banks, other financial institutions and insurance entities. This means the deduction should be applied to the same component of capital for which the capital would qualify if it was issued by the bank itself.

80. The regulatory adjustment described in this section applies to investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity. In addition:

- Investments include direct, indirect and synthetic holdings of capital instruments. For example, banks should look through holdings of index securities to determine their underlying holdings of capital.
- Holdings in both the banking book and trading book are to be included. Capital includes common stock and all other types of cash and synthetic capital instruments (e.g. subordinated debt). It is the net long position that is to be included (i.e. the gross long position net of short positions in the same underlying exposure where the maturity of the short position either matches the maturity of the long position or has a residual maturity of at least one year).
- Underwriting positions held for five working days or less can be excluded. Underwriting positions held for longer than five working days must be included.
- If the capital instrument of the entity in which the bank has invested does not meet the criteria for Common Equity Tier 1, Additional Tier 1, or Tier 2 capital of the bank, the capital is to be considered common shares for the purposes of this regulatory adjustment.
- National discretion applies to allow banks, with prior supervisory approval, to exclude temporarily certain investments where these have been made in the context of resolving or providing financial assistance to reorganise a distressed institution.

81. If the total of all holdings listed above in aggregate exceed 10% of the bank's common equity (after applying all other regulatory adjustments in full listed prior to this one) then the amount above 10% is required to be deducted, applying a corresponding deduction approach. This means the deduction should be applied to the same component of capital for which the capital would qualify if it

was issued by the bank itself. Accordingly, the amount to be deducted from common equity should be calculated as the total of all holdings which in aggregate exceed 10% of the bank's common equity (as per above) multiplied by the common equity holdings as a percentage of the total capital holdings. This would result in a common equity deduction which corresponds to the proportion of total capital holdings held in common equity. Similarly, the amount to be deducted from Additional Tier 1 capital should be calculated as the total of all holdings which in aggregate exceed 10% of the bank's common equity (as per above) multiplied by the Additional Tier 1 capital holdings as a percentage of the total capital holdings. The amount to be deducted from Tier 2 capital should be calculated as the total of all holdings which in aggregate exceed 10% of the bank's common equity (as per above) multiplied by the Tier 2 capital holdings as a percentage of the total capital holdings.

82. If, under the corresponding deduction approach, a bank is required to make a deduction from a particular tier of capital and it does not have enough of that tier of capital to satisfy that deduction, the shortfall will be deducted from the next higher tier of capital (e.g. if a bank does not have enough Additional Tier 1 capital to satisfy the deduction, the shortfall will be deducted from Common Equity Tier 1).

83. Amounts below the threshold, which are not deducted, will continue to be risk weighted. Thus, instruments in the trading book will be treated as per the market risk rules and instruments in the banking book should be treated as per the internal ratings-based approach or the standardised approach (as applicable). For the application of risk weighting the amount of the holdings must be allocated on a pro rata basis between those below and those above the threshold.

Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation

84. The regulatory adjustment described in this section applies to investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation where the bank owns more than 10% of the issued common share capital of the issuing entity or where the entity is an affiliate of the bank. In addition:

- Investments include direct, indirect and synthetic holdings of capital instruments. For example, banks should look through holdings of index securities to determine their underlying holdings of capital.³¹
- Holdings in both the banking book and trading book are to be included. Capital includes common stock and all other types of cash and synthetic capital instruments (e.g. subordinated debt). It is the net long position that is to be included (i.e. the gross long position net of short positions in the same underlying exposure where the maturity of the short position either matches the maturity of the long position or has a residual maturity of at least one year).
- Underwriting positions held for five working days or less can be excluded. Underwriting positions held for longer than five working days must be included.
- If the capital instrument of the entity in which the bank has invested does not meet the criteria for Common Equity Tier 1, Additional Tier 1, or Tier 2 capital of the bank, the capital is to be considered common shares for the purposes of this regulatory adjustment.³²
- National discretion applies to allow banks, with prior supervisory approval, to exclude temporarily certain investments where these have been made in the context of resolving or providing financial assistance to reorganise a distressed institution.

85. All investments included above that are not common shares must be fully deducted following a corresponding deduction approach. This means the deduction should be applied to the same tier of capital for which the capital would qualify if it was issued by the bank itself. If the bank is required to make a deduction from a particular tier of capital and it does not have enough of that tier of capital to satisfy that deduction, the shortfall will be deducted from the next higher tier of capital (e.g. if a bank does not have enough Additional Tier 1 capital to satisfy the deduction, the shortfall will be deducted from Common Equity Tier 1).

86. Investments included above that are common shares will be subject to the threshold treatment described in the next section.

Threshold deductions

87. Instead of a full deduction, the following items may each receive limited recognition when calculating Common Equity Tier 1, with recognition capped at 10%, of the bank’s common equity (after the application of all regulatory adjustments set out in paragraphs 67 to 85):

- Significant investments in the common shares of unconsolidated financial institutions (banks, insurance and other financial entities) as referred to in paragraph 84;
- Mortgage servicing rights (MSRs); and
- DTAs that arise from temporary differences.

88. On 1 January 2013, a bank must deduct the amount by which the aggregate of the three items above exceeds 15% of its common equity component of Tier 1 (calculated prior to the deduction of these items but after application of all other regulatory adjustments applied in the calculation of Common Equity Tier 1). The items included in the 15% aggregate limit are subject to full disclosure. As of 1 January 2018, the calculation of the 15% limit will be subject to the following treatment: the amount of the three items that remains recognised after the application of all regulatory adjustments must not exceed 15% of the Common Equity Tier 1 capital, calculated after all regulatory adjustments. See Annex 2 for an example.

89. The amount of the three items that are not deducted in the calculation of Common Equity Tier 1 will be risk weighted at 250%.”
Unquote.

Sample Calculation of Regulatory and Threshold Adjustments

Issued Share Capital	A	
Share Premium	B	
Retained Earnings	C	
Sub-Total Common Equity	D	
Less:		
Regulatory Adjustments	E	E = Total Regulatory Adjustments less (D*10%)
Threshold Adjustments	F	
Total Common Equity Tier 1	G	

ANNEX 4

REPORTING REQUIREMENTS

Quarterly Reporting Requirements

Within 45 days after the end of each financial quarter, the Issuer shall deliver to the Trustee (acting on behalf of the Noteholders):

- (i) copies of its unaudited consolidated and unaudited financial statements for such quarter, certified by its chief financial officer; and
- (ii) (A) a certificate signed by its authorised signatory providing confirmation on compliance with (a) the negative covenants provided under Section 1(B)(i) and (ii) of Schedule 1; and (b) all financial covenants provided under Section 1(C) of Schedule 1.

Annual Reporting Requirements

Within 90 days after the end of each financial year, the Issuer shall deliver to the Trustee (acting on behalf of the Noteholders):

- (i) copies of its annual report and audited financial statements for that financial year, together with the auditors' report on them;
- (ii) a certificate signed by its authorized signatory confirming compliance with (a) the negative covenants provided under Section 1(B)(i) and (ii) of Schedule 1; and (b) all financial covenants provided under Section 1(C) of Schedule 1;
- (iii) a social and environmental performance report in a form agreed between IFC and the Issuer; and
- (iv) a use of proceeds report in the form provided under ANNEX 7 to Schedule 1.

Other Reporting Requirements

The Issuer shall:

- (i) notify the Trustee within 3 days of becoming aware of any material social, labor, health and safety, security or environmental incidents, accidents or circumstances in the operations of the Issuer and with respect to any Eligible Sub-borrower or in relation to any Eligible Sub-project having, or which could reasonably be expected to have, a material adverse impact on the implementation or operation of the Eligible Sub-project in compliance with the S&E Requirements, specifying in each case the nature of the incident, accident, or circumstance and the impact or effect arising or likely to arise therefrom, and the measures being taken, or plans to be taken, to address them and prevent any future similar event; and keep the Trustee informed of the on-going implementation of those measures;
- (ii) notify the Trustee within a reasonable time of becoming aware of (A) any litigation, arbitration, or administrative proceedings which may have a Material Adverse Effect, (B) any litigation, administrative, regulatory or criminal investigations or proceedings or freezing of assets by a government authority involving the Issuer or its employees with regard to money laundering or financing of terrorism and (C) any Event of Default;

- (iii) provide to the Trustee the following: (i) within 30 days of renewal of an insurance policy required in ANNEX 2 (other than those required by applicable laws and regulations), a copy of that policy (or other form of evidence of renewal acceptable to the Trustee (acting on an Extraordinary Resolution of the Noteholders)); and (ii) at the Issuer's financial year end, advise the Trustee if physical/immovable assets exceed 25% of Total Capital, and if so, provide copies of policies insuring assets and public liability as required in ANNEX 2.

ANNEX 5

DEFINITIONS AND INTERPRETATIVE GUIDELINES

The purpose of these Guidelines is to clarify the meaning of the terms “Corrupt Practices”, “Fraudulent Practices”, “Coercive Practices,” “Collusive Practices” and “Obstructive Practices” in the context of IFC operations.

1. CORRUPT PRACTICES

A “Corrupt Practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

INTERPRETATION

- A. Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.
- B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor's books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.
- C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates applicable law.
- D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.
- E. The World Bank Group does not condone facilitation payments. For the purposes of implementation, the interpretation of “Corrupt Practices” relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

2. FRAUDULENT PRACTICES

A “Fraudulent Practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

INTERPRETATION

- A. An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a “Fraudulent Practice” for purposes of World Bank Group sanctions.
- B. Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in IFC, MIGA, or PRG operations. Similarly, other illegal behavior is not condoned, but will not be sanctioned as a Fraudulent Practice under the World Bank sanctions program as applicable to IFC, MIGA and PRG operations.

3. COERCIVE PRACTICES

A “Coercive Practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

INTERPRETATION

- A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.
- B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. COLLUSIVE PRACTICES

A “Collusive Practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

INTERPRETATION

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. OBSTRUCTIVE PRACTICES

An "Obstructive Practice" is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of IFC’s access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

INTERPRETATION

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.

ANNEX 6

E&S QUESTIONNAIRE

SECTION A - PROJECT COMPLIANCE AND IMPACT ASSESSMENT	
A 1. COMPLIANCE WITH THE RELEVANT ENVIRONMENTAL AND SOCIAL GUIDELINES, LAWS AND REGULATIONS	
A 1.1 Has the developer obtained the environmental license/permit and has met the corresponding conditions of the permit? If not, please explain the reason:	<input type="checkbox"/> Yes <input type="checkbox"/> No
A.1.2 Have developer's project ¹⁴ to be supported ever been subject to local stakeholder grievances, negative media or non-governmental organization (NGO) campaigns over E&S issues?	<input type="checkbox"/> Yes <input type="checkbox"/> No
B 2. LABOR AND WORKING CONDITIONS	
A 2.1 Does the developer comply with India federal and state labor codes?	<input type="checkbox"/> Yes <input type="checkbox"/> No
A 2.2 Provide the following information on the project ¹⁵ , which is being supported:	
<ul style="list-style-type: none"> a) # of fatalities.... b) # of serious injuries... c) occupational diseases, d) lost days, and absenteeism 	
A 3. POLLUTION PREVENTION	
A.3.1 Is the developer in compliance with water use permits provided by local authorities?	<input type="checkbox"/> Yes <input type="checkbox"/> No
A 4. COMMUNITY HEALTH AND SAFETY	
<i>This section verifies whether the company has considered the potential impacts and undertaken necessary measures to mitigate risks.</i>	
A 4.1 Is the developer in compliance with permits issued by local authorities addressing issues of noise, traffic, control of dust, etc.?	
A 5. STAKEHOLDER ENGAGEMENT AND RESETTLEMENT	
A 4.1 Have affected communities/people been informed about the project? If yes, please provide details	<input type="checkbox"/> Yes <input type="checkbox"/> No
A 4.2 Will the project require resettlement (physical or economic displacement ¹⁶). If yes, please attach the resettlement plan approved by the authorized government agency.	<input type="checkbox"/> Yes <input type="checkbox"/> No
A 4.3 Are there any pending legal/material issues or complaints related to land acquisition of the project ¹⁷ ?	<input type="checkbox"/> Yes <input type="checkbox"/> No

¹⁴ In case of a loan not supporting development of any specific assets HDFC will review a track record of the developer taking into consideration previous operations.

¹⁵ In case the number of fatalities or serious incident is above industry average HDFC will either request improvements or will reject the loan.

¹⁶ Economic displacement is the loss of assets, or access to assets, that leads to loss of income or means of livelihood as a result of company-related land acquisition.

¹⁷ In case there are legal/material issues or complaints related to the land accusation HDFC will either request improvements in line with IFC Performance Standard 5 or will reject the loan.

ANNEX 7

Customer Name	Capital cost of Project (US\$)	Loan amount (US\$)	Tenor	Category (EWS/LIG/MIG 1/MIG2/Mixed Development)	Carpet Area	Built up area	No. of Apartments in the Project

SCHEDULE 2 TO THE TERMS AND CONDITIONS OF THE NOTES

As at the Issue Date of the Notes, the Issuer represents and warrants as follows:

- (a) that the financial statements of the Issuer and its subsidiaries taken as a whole (together the **Group**) and for the Issuer for the years ended 31 March 2016 and 31 March 2017, incorporated in the Prospectus were prepared in accordance with accounting principles generally accepted in India, and pursuant to the relevant laws of India consistently applied and present a true and fair view of the financial position of the Issuer and of the Group, as the case may be, as at the respective dates indicated therein, and the results of operations and changes in financial position of the Issuer and the Group, as the case may be, for the periods in respect of which they have been prepared; and save as disclosed in the Prospectus since 31 March 2017 there has been no change or any development or event involving or reasonably likely to involve or result in a prospective material adverse change, in or affecting the business, condition (financial, operational, legal or otherwise), financial or trading position, shareholders' equity, results of operations, properties, assets, profitability, general affairs or prospects of the Issuer or the Group taken as a whole, whether or not in the ordinary course of business (a **Material Adverse Effect**);
- (b) that: (i) the Prospectus contains all information which, according to the particular nature of the Issuer, the Group and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Group and of the terms and conditions of the Notes to be issued hereunder; (ii) the statements of fact contained in the Prospectus and any supplement thereto are true and accurate in all material respects and not misleading and that there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would in the context of the issue of the Notes make any statement in the Prospectus misleading in any material respect; (iii) the approximations, opinions, intentions or expectations expressed in the Prospectus with regard to the Issuer and the Group are truly and honestly held, have been reached after due and careful consideration of all relevant circumstances and are based on reasonable assumptions and all expressions of opinion, intention and expectation attributed to any person or persons in the Prospectus were or are considered to be fair and not misleading; (iv) all reasonable enquiries have been and will be made to ascertain such facts and to verify the accuracy of all such statements; and (v) the Prospectus has been made available to the public as required under the prospectus rules made under section 87A of the FSMA;
- (c) that the Prospectus contains all the information required by FSMA and under English Law and otherwise complies with the prospectus rules made under FSMA and any other laws and regulations to the extent applicable;
- (d) that: (i) each of the Issuer and its Subsidiaries and Material Associates is a company duly incorporated and validly existing under the laws of its jurisdiction of incorporation, is not in liquidation or receivership and each of the Issuer and to the best of its knowledge, its Subsidiaries and Material Associates has full power and authority to own its properties and to conduct its business; and (ii) the Issuer has full power and authority to enter into and perform its obligations under the Notes and the Agreements, and is lawfully qualified to do business in those jurisdictions in which business is conducted by it;
- (e) that the Agreements have been duly authorised, executed and delivered by the Issuer and constitute valid and legally binding obligations of the Issuer, enforceable in accordance with their terms subject to applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights and remedies generally and general principles of equity;

- (f) that the issue of the Notes has been duly authorised by the Issuer and, when duly executed, authenticated, issued and delivered, the Notes will constitute valid and legally binding obligations of the Issuer subject to applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally and remedies and general principles of equity;
- (g) that there are no restrictions on transfers of the Notes, except as required by the Indian Foreign Exchange Management Act, 1999 including the rules and regulations issued thereunder, the laws governing the offering of securities in India or to residents of India and the Memorandum and Articles of Association of the Issuer, other than as described in the Prospectus;
- (h) that no consent, clearance, approval, authorisation, order, registration or qualification of or with any court, governmental agency or regulatory body having jurisdiction over the Issuer is required and no other action or thing is required to be taken, fulfilled or done for the execution and performance of the Agreements, the issue or offer of the Notes or the consummation of the other transactions contemplated by the Agreements except for approval of the RBI for issuance of the Notes and filings required to be made with the RBI in relation to the issuance of the Notes;
- (i) that the execution and delivery of the Agreements and the Notes, the issue, offer and delivery of the Notes, the consummation of the transactions contemplated therein and compliance with the terms hereof do not conflict with or result in a breach, individually or in the aggregate, of any of the terms or provisions of, or constitute a default under, the Memorandum and Articles of Association of the Issuer, or any material provision of any indenture, trust deed, mortgage or other agreement or instrument to which the Issuer is a party or by which it or any of its properties are bound, or infringe any existing applicable law, rule, regulation, judgment, order, authorisation or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Issuer or any of its properties or assets or infringe the rules of any stock exchange on which securities of the Issuer are listed except where such breach, default or infringement would not be material in the context of the offering of the Notes;
- (j) that the Notes (when issued) will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1 and unless otherwise stated in the applicable Pricing Supplement for a particular Tranche of Notes) unsecured obligations of the Issuer and will at all times rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) equally with all other unsubordinated and unsecured obligations of the Issuer (other than those preferred by statute or applicable law), from time to time outstanding;
- (k) that the Issuer has: (i) good and marketable title to all properties and to all assets owned by it in each case free from liens, encumbrances and title defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them (save for any liens and encumbrances arising in the ordinary course of business) with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and assets by the Issuer; and (ii) any real property and buildings held under lease by the Issuer are held by it under valid, existing and enforceable leases with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Issuer;
- (l) that each of the Issuer or to the best of its knowledge its Subsidiaries and Material Associates: (i) possesses or has obtained all material licenses, permits, certificates, consents, orders, approvals and other authorisations from, and has made all material declarations and filings with all national, state, local and other governmental authorities (including foreign regulatory

agencies), all self-regulatory organisations and all courts and other tribunals, domestic or foreign, necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as conducted as of the date hereof and as will be described in the Prospectus; (ii) has not received and does not expect to receive any notice of proceedings relating to the revocation or modification of any such material license, permit, certificate, consent, order, approval or other authorisation that, if determined adversely to the Issuer would have a Material Adverse Effect, either individually or in aggregate, on the Issuer; and (iii) is in compliance in all material respects with all laws and regulations relating to the conduct of its business as conducted as of the date hereof and as described in the Prospectus;

- (m) that the Issuer is not in breach, violation of or in default (nor has any event occurred which, with the giving of notice or lapse of time or both would result in a default by the Issuer) under: (a) its Memorandum and Articles of Association or other constitutive documents; (b) any indenture, mortgage, deed of trust, loan agreement, contract or other agreement or instrument to which the Issuer is a party or by which it or any of the properties or assets of the Issuer are bound; or (c) any law, ordinance, statute, treaty, notice, governmental rule, regulation or court decree or other legislation to which the Issuer, or any of its properties or assets may be subject, except, in the case of clause (c) above, for conflicts, violations and defaults which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect;
- (n) that: (i) the Issuer owns, possesses, or has the right to use pursuant to licence, sublicense, agreement, permission or otherwise to use, all of its patents, patent rights, licenses, inventions, copyrights, trademarks, service marks, domain names, trade names and know-how, including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems, processes or procedures and any of its other intellectual property (collectively **Intellectual Property**) necessary to conduct its business as of the date hereof and as will be described in the Prospectus; (ii) all such Intellectual Property is validly registered, if applicable; and (iii) no litigation or proceeding is, so far as the Issuer is aware, pending or to the best of its knowledge threatened that would challenge the registration of such Intellectual Property, if applicable;
- (o) that the Issuer has duly filed all tax returns that are required to be filed in all jurisdictions or have duly requested extensions thereof and has paid all taxes required to be paid by any of them in all jurisdictions and any related assessments, fines or penalties, except for any such tax, assessment, fine or penalty that is being contested in good faith and by appropriate proceedings or where the failure to file or make payment would not, individually or in the aggregate, have a Material Adverse Effect; adequate charges, accruals and reserves have been provided for in the financial statements referred to in clause 4.1(a) in respect of all taxes for all periods as to which the tax liability of the Issuer has not been finally determined or remains open to examination by applicable taxing authority;
- (p) that the auditors who certified the audited financial statements of the Issuer and the notes thereto to appear in the Prospectus, are independent reporting accountants with respect to the Issuer as described in the accountant's report to be contained in the Prospectus;
- (q) that no stamp or other duty is assessable or payable in, and no withholding or deduction for any Taxes, assessment or governmental charges of whatever nature is imposed or made for or on account of any income, registration, transfer or turnover taxes, or taxes of any kind, levied, collected, withheld or assessed by or within, India, the United Kingdom, Belgium, the Grand Duchy of Luxembourg or any other relevant jurisdiction in connection with the creation, issue, offering or sale of the Notes or the execution or delivery of the Agreements;

- (r) that there are no governmental or regulatory investigation nor any pending actions, suits or proceedings against or affecting the Issuer or to the best of its knowledge its Subsidiaries or its Material Associates which if determined adversely to the Issuer or any of its Subsidiaries or Material Associates would individually or in the aggregate have a Material Adverse Effect, or would materially and adversely affect the ability of the Issuer to perform its obligations under the Agreements, or which are otherwise material in the context of the issue of the Notes and, so far as the Issuer is aware, no such investigations, actions, suits or proceedings are threatened or contemplated;
- (s) that the Issuer has in place all policies of insurance sufficient and customary for the conduct of its business and the value of its properties as currently operated and for compliance with all requirements of law, such policies are in full force and effect, and all premiums with respect thereto have been paid, and no notice of cancellation or termination has been received with respect to any such policy, and the Issuer has complied in all material respects with the terms and conditions of such policies, except where breach of this provision would not be material in the context of the offering of the Notes;
- (t) that no event has occurred or circumstance arisen which, had the Notes already been issued, could reasonably be expected to (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute an event described under “Events of Default” in the Conditions;
- (u) that no consent, approval, authorisation, order, filing, registration or qualification of or with any court or governmental authority or agency of or in India is required to effect principal or interest payments to any holder of Notes inside or outside India;
- (v) that the Issuer is a “foreign issuer” (as such term is defined in Regulation S) which reasonably believes that there is no “substantial U.S. market interest” (as such term is defined in Regulation S) in the Notes or in the Issuer’s other debt securities or any securities of the same class or series as the Notes or such debt securities;
- (w) that neither the Issuer nor its affiliates (as defined in Rule 405 under the Securities Act) nor any persons acting on behalf of any of them (other than the Dealers as to which the Issuer makes no representation or warranty) have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes;
- (x) that neither the Issuer nor any of its affiliates (as defined in Rule 405 of the Securities Act), nor any person acting on behalf of any of them (other than the Dealers as to which the Issuer makes no representation or warranty) has taken, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to cause or result in, the stabilisation in violation of applicable laws or manipulation of the price of any security to facilitate the sale or resale of the Notes;
- (y) that neither the Issuer nor any of its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act), nor any person acting on behalf of any of them (other than the Dealers as to which the Issuer makes no representation or warranty) has taken or will take any action that would require the registration of the Notes under the Securities Act;
- (z) that the offering of the Notes is being made in compliance with the Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2000 read with the Master Circular on External Commercial Borrowings dated 1 July 2015 (**ECB Master Circular**), the Circular No. RBI/2015 16/193 A.P. (DIR Series) Circular No. 17 dated 29 September 2015 (**Bonds Circular**), issued by the RBI, the RBI’s Master Directions

RBI/FED/2015-2016FED Master Direction No. 5/2015-16, dated 1 January 2016, as updated (**Master Direction**), and other applicable Indian laws in connection herewith;

- (aa) that neither the Issuer, any director, officer, agent, employee or other person associated with or acting on behalf of the Issuer, nor, to the best of the Issuer's knowledge and belief, any of its Subsidiaries or its Material Associates has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee, from corporate funds; violated or is in violation of or will violate any provision of the U.S. Foreign Corrupt Practices Act of 1977 (the **FCPA**), the UK Bribery Act 2010 or comparable law or regulations under the laws of India or other applicable law or regulation; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment prohibited under any applicable law or regulation similar to the FCPA or the UK Bribery Act 2010;
- (bb) that the operations of the Issuer, its Subsidiaries and Material Associates have been conducted at all times in compliance with applicable financial record keeping and reporting requirements of the money laundering statutes of India, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency in jurisdictions in which the Issuer, its Subsidiaries and its Material Associates operate (collectively, the **Money Laundering Laws**) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Issuer, its Subsidiaries and its Material Associates with respect to the Money Laundering Laws is pending or, to the best knowledge and belief of the Issuer threatened;
- (cc) that neither the Issuer, nor any director (acting in their capacity as a director of the Issuer or, to the best of the Issuer's knowledge and belief, in any other capacity), officer (acting in their capacity as an officer of the Issuer or, to the best of the Issuer's knowledge and belief, in any other capacity), agent (acting in their capacity as an agent of the Issuer or, to the best of the Issuer's knowledge and belief, in any other capacity), employee, representative or affiliate of the Issuer, nor, to the best of the Issuer's knowledge and belief, any of its Subsidiaries or the Material Associates: (i) is currently the subject of any U.S. sanctions administered or enforced by the United States Government, including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury (**OFAC**) (including but not limited to the Iran Freedom and Counter-Proliferation Act of 2012, the U.S. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, Section 1245 of the National Defense Authorization Act for Fiscal Year 2012, and the Iran Sanctions Act of 1996 of the U.S., and any implementing regulations), is listed on, or owned or controlled by an individual or entity listed on, OFAC's list of Specially Designated Nationals and Blocked Persons or other sanctions-related list, or similar sanctions administered or enforced by the European Union or any member country of the European Union, the United Nations, Her Majesty's Treasury, or any other relevant local or international sanctions authority (collectively, the **Sanctions**); (ii) is located, organised, resident or operates in a country or territory that is the subject of any Sanctions (including, without limitation, the Crimea region, Cuba, Iran, North Korea, Sudan and Syria) (each, a **Sanctioned Territory**); (iii) has engaged in, or is now engaged in, any dealings or transactions with any government, person, entity or project targeted by, or located in any country or territory, that at the time of the dealing or transaction is or was the subject of any Sanctions; or (iv) is or has been in violation of or subject to an investigation relating to any Sanctions;
- (dd) that the Issuer has devised and maintains: (i) effective internal control over financial reporting; and (ii) a system of internal accounting controls sufficient to provide reasonable assurance that: (A) transactions are executed in accordance with management's general or

specific authorisations; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with Indian GAAP and regulations enacted or issued by the RBI, the Securities and Exchange Board of India (**SEBI**) and the Institute of Chartered Accountants of India and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorisation; (D) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences; (E) the Issuer has made and kept books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of such entity and provide a sufficient basis for the preparation of the Issuer's financial statements (on a standalone and consolidated basis) in accordance with generally accepted accounting principles in India as applicable to non-banking financial companies (**Indian GAAP**); or (F) the Issuer has not experienced any material difficulties with (A) to (E) above in the last 12 months. Since the end of the most recent audited fiscal year of the Issuer, there has been: (i) no material weakness in such party's internal control over financial reporting (whether or not remediated); and (ii) no change in such party's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting;

- (ee) that except as disclosed in the Prospectus, there have been no adverse observations made or directions passed by the National Housing Bank during its inspection of the Issuer;
- (ff) that (i) to the best of the Issuer's knowledge and belief, after due inquiry, there are no material social or environmental risks or issues in respect of its operations other than those identified by the application of the E&S Questionnaire; (ii) the Issuer has not received nor is aware of any material written communication from any Person concerning the failure by any Eligible Sub-borrower to undertake the Eligible Sub-project in accordance with the S&E Requirements;
- (gg) that the Issuer has not committed or engaged in, nor authorized any Affiliate, Eligible Sub-borrower or any other Person acting on any of their behalf to commit or engage in, with respect to its housing finance company license or any transaction contemplated hereunder, any Sanctionable Practice;
- (hh) that the Issuer is complying with applicable laws and regulations and with the financial sanctions promulgated pursuant to resolutions of the United Nations Security Council under Chapter VII of the United Nations Charter; and
- (ii) that neither the Issuer nor any of its property enjoys any right of immunity from set off, suit or execution with respect to its assets or its obligations hereunder or any other document relating to the Programme or the issue of the Notes thereunder.

For the purposes hereof:

"Affiliate" means with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person (where **"control"** means the power to direct the management or policies of a Person, directly or indirectly, provided that the direct or indirect ownership of 20% or more of the voting share capital of a Person is deemed to constitute control of such Person, and **"controlling"** and **"controlled"** have corresponding meanings);

"Applicable S&E Law" means all applicable statutes, laws, ordinances, rules and regulations of India, including but not limited to any license, permit or other governmental Authorization imposing liability or setting standards of conduct concerning any environmental, social, labor, health and safety or security risks of the type contemplated by the Performance Standards;

"Authority" means any national, supranational, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any Person, whether or not government owned and howsoever constituted or called, that exercises the functions of a central bank);

"Authorization" means any consent, registration, filing, agreement, notarization, certificate, license, approval, permit, authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors' and shareholders' approvals or consents;

"Coercive Practice" has the meaning assigned to it in Annex 2 hereto;

"Collusive Practice" has the meaning assigned to it in Annex 2 hereto;

"Corrupt Practice" has the meaning assigned to it in Annex 2 hereto;

"E&S Questionnaire" means the questionnaire annexed as Annex 3 hereto to be used by the Issuer for assessment of an Eligible Sub-borrower to undertake the Eligible Sub-project in accordance with S&E Requirements;

"Eligible Sub-borrower" means any legal entity organized and existing under the laws of India which:

- (i) is at least majority privately owned (i.e. not majority owned or controlled by the government);
- (ii) is not a Related Party or an Affiliate of the Issuer;
- (iii) is a developer developing housing projects and conducts its business and operations primarily in India; and
- (iv) is not primarily engaged in any of the activities on the Exclusion List;

"Eligible Sub-project" means any residential housing development project that:

- (i) complies with the applicable laws of India including the social and environmental requirements of India, and either already complies with the Performance Standards or is expected to comply with the same upon implementing a time bound corrective action plan resulting from a systematic application of the E&S Questionnaire;
- (ii) is located in India and does not finance expenditures in any country not a member of the World Bank;
- (iii) comprises of housing units meeting the criteria of affordable housing as per the Pradhan Mantri Awas Yojana – Housing For All (Urban) Scheme dated March 2016 released by the Ministry of Housing and Urban Poverty Alleviation, Government of India ("PMAY"), as amended from time to time; and
- (iv) is not a slum rehabilitation project.

"Event of Default" has the meaning assigned to it in the Conditions;

"Exclusion List" means the list of prohibited activities set forth in Annex 1 hereto;

"Fraudulent Practice" has the meaning assigned to it in Annex 2 hereto;

"Material Associates" means HDFC Bank Limited and HDFC Standard Life Insurance Company Limited;

"Obstructive Practice" has the meaning assigned to it in Annex 2 hereto;

"Performance Standards" means IFC's Performance Standards on Social & Environmental Sustainability, dated January 1, 2012, copies of which are available publicly on the IFC website at <http://www.ifc.org/performancestandards>;

"Person" means any natural person, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, Authority or any other entity whether acting in an individual, fiduciary or other capacity;

"Potential Event of Default" means any event or circumstance which would, with notice, lapse of time, the making of a determination or any combination thereof, become an Event of Default;

"RBI" means the Reserve Bank of India;

"Related Party" means, with respect to any Person, any other Person meeting any of the following criteria: (i) each member of such Person's board of directors, supervisory board or equivalent body; (ii) each member of such Person's executive management; (iii) each Person holding, directly or indirectly, more than five percent (5%) of the voting or non-voting share capital of such Person; (iv) each of the parents, children and siblings of the Persons falling under clauses (i) through (iii) above; (v) each of the spouses of the Persons falling under clauses (i) through (iv) above; and (vi) each of the Affiliates of the Persons falling under clauses (i) through (v) above;

"Relevant Financing Operations" means the on-lending operations of the Issuer for financing Eligible Sub-projects by extending loans to Eligible Sub-borrowers for an aggregate amount of INR 52,000,000,000 (Indian Rupees Fifty Two Billion), out of which INR 13,000,000,000 (Indian Rupees Thirteen Billion) is financed by the Notes and INR 39,000,000,000 (Indian Rupees Thirty Nine Billion) is allocated by the Issuer from its own resources;

"S&E Management System" means the social and environmental management system of the Issuer, as implemented and/or in effect from time to time, that enables the Issuer to identify, assess and manage the social and environmental risks in respect of the Relevant Financing Operations in accordance with the S&E Requirements;

"S&E Requirements" means the social and environmental obligations to be undertaken by the Eligible Sub-borrowers to ensure compliance with: (i) the Exclusion List; (ii) Applicable S&E Laws; and (iii) the Performance Standards;

"SEMS Officer" means a senior officer of the Issuer to be responsible for administration and oversight of the S&E Management System;

"Sanctionable Practice" means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice, as those terms are defined herein and interpreted in accordance with the Anti-Corruption Guidelines attached hereto as Annex 2;

"Subsidiary" means the subsidiaries of the Issuer as defined under Section 2(87) of the Companies Act, 2013 (as amended, supplemented or re-enacted from time to time), currently being:

- (a) HDFC Developers Ltd.
- (b) HDFC Investments Ltd.

- (c) HDFC Holdings Ltd.
- (d) HDFC Asset Management Co. Ltd.
- (e) HDFC Trustee Co. Ltd.
- (f) HDFC Standard Life Insurance Co. Ltd.
- (g) HDFC Pension Management Co. Ltd.
- (h) HDFC Realty Ltd.
- (i) GRUH Finance Ltd.
- (j) HDFC ERGO General Insurance Co. Ltd.
- (k) HDFC Sales Pvt. Ltd.
- (l) HDFC Venture Capital Ltd.
- (m) HDFC Ventures Trustee Co. Ltd.
- (n) HDFC Property Ventures Ltd.
- (o) Griha Investments
- (p) HDFC Credila Financial Services Pvt. Ltd. (formerly known as Credila Financial Services Pvt. Ltd.)
- (q) HDFC Education and Development Services Pvt. Ltd.
- (r) Griha Pte Ltd.
- (s) HDFC Capital Advisors Ltd.
- (t) HDFC International Life and Re Co. Ltd.
- (u) Windermere Properties Pvt. Ltd.
- (v) Grandeur Properties Pvt. Ltd.
- (w) Winchester Properties Pvt. Ltd.
- (x) Pentagram Properties Pvt. Ltd.
- (y) Haddock Properties Pvt. Ltd.

"World Bank" means the International Bank for Reconstruction and Development, an international organization established by Articles of Agreement among its member countries.

ANNEX 1

EXCLUSION LIST

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labor²/harmful child labor.
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

ANNEX 2

DEFINITIONS AND INTERPRETATIVE GUIDELINES

The purpose of these Guidelines is to clarify the meaning of the terms “Corrupt Practices”, “Fraudulent Practices”, “Coercive Practices,” “Collusive Practices” and “Obstructive Practices” in the context of IFC operations.

1. CORRUPT PRACTICES

A “Corrupt Practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

INTERPRETATION

- A. Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.
- B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor's books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.
- C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates applicable law.
- D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.
- E. The World Bank Group does not condone facilitation payments. For the purposes of implementation, the interpretation of “Corrupt Practices” relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

2. FRAUDULENT PRACTICES

A “Fraudulent Practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

INTERPRETATION

- A. An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a “Fraudulent Practice” for purposes of World Bank Group sanctions.
- B. Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in IFC, MIGA, or PRG operations. Similarly, other illegal behavior is not condoned, but will not be sanctioned as a Fraudulent Practice under the World Bank sanctions program as applicable to IFC, MIGA and PRG operations.

3. COERCIVE PRACTICES

A “Coercive Practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

INTERPRETATION

- A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.
- B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. COLLUSIVE PRACTICES

A “Collusive Practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

INTERPRETATION

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. OBSTRUCTIVE PRACTICES

An "Obstructive Practice" is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of IFC’s access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

INTERPRETATION

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.

ANNEX 3

E&S QUESTIONNAIRE

SECTION A - PROJECT COMPLIANCE AND IMPACT ASSESSMENT	
A 1. COMPLIANCE WITH THE RELEVANT ENVIRONMENTAL AND SOCIAL GUIDELINES, LAWS AND REGULATIONS	
A 1.1 Has the developer obtained the environmental license/permit and has met the corresponding conditions of the permit? If not, please explain the reason:	<input type="checkbox"/> Yes <input type="checkbox"/> No
A.1.2 Have developer's project ¹⁸ to be supported ever been subject to local stakeholder grievances, negative media or non-governmental organization (NGO) campaigns over E&S issues?	<input type="checkbox"/> Yes <input type="checkbox"/> No
B 2. LABOR AND WORKING CONDITIONS	
A 2.1 Does the developer comply with India federal and state labor codes?	<input type="checkbox"/> Yes <input type="checkbox"/> No
A 2.2 Provide the following information on the project ¹⁹ , which is being supported: <ul style="list-style-type: none"> a) # of fatalities.... b) # of serious injuries... c) occupational diseases, d) lost days, and absenteeism 	
A 3. POLLUTION PREVENTION	
A.3.1 Is the developer in compliance with water use permits provided by local authorities?	<input type="checkbox"/> Yes <input type="checkbox"/> No
A 4. COMMUNITY HEALTH AND SAFETY	
<i>This section verifies whether the company has considered the potential impacts and undertaken necessary measures to mitigate risks.</i>	
A 4.1 Is the developer in compliance with permits issued by local authorities addressing issues of noise, traffic, control of dust, etc.?	
A 5. STAKEHOLDER ENGAGEMENT AND RESETTLEMENT	
A 4.1 Have affected communities/people been informed about the project? If yes, please provide details	<input type="checkbox"/> Yes <input type="checkbox"/> No
A 4.2 Will the project require resettlement (physical or economic displacement ²⁰). If yes, please attach the resettlement plan approved by the authorized government agency.	<input type="checkbox"/> Yes <input type="checkbox"/> No
A 4.3 Are there any pending legal/material issues or complaints related to land acquisition of the project ²¹ ?	<input type="checkbox"/> Yes <input type="checkbox"/> No

¹⁸ In case of a loan not supporting development of any specific assets HDFC will review a track record of the developer taking into consideration previous operations.

¹⁹ In case the number of fatalities or serious incident is above industry average HDFC will either request improvements or will reject the loan.

²⁰ Economic displacement is the loss of assets, or access to assets, that leads to loss of income or means of livelihood as a result of company-related land acquisition.

²¹ In case there are legal/material issues or complaints related to the land acquisition HDFC will either request improvements in line with IFC Performance Standard 5 or will reject the loan.

GENERAL INFORMATION

Authorisation

The issue of the Notes has been duly approved by resolutions of the Board dated 4 May 2017.

Listing

Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Notes is expected to be granted on or before 16 November 2017.

Clearing systems

The Notes have been accepted for clearance through Euroclear and Clearstream. The common code and ISIN for the Notes allocated by Euroclear and Clearstream will be specified in the Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 September 2017 (the end of the last financial period for which interim financial information has been published).

There has been no material adverse change in the prospects of the Issuer or the Group since 31 March 2017 (the date of the last published audited financial statements).

Litigation

Save as disclosed in the Base Prospectus under "*Description of the Issuer and the Group—Litigation*", there are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened) of which the Issuer or the Group is aware in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Accounts

The auditors of the Issuer are B S R & Co. LLP, Chartered Accountants of 5th Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai 400 011, India.

The Issuer's standalone and consolidated financial statements for each of the financial years ended 31 March 2016 and 31 March 2017 have been audited by, and the Issuer's standalone and consolidated interim unaudited financial statements for the quarter ended 30 June 2017 have been reviewed by, Deloitte Haskins & Sells LLP (registered chartered accountants in India) of Indiabulls Finance Centre, 27th — 32nd Floor, Tower 3, Senapati Bapat Marg, Elphinstone Mill Compound, Elphinstone Road (W), Mumbai 400 013, India. The Issuer's standalone and consolidated interim unaudited financial statements for the quarter / six months ended 30 September 2017 have been reviewed by B S R & Co. LLP, Chartered Accountants of 5th Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai 400 011, India.

Documents Available

So long as the Notes are outstanding, copies of the following documents will, when published, be available from the specified office of the Principal Paying Agent in London:

- (a) The Certificate of Incorporation, Memorandum of Association and Articles of Association of the Issuer;
- (b) the audited standalone financial statements as at and for the years ended 31 March 2017 and 2016 and the respective audit reports of the Auditors thereon and the audited consolidated financial statements as at and for the years ended 31 March 2017 and 2016 and the respective audit reports of the Auditors thereon;
- (c) the Programme Agreement, the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons; and
- (d) a copy of this Drawdown Prospectus and the Base Prospectus..

An English translation of any of the documents referred to above will be a direct and accurate translation from the original but, in the event of any discrepancy, the original language version will prevail. Notwithstanding the foregoing, this Drawdown Prospectus and any supplements hereto will be in English, and if translated from another language, the English version will prevail.

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