

TERMS AND CONDITIONS OF WARRANTS

*The following, other than the words, in italics, are the terms and conditions of the Warrants (the “**Warrant Conditions**”) and will appear on the reverse of each Warrant Consolidated Certificate (as defined below).*

The issue of 17,057,400 warrants (“**Warrants**”) each of which is exchangeable for one (1) Equity Share of face value of ₹ 2 each (the “**Equity Shares**”) of Housing Development Finance Corporation Limited (the “**Company**”), was authorized as part of an issuance of Equity Shares, NCDs and Warrants pursuant to resolutions of the Board of Directors and the Committee of Directors dated June 8, 2020, July 30, 2020 and June 19, 2020 and the resolution of the shareholders of the Company dated July 21, 2020 (the “**Shareholders**”). The Warrants are to be issued at a warrant issue price (the “**Warrant Issue Price**”).

1. Status

The Warrants constitute contractual obligations of the Company in terms of the Warrant Conditions.

2. Form, Denomination, Title and Listing

2.1 Form

2.1.1 The allotment of Warrants in this Issue shall only be in dematerialized form (i.e., not in the form of physical certificates, but be fungible and be represented by the statement issued through the electronic mode). The Company has made depository arrangements with National Securities Depository Limited (“**NSDL**”) and Central Depository Services (India) Limited (“**CDSL**”, and together with NSDL, the “**Depositories**”) for the issue of Warrants in dematerialised form. Subject to Warrant Condition 2.1.2, the Warrant holders will hold the Warrants in dematerialised form and deal with the same in accordance with the provisions of the Depositories Act, 1996 and the rules as notified by the Depositories from time to time.

2.1.2 The Warrant holders may rematerialize the Warrants at any time after allotment, in accordance with the provisions of the Depositories Act, 1996 /rules as notified by the Depositories from time to time and other applicable law, including the SEBI Listing Regulations.

The Warrants are subject to the provisions of the SEBI Regulations, Companies Act and the Memorandum of Association and Articles of Association. In addition, the Warrants shall also be subject to applicable laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by the Government of India, SEBI, RBI, NHB and/or other authorities.

2.2 Denomination

Each Warrant is exchangeable for 1 (one) Equity Share only at the Warrant Exercise Price.

In case of Warrants that are rematerialized in accordance with Warrant Condition 2.1.2 and held in physical form, the Company will issue one certificate to the Warrants holder for the aggregate amount of Warrants that are rematerialized and held by such Warrant holder (each such certificate, a “**Warrant Consolidated Certificate**”). In respect of the Warrant Consolidated Certificates, the Company will, upon receipt of a request from the Warrant holder within five business days of such request, split such Warrant Consolidated Certificates into smaller denominations in accordance with the Articles of Association, subject to a minimum denomination of one Warrant (“**Market Lot**”). No fees would be charged for splitting any Warrant Consolidated Certificate, however, stamp duty payable, if any, would be borne by the Warrant holder. The request for split of a Warrant Consolidated Certificate should be accompanied by the original Warrant Consolidated Certificate which will, upon issuance of the split Warrant Consolidated Certificates, be cancelled by the Company.

2.3 Title

In case of: (i) Warrants held in the dematerialized form, the person for the time being appearing in the

register of beneficial owners of a Depository will have the title as the holder of a Warrant, and (ii) Warrants held in physical form, the person for the time being appearing in the Register of Warrant holders will have the title as the holder of a Warrant shall be treated for all purposes by the Company, the Depositories and all other persons dealing with such person as the holder thereof and as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Warrant Consolidated Certificate issued in respect of the Warrant and no person will be liable for so treating the holder. In these Warrant Conditions, “Warrant holder” and “holder” means the person in whose name a Warrant is registered.

Title to the Warrants shall pass only by transfer and registration as described in Warrant Condition.

2.4 ***Listing***

The Warrants are to be listed on NSE and BSE.

3. Transfers of Warrants; issue of Warrant Consolidated Certificates

3.1 ***Register***

The Company shall maintain at its Registered Office (or such other place as permitted by law) a register of Warrant holders (the “**Register of Warrant holders**”). The Register of Warrant holders maintained by a Depository for Warrants in dematerialised form shall be deemed to be a Register of Warrant holders for the purposes of this Warrant Condition 3.1.

3.2 ***Transfers***

Subject to Warrant Conditions 3.3 and 3.4:

In case of Warrants held in the dematerialized form, transfers of Warrants may be effected only through the Depository(ies) through which such Warrants to be transferred are held, in accordance with the provisions of the Depositories Act, 1996, rules as notified by the Depositories from time to time and other applicable law including the SEBI Listing Regulations.

In accordance with the SEBI Listing Regulations, except in case of transmission or transposition of Warrants, requests for transfers of Warrants shall not be effected unless the Warrants are held in the dematerialized form with a depository.

3.3 ***No transfer except on Stock Exchange for one year***

The Warrants shall not be sold for a period of one year from the date of Allotment except on a recognized stock exchange.

Please note that the Warrants cannot be issued pursuant to the Issue to the non-residents, or to entities, which are ‘owned’ or ‘controlled’ by non-residents / persons resident outside India and whose downstream investments are regarded as foreign investment, in terms of the Consolidated FDI Policy.

Subsequent to receipt of listing and trading approvals from the Stock Exchanges and as per the extant laws, the Warrants cannot be transferred to non-residents or entities, which are ‘owned’ or ‘controlled’ by non-residents / persons resident outside India and whose downstream investments are regarded as foreign investments.

3.4 ***Restricted transfer period***

No Warrant holder may require the transfer of a Warrant to be registered after any Exercise Notice has been delivered in respect of the Warrant.

3.5 ***Formalities free of charge***

Registration of a transfer of Warrants and, where applicable, issuance of new Warrant Consolidated Certificates or split of new Warrant Consolidated Certificates will be effected without charge by or on behalf of the Company, but upon payment (or the giving of such indemnity as the Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and the Company being satisfied that the regulations concerning transfers of Warrants have been complied with.

4. **Rights of Warrant holders**

- 4.1 Subject to Warrant Conditions 3.2, 3.3 and 3.4, the Warrants shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations and other related matters as in the case of Equity Shares.
- 4.2 The Warrant holders shall have no other rights or privileges except as expressly provided in these Warrant Conditions.
- 4.3 On exercise of the Warrants and subsequent allotment of Equity Shares, the Warrant holders shall enjoy the rights and privileges of Shareholders and not of Warrant holders.
- 4.4 The Warrants shall not confer upon the holders thereof any right to receive any notice of the meeting of the Shareholders or annual report of the Company and or to attend/vote at any of the general meetings of the Shareholders.
- 4.5 The Warrant holders shall not be entitled to any dividend or any other corporate benefits, which may be declared or announced by the Company from time to time, until such time that the Warrants are exchanged for the underlying Equity Shares and the Equity Shares so allotted, in accordance with these Warrant Conditions.

5. **Exercise Right, Warrant Exercise Period and Warrant Exercise Price**

5.1 ***Exercise Right***

- 5.1.1 Each Warrant entitles a Warrant holder to subscribe, at the option of the Warrant holder by way of exercise of the Warrant at any time during the Warrant Exercise Period (as defined below) at the Warrant Exercise Price (as adjusted in accordance with Warrant Condition 6), in the manner set forth in Warrant Condition 5.4, and otherwise on the terms and subject to this Warrant Condition 5, to 1 (one) fully paid Equity Share(s) (the “**Exercise Right**”).
- 5.1.2 The Exercise Right shall be available: (i) in case of Warrants held in the dematerialized form, to the person for the time being appearing in the register of beneficial owners of a Depository as the holder of a Warrant, and (ii) in case of Warrants held in physical form, to the person for the time being appearing in the Register of Warrant holders, at the time of exercise of the Exercise Right.
- 5.1.3 An Exercise Right may only be exercised in respect of one or more Warrants. Upon exercise of Exercise Rights in relation to any Warrant and the fulfillment by the Company of all its obligations in respect thereof, the relevant Warrant holder shall have no further rights in respect of such Warrant and the obligations of the Company in respect of the Warrant shall be extinguished.

5.2 ***Warrant Exercise Period***

- 5.2.1 The Exercise Right by the Warrant holders may be exercised, at any time during normal business hours up to 5.00 p.m. in Mumbai on or after the date of Allotment *i.e.*, August 11, 2020, until August 10, 2023 (*i.e.*, within 36 months from the date of the Allotment, but in no event thereafter) (“**Warrant Exercise Period**”).

Any Warrant which has not been exercised on or before 5.00 p.m. on August 10, 2023, will lapse and cease to be valid and any amounts paid towards them to date will stand forfeited.

5.3 ***Warrant Exercise Price***

The holder for the time being of each Warrant will have the right, by way of exercise of the Exercise Right attaching to such Warrant, at any time during the Warrant Exercise Period, to subscribe for a fully-paid up Equity Share at a price per Equity Share ("**Warrant Exercise Price**") equal to ₹ 2,165 per Warrant, or such adjusted amount as, in accordance with Warrant Condition 6, is applicable (disregarding any retroactive adjustment not then reflected in the Warrant Exercise Price, but without prejudice to the Company's obligations in respect thereof) on the Warrant Exercise Date (as defined in Warrant Condition 5.4.1 (iv)).

An Exercise Right may only be exercised in respect of one or more Warrants. If more than one Warrant held by the same holder is exercised at any one time by the same holder, the number of Equity Shares to be allotted upon such exercise will be calculated on the basis of the aggregate number of Warrants to be exercised.

5.4 ***Procedure for Exercise of Warrants***

5.4.1 ***Exercise Notice***

- (i) To exercise the Exercise Right, the Warrant holder thereof must complete, execute and deposit at his own expense, during normal business hours, at the Registered Office, a notice of Exercise (the "**Exercise Notice**") in the form obtainable during the Warrant Exercise Period from the Registered Office or on the website of the Company, www.hdfc.com. The form of the Exercise Notice may be obtained from the aforesaid locations during the period from the date of Allotment of Warrants until the termination of the Warrant Exercise Period. The duly completed Exercise Notice must be accompanied with: (i) a cheque/demand draft payable at Mumbai and drawn in favour of, or proof of payment by electronic means into, the bank account of the Company for this purpose for the aggregate amount of the Warrant Exercise Price in respect of all the Warrants sought to be converted pursuant to the Exercise Notice and the amounts specified in Warrant Condition 5.4.1(ii) ("**Other Costs**") and together with the Warrant Exercise Price, the "**Exercise Amount**"; and (ii) the scanned copies of the documents such as delivery instruction duly authenticated by the depository participant, copy of the PAN card, copy of the board resolution and/or power of attorney, as may be applicable, which may be sent electronically at the email address of the authorized person to be specified by the Company at the time of Exercise Notice to the Warrant holder.
- (ii) On the Warrant Exercise Date, the Warrant holder is also required to make the payment of:
 - (a) all (if any) such stamp, issue, registration or other similar taxes or duties arising on exercise of the relevant Warrants in the place in which such Warrants is or are deposited for exercise thereof or in consequence of the delivery of Warrant Consolidated Certificates for the Equity Shares to be issued on such exercise to or to the order of a person other than the exercising Warrant holder or the person specified in the Exercise Notice as his standing proxy or other nominee as the Company may request at the time of the said deposit of the relevant Warrants; the expenses of, and the submission of any necessary documents required in order to effect, dispatch of certificates for Equity Shares and any other securities, property or cash to be delivered upon exercise to a place other than the Registered Office;
 - (b) If the amount received by the Company in respect of an exercising Warrant holder's purported payment of the Exercise Amount relating to all of the relevant Warrants is less than the full amount of the Exercise Amount, the Company shall not treat the amount so

received or any part thereof as payment of the Exercise Amount, or any part thereof and, accordingly, the whole of such amount shall remain in the bank account of the Company unless and until a further payment is made in an amount sufficient to cover the deficiency. If the Company does not receive the payment of the Exercise Amount relating to the exercise of particular Warrants within fifteen days after the Exercise Date in respect of such Warrants, the Company may (but is not obliged to), in its discretion and without liability to itself return such amount (without any interest thereupon) received towards the purported payment of the Exercise Amount and the relevant Exercise Notice to the exercising Warrant holder at the risk and expense of such Warrant holder.

- (iii) An Exercise Notice deposited outside the normal business hours or on a day which is not a business day at the place of the specified office of the Registrar shall for all purposes be deemed to have been deposited with the Registrar during the normal business hours on the next business day following such day.
- (iv) The exercise date in respect of a Warrant (the “**Warrant Exercise Date**”) must fall at a time when the Exercise Right attaching to that Warrant is expressed in these Warrant Conditions to be exercisable during the Warrant Exercise Period and will be deemed to be the date of the surrender of the Warrant Consolidated Certificate in respect of such Warrant and delivery of such Exercise Notice. An Exercise Notice once delivered shall be irrevocable and may not be withdrawn unless the Company consents to such withdrawal.

5.4.2 ***Delivery of Equity Shares***

- (i) Upon exercise by a Warrant holder of his Exercise Right, the Company will, on or with effect from the relevant Exercise Date and within 15 days of the Warrant Exercise Date, cause the relevant securities account of the Warrant holder exercising his Exercise Right or of his/their nominee, to be credited with such number of relevant Equity Shares to be issued upon exercise and shall further cause the name of the concerned Warrant holder or its nominee to be registered accordingly, in the record of the beneficial holders of Equity Shares, maintained by the depository. Provided that in the event the Warrant holders holding the Warrants in the dematerialized form and not having the Warrants in their respective depository account on the relevant Warrant Exercise Date, the Warrant Exercise Date shall be the date after receipt of the Exercise Notice on which the Warrants are credited to the account of such Warrant holder.
- (ii) The allotment of Equity Shares pursuant to exercise of Warrants in this Issue shall only be in dematerialized form (i.e., not in the form of physical certificates, but be fungible and be represented by the statement issued through the electronic mode). The holders thereof will hold the Equity Shares so allotted in dematerialised form and deal with the same in accordance with the provisions of the Depositories Act, 1996 and rules as notified by the Depositories from time to time.
- (iii) The Shareholders may rematerialize the Equity Shares at any time after allotment of such Equity Shares, in accordance with the provisions of the Depositories Act, 1996 and rules as notified by the Depositories from time to time.
- (iv) All Equity Shares issued upon exercise of Warrants shall be fully-paid and non-assessable or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those Equity Shares which as between themselves have no preference in respect of dividends or amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company and shall entitle the Warrant holders thereof to participate in full in all dividends and other distributions paid or made on the Equity Shares, the record date for which falls on or after the relevant Exercise Date and allotment of the Equity Shares pursuant to the exercise of the Warrants. Such Equity Shares will in all other respects rank *pari passu* with the issued and paid-up

Equity Shares on the relevant Exercise Date (except for any right the record date for which precedes such Exercise Date and any other right excluded by mandatory provisions of applicable law). The Equity Shares to be issued upon the exercise of the Exercise Right shall also be listed on the Stock Exchanges subject to receipt of necessary approvals.

- (v) If the Warrant Exercise Date in relation to any Warrant shall be on or after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Warrant Exercise Price pursuant to Warrant Condition 6, but before the relevant adjustment becomes effective under the relevant Warrant Condition, upon the relevant adjustment becoming effective, the Company shall procure the issue to the exercising Warrant holder (or in accordance with the instructions contained in the Exercise Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Equity Shares (in addition to the Equity Shares issued on exercise of the relevant Warrants) as is equal to the number of Equity Shares which would have been required to be issued on exercise of such Warrant if the relevant adjustment to the Warrant Exercise Price had been made and become effective on or immediately after the relevant record date.
- (vi) If the Exercise Right in respect of more than one Warrant is exercised at any one time, such that Equity Shares to be issued on exercise are to be registered in the same name, the number of such Equity Shares to be issued in respect thereof shall be calculated on the basis of the aggregate number of such Warrants being so exercised and rounded down to the nearest whole number of Equity Shares. Fractions of Equity Shares will not be issued on exercise but the Company will, including without limitation, in the event of a consolidation or re-classification of Equity Shares by operation of law or otherwise occurring after the date of Allotment of the Securities which reduces the number of Equity Shares outstanding, upon exercise of the Warrants pay in cash (in ₹ by means of a ₹ cheque drawn on a bank in Mumbai or by electronic means) the sum equal to such portion of the Warrant Exercise Price of the Warrant or Warrants evidenced by the Warrant Consolidated Certificate deposited in connection with the exercise of Exercise Rights, as corresponds to any fraction of an Equity Share not issued if such sum exceeds ₹ 2. Any such sum shall be paid not later than three business days after the relevant Warrant Exercise Date.

6. Adjustments to Warrant Exercise Price and Quantum of Warrants

The Warrant Exercise Price and the quantum of Warrants will be subject to adjustment in the following events (each an “**Adjustment Event**”), to the extent permitted by and subject to any conditions prescribed under applicable laws including the FEMA and the rules, regulations, notifications thereunder.

6.1 *Consolidation, subdivision or re-classification*

Warrant Exercise Price Adjustment: If and whenever there shall be an alteration to the nominal value of the Equity Shares as a result of consolidation, sub-division or re-classification, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

B

Where:

A is the nominal amount of one Equity Share immediately after such alteration; and

B is the nominal amount of one Equity Share immediately before such alteration.

Warrant Quantum Adjustment: If and whenever there shall be an alteration to the nominal value of the Equity Shares as a result of consolidation, sub-division or re-classification of Equity Shares, the number of Warrants shall be adjusted/alterd by multiplying the total number of Warrants outstanding immediately before such alteration by the following fraction:

B

A

Where:

A is the nominal amount of one Equity Share immediately after such alteration; and

B is the nominal amount of one Equity Share immediately before such alteration.

In the event of any fractional Warrants, if any resulting from such adjustment, such fractional Warrants shall be ignored. The Board of Directors or any duly authorized committee thereof shall have powers to remove any difficulties and the same shall be done such that the benefits and obligations of the Warrant holder nearly results in similar value mathematically before and after such adjustment.

Effective date of adjustment: Such adjustment shall become effective on the date the alteration takes effect or, in the case of an alteration to the nominal value of the Equity Shares as a result of consolidation, if a record date is fixed therefor immediately after such record date.

6.2 ***Capitalisation of profits or reserves***

- 6.2.1 *Warrant Exercise Price Adjustment:* If, and whenever, the Company shall issue any Equity Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including, Equity Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend (as defined hereinafter)) and which would not have constituted a Capital Distribution (as defined hereinafter), the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such issue by the following fraction:

A

B

Where:

A is the aggregate nominal amount of the issued Equity Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Equity Shares immediately after such issue.

Warrant Quantum Adjustment: If and whenever the Company shall issue any Equity Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including, Equity Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the number of Warrants shall be adjusted/alterd by multiplying the total number of Warrants in force immediately before such alteration by the following fraction:

B

A

Where:

A is the aggregate nominal amount of the issued Equity Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Equity Shares immediately after such issue.

In the event of any fractional Warrants, if any resulting from such adjustment, such fractional Warrants shall be ignored. The Board of Directors or any duly authorized committee thereof shall have powers to remove any difficulties and the same shall be done such that the benefits and obligations of the Warrant holder nearly results in similar value mathematically before and after such adjustment.

Effective date of adjustment: Such adjustment shall become effective on the date of issue of such Equity Shares or if a record date is fixed therefor, immediately after such record date or such date as may be considered by Stock Exchanges for effecting adjustment price of Equity Shares.

- 6.2.2 *Warrant Exercise Price Adjustment:* In the case of an issue of Equity Shares by way of a Scrip Dividend where the Current Market Price (as defined hereinafter) of such Equity Shares on the date of the first public announcement of the terms of such Scrip Dividend exceeds the amount of the Relevant Cash Dividend (as defined hereinafter) or the relevant part thereof and which would not have constituted a Capital Distribution (as defined hereinafter), the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before the issue of such Equity Shares by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A** is the aggregate nominal amount of the issued Equity Shares immediately before such issue;
- B** is the aggregate nominal amount of the Equity Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the Current Market Price of the Equity Shares issued by way of Scrip Dividend in respect of each existing Equity Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C** is the aggregate nominal amount of Equity Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an Independent Investment Bank (as defined hereinafter) shall certify to the Warrant holders is fair and reasonable.

Effective date of adjustment: Such adjustment shall become effective on the date of issue of such Equity Shares or if a record date is fixed therefor, immediately after such record date.

6.3 **Capital Distributions and extraordinary dividend**

Warrant Exercise Price Adjustment: If and whenever the Company shall pay or make any Capital Distribution to the Shareholders, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A** is the Current Market Price of one Equity Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and
- B** is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Equity Share.

Effective date of adjustment: Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date. For the avoidance of doubt, when the Capital Distribution is by means of a Relevant Cash Dividend, only such portion of the cash dividend which exceeds the Threshold Percentage (the “**Excess Portion**”) shall be regarded as a Capital Distribution and only the Excess Portion shall be taken into account in determining the Fair Market Value of the portion of the Capital Distribution attributable to one Equity Share.

6.4 ***Rights issues of Equity Shares or options over Equity Shares***

Warrant Exercise Price adjustment: If and whenever the Company shall issue Equity Shares or other rights to subscribe for or purchase any securities (other than Equity Shares or options, warrants or other rights to subscribe or purchase or otherwise acquire Equity Shares), to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for or purchase or otherwise acquire any Equity Shares or other rights to subscribe for or purchase any securities (other than Equity Shares or options, warrants or other rights to subscribe or purchase or otherwise acquire Equity Shares) in each case at less than 90 per cent. of the Current Market Price per Equity Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

$$A + C$$

Where:

- A is the number of Equity Shares immediately before such announcement;
- B is the number of Equity Shares which the aggregate amount (if any) payable for the Equity Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Equity Shares comprised therein would subscribe for or purchase or otherwise acquire at such Current Market Price per Equity Share; and
- C is the aggregate number of Equity Shares issued or, as the case may be, comprised in the issue or grant.

Effective date of adjustment: Such adjustment shall become effective on the date of issue of such Equity Shares or other rights to subscribe for or purchase any securities (other than Equity Shares or options, warrants or other rights to subscribe or purchase or otherwise acquire Equity Shares), or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Equity Shares are traded ex-rights, ex-options or ex-warrants (as the case may be).

6.5 ***Issues at less than Current Market Price***

Warrant Exercise Price Adjustment: If and whenever the Company shall issue (otherwise than as mentioned in Warrant Condition 6.4 above) wholly for cash any Equity Shares (other than Equity Shares issued upon the exercise of the Exercise Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Equity Shares) or shall issue or grant (otherwise than as mentioned in Warrant Condition 6.4 above and 6.14 below) wholly for cash any options, warrants or other rights to subscribe or purchase or otherwise acquire Equity Shares in each case at a price per Equity Share which is less than the Current Market Price on the last Trading Day preceding (1) in all cases other than a Preferential Allotment, the date on which the Board decides to open the issue; and (2) in case of a Preferential Allotment, the date on which the Shareholders approve such issue, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

C

Where:

- A is the number of Equity Shares in issue immediately before the issue of such additional Equity Shares or the grant of such options, warrants or other rights to subscribe for or purchase or otherwise acquire any Equity Shares;
- B is the number of Equity Shares which the aggregate consideration receivable (if any) for the issue of such additional Equity Shares would purchase at such Current Market Price per Equity Share; and
- C is the number of Equity Shares in issue immediately after the issue of such additional Equity Shares.

References to additional Equity Shares in the above formula shall, in the case of an issue or grant by the Company of options, warrants or other rights to subscribe or purchase or otherwise acquire Equity Shares, mean such Equity Shares to be issued, or otherwise made available, assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue or grant of such options, warrants or other rights.

Effective date of adjustment: Such adjustment shall become effective on the date of issue of such additional Equity Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

6.6 **Other Issues at less than Current Market Price**

Warrant Exercise Price adjustment: Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Warrant Condition 6.6, if and whenever the Company (otherwise than as mentioned in Warrant Conditions 6.4 or 6.5), or (at the direction or request of or pursuant to any arrangements with the Company) any other company, person or entity shall issue any securities (other than the Warrants) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Equity Shares to be issued by the Company on conversion, exchange or subscription at a consideration per Equity Share which is less than the Current Market Price on the last Trading Day preceding (1) in all cases other than a Preferential Allotment of Equity Shares, the date on which the Board decides to open the issue; (2) in case of a Preferential Allotment, the date on which the Shareholders approve such issue, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

$$A + C$$

Where:

- A is the number of Equity Shares in issue immediately before such issue;
- B is the number of Equity Shares which the aggregate consideration (if any) receivable by the Company for the Equity Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Equity Share; and
- C is the maximum number of Equity Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Effective Date of adjustment: Such adjustment shall become effective on the date of issue of such securities.

6.7 *Modification of rights of conversion etc.*

Warrant Exercise Price Adjustment: If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Warrant Condition 6.6 (other than in accordance with the terms of such securities) so that the consideration per Equity Share (for the number of Equity Shares available on conversion, exchange or subscription following the modification) is reduced and is less than the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

$$A + C$$

Where:

- A is the number of Equity Shares in issue immediately before such modification;
- B is the number of Equity Shares which the aggregate consideration (if any) receivable by the Company for the Equity Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to the securities, in each case so modified, would purchase at such Current Market Price per Equity Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Equity Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank, consider appropriate (if at all) for any previous adjustment under this Warrant Condition 6.7 or Warrant Condition 6.6.

Effective Date of adjustment: Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

6.8 *Other offers to Shareholders*

Warrant Exercise Price adjustment: If and whenever the Company or (at the direction or request of or pursuant to any arrangements with the Company) any other company, person or entity issues, sells or distributes any securities in connection with which offer the Shareholders generally (meaning for the purposes of these presents the holders of at least 60 per cent. of Equity Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Warrant Exercise Price fails to be adjusted under Warrant Condition 6.4, Warrant Condition 6.5 or Warrant Condition 6.6), the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

$$A$$

Where:

- A is the Current Market Price of one Equity Share on the last Trading Day preceding the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Equity Share.

Effective Date of adjustment: Such adjustment shall become effective on the date of issue, sale or

distribution of the securities.

6.9 ***Delisting***

In the event the Equity Shares are no longer listed or admitted to trading on both of the Stock Exchanges (a “**Delisting**”) or if either of the Stock Exchanges is notified of a proposed open offer in relation to a Delisting, the Warrant Exercise Price shall be adjusted to the amount representing the difference between the Floor Price and the Warrant Issue Price.

6.10 ***Other Events***

If the Company determines that an adjustment should be made to the Warrant Exercise Price as a result of one or more events or circumstances not referred to in this Warrant Condition 6, the Company shall, determine as soon as practicable what adjustment (if any) to the Warrant Exercise Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Warrant Exercise Price, and the date on which such adjustment should take effect in accordance with such determination, provided that where the circumstances giving rise to any adjustment pursuant to this Warrant Condition 6. have already resulted or will result in an adjustment to the Warrant Exercise Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Warrant Exercise Price, such modification (if any) shall be made to the operation of the provisions of this Warrant Condition 6 as may be advised by the Independent Investment Bank to be in their opinion appropriate to give the intended result.

For the purposes of these Warrant Conditions:

“**Alternative Stock Exchange**” means at any time, in the case of the Equity Shares, if they are not at that time listed and traded on at least one of the Stock Exchanges, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

“**Capital Distribution**” means any dividend or distribution (whether of cash or of assets in specie) by the Company for any financial period (whenever paid or made and however described) declared after the Issue Date (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Equity Shares credited as fully paid to the extent an adjustment to the Warrant Exercise Price is made in respect thereof under Warrant Condition 6.2.1 by way of capitalisation of reserves) and including any Scrip Dividend to the extent of the Relevant Cash Dividend unless:

- (i) (and to the extent that) in the case of a Relevant Cash Dividend or a distribution in specie it does not, when taken together with any other dividend or distribution previously made or paid in respect of the same fiscal year, exceed 55 per cent. of the Company’s consolidated net profits attributable to Shareholders after deducting minority interests and tax for the fiscal year in relation to which the Relevant Cash Dividend or distribution is made (the “**Threshold Percentage**”); or
- (ii) (and to the extent that) in the case of a distribution in specie only it does not, when taken together with any other dividend or distribution previously made or paid in respect of all periods after March 31, 2020, exceed the aggregate of the consolidated net profits for such periods (less the aggregate of any consolidated net losses) attributable to Shareholders after deducting minority interests and preference dividends (if any) but (1) deducting any amounts in respect of any asset previously credited to the Company’s reserves (in respect of any period or date up to and including March 31, 2020) pursuant to any revaluation of such asset, where amounts arising on the disposal of such asset have contributed to such profits and (2) deducting any exceptional and extraordinary items, (and for the avoidance of doubt after excluding any amount arising as a result of any reduction in registered capital, share premium account or capital redemption reserve), in each case calculated by reference to the audited consolidated profit and loss accounts for such periods of the Company; or

- (iii) it comprises a purchase or redemption of Equity Shares by or on behalf of the Company, where the weighted average price (before expenses) on any one day in respect of such purchases does not exceed the Current Market Price of the Equity Shares on NSE or the equivalent quotation sheet of an Alternative Stock Exchange, as the case may be, by more than 5 per cent. either (1) on that date, or (2) where an announcement has been made of the intention to purchase Equity Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a Trading Day, the immediately preceding the Trading Day.

In making any such calculation, such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (a) any consolidation or subdivision of the Equity Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event or (c) the modification of any rights to dividends of Equity Shares.

“**Closing Price**” for the Equity Shares for any Trading Day shall be the last reported transaction price on NSE or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.

“**Current Market Price**” means, in respect of a Equity Share at a particular date, the arithmetic average of the Closing Prices for one Equity Share (being an Equity Share carrying full entitlement to dividend) for the 10 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 10 Trading Day period the Equity Shares shall have been quoted ex-dividend and during some other part of that period the Equity Shares shall have been quoted cum-dividend then:

- (i) if the Equity Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Equity Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the amount of that dividend per Equity Share; or
- (ii) if the Equity Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Equity Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of the amount of that dividend per Equity Share;

and provided further that if the Equity Shares on each of the said 10 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Equity Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Equity Share.

“**Fair Market Value**” means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank provided that (i) the fair market value of a cash dividend paid or to be paid per Equity Share shall be the amount of such cash dividend per Equity Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded.

“**Independent Investment Bank**” means an independent investment bank of international repute (acting as expert) selected by the Company and notified to the Warrant holders in accordance with Warrant Condition 10.

“**Preferential Allotment**” shall mean preferential allotment under Chapter V of the SEBI ICDR Regulations, as amended.

“Relevant Cash Dividend” means any cash dividend specifically declared by the Company.

“Relevant Stock Exchange” means at any time, in respect of the Equity Shares, the Stock Exchanges or the Alternative Stock Exchange.

“Scrip Dividend” means any Equity Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (and for the avoidance of doubt to the extent that no adjustment is to be made under Warrant Condition 6.3 in respect of the amount by which the Current Market Price of the Equity Shares exceeds the Relevant Cash Dividend or part thereof) but without prejudice to any adjustment required in such circumstances to be made under Warrant Condition 6.2.

“Trading Day” means a day when the Stock Exchanges or, as the case may be an Alternative Stock Exchange is open for trading business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of trading days.

- 6.11 The Warrant Exercise Price may not be reduced so that, on exercise of Warrants, Equity Shares would fall to be issued at a discount to their par value.

6.12 ***Minor adjustments***

On any adjustment, the relevant Warrant Exercise Price, if not an integral multiple of one Rupee, shall be rounded down to the nearest Rupee. No adjustment shall be made to the Warrant Exercise Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Warrant Exercise Price then in effect. Any adjustment not required to be made, and any amount by which the Warrant Exercise Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Warrant holders in accordance with Warrant Condition 9 as soon as practicable after the determination thereof.

6.13 ***Cumulative adjustments***

Where more than one event which gives or may give rise to an adjustment to the Warrant Exercise Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in their opinion appropriate in order to give such intended result.

6.14 ***Employee stock option***

No adjustment will be made to the Warrant Exercise Price or the quantum of Warrants, when Equity Shares or other securities (including rights or options) are issued, offered or granted to employees (including officers and directors) of the Company or any Subsidiary of the Company or any other eligible persons pursuant to any Employee Stock Option Scheme (and which Employee Stock Option Scheme is in compliance with the listing rules of the Stock Exchanges, and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended and the applicable provisions of the Companies Act, 2013, along with the rules framed thereunder).

6.15 ***Notice of Change in the Warrant Exercise Price***

The Company shall give notice to the Warrant holders in accordance with Warrant Condition 9 of any change in the Warrant Exercise Price and/or quantum of Warrants, as the case may be. Any such notice relating to a change in the Warrant Exercise Price and/or quantum of Warrants shall set forth the event giving rise to the adjustment, the Warrant Exercise Price and/or quantum of Warrants prior to such adjustment, the adjusted Warrant Exercise Price and/or quantum of Warrants and the effective date of such

adjustment.

For the avoidance of doubt, nothing in this Warrant Condition 6 shall obligate the Company to disclose any information which is not public information to the Warrant holders or where it is not legally permissible to disclose such information.

6.16 *Minimum Warrant Exercise Price*

Notwithstanding the provisions of this Warrant Condition, the Warrant Exercise Price shall not be reduced to an amount such that the sum of the Warrant Issue Price and the adjusted Warrant Exercise Price is less than the Floor Price as a result of any adjustment made hereunder, and in such case the reduction shall be limited to the Floor Price.

6.17 *Reference to “fixed”*

Any reference in these Warrant Conditions to the date on which a consideration is “fixed” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

6.18 *Miscellaneous*

6.1.1 No adjustment will be made to the Warrant Exercise Price when any Equity Shares are issued following the exercise of the Warrants.

6.1.2 No adjustment involving an increase in the Warrant Exercise Price in this Warrant Condition 6 will be made, except in the case of a consolidation of the Equity Shares as referred to in Warrant Condition 6.1 above.

6.19 *Consolidation, Amalgamation or Merger of the Company*

In the case of any consolidation, amalgamation or merger of the Company with any other corporation or company (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation or company), or in the case of any sale or transfer of all, or substantially all, of the assets of the Company, or in the case of any creation of a holding company owning all shares of the Company by way of exchange for all outstanding shares of the Company or transfer of all the outstanding shares of the Company into the holding company, the Company shall forthwith notify the Warrant holders of such event in accordance with Warrant Condition 9 and (so far as legally possible) cause the corporation / company or the holding company resulting from such consolidation, amalgamation, merger, share exchange or share transfer or the corporation / company which shall have acquired such assets, as the case may be, to execute such instruments or other documents or assurances as may be necessary legally to ensure that the holder of each Warrant then remaining unexercised shall have the right (during the period such Warrant shall remain unexercised) by exercising such Warrant to be issued the class and number of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale, transfer, share exchange or share transfer by a holder of the number of Equity Shares which would have become liable to be issued upon exercise of such Warrant immediately after such consolidation, amalgamation, merger, sale, transfer, share exchange or share transfer (such instruments or other documents or assurances to provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in the foregoing provisions of this Warrant Condition 6) and the above provisions of this Warrant Condition 6 shall apply in the same way to any subsequent consolidations, amalgamations, mergers, sales, transfers, share exchanges or share transfers.

If the Company is a party to any transaction referred to above in which it is not the continuing corporation / company, it shall use its best endeavours to obtain all consents that may be necessary or appropriate under law to enable the continuing corporation / company to give effect to the Warrants in the manner stated above and to execute such instruments or other documents or assurances as may be necessary legally to ensure that the holder of each Warrant then remaining unexercised shall have the right (during the period

such Warrant shall remain unexercised) by exercising such Warrant to be issued the class and number of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale, transfer, share exchange or share transfer by a holder of the number of Equity Shares which would have become liable to be issued upon exercise of such Warrant immediately after such consolidation, amalgamation, merger, sale, transfer, share exchange or share transfer (such instruments or other documents or assurances to provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in the foregoing provisions of this Warrant Condition 6).

7. Undertakings

7.1 The Company undertakes that, so long as any Warrant remains unexercised:

- (i) it will use its best endeavours (a) to obtain and maintain a listing of the Warrants on the Stock Exchanges, (b) to maintain a listing for all the issued Equity Shares on the Stock Exchanges, and (c) to obtain and maintain a listing for all the Equity Shares issued on the exercise of the Exercise Rights attaching to the Warrants on the Stock Exchanges and if the Company is unable to obtain or maintain such listing, to use its best endeavours to obtain and maintain a listing for all the Equity Shares on an Alternative Stock Exchange as the Company may from time to time determine and will forthwith give notice to the Warrant holders in accordance with Warrant Condition 10 of the listing or delisting of the Equity Shares (as a class) by any such stock exchange;
- (ii) it will reserve, free from any other encumbrances, pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Equity Shares liable to be issued on exercise of the Warrants and will ensure that all such Equity Shares will be duly and validly issued as fully-paid;
- (iii) it will pay the expenses of the issue or delivery of, and all expenses of obtaining listing for, Equity Shares arising on exercise of the Warrants, including but not limited to stamp duties, issue expenses, registration fees and taxes;
- (iv) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law);
- (v) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Warrant Exercise Price below the face value of the Equity Shares, provided always that the Company shall not be prohibited from purchasing its Equity Shares to the extent permitted by law; and
- (vi) it will not take any corporate or other action described in Warrant Condition 6 unless, the total aggregate decrease in the Warrant Exercise Price that would result from all corporate actions or other actions provided in Warrant Condition 6 would not result in the sum of the Warrant Issue Price and the Warrant Exercise Price being lower than the Floor Price.

8. Further issues

The Company may from time to time without the consent of the Warrant holders create and issue new further securities upon such terms as the Company may determine at the time of their issue.

9. Notices

9.1 If, at any time prior to the expiration of the Warrants and prior to their exercise, any of the following events shall occur:

9.1.1 any action which would require an adjustment pursuant to Warrant Condition 6, or

- 9.1.2 a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation, merger, or sale of all or substantially all of its property, assets, and business as an entirety) shall be proposed

then in any one or more of said events, the Company shall give notice in writing of such event to the Warrant holders in accordance with Warrant Condition 9.2. Failure to publish or mail such notice or any defect therein or in the publication or mailing thereof shall not affect the validity of any action taken in connection with such dividend, distribution, or subscription rights, or proposed dissolution, liquidation or winding up.

- 9.2 The notices to the Warrant holders required to be given by the Company shall be deemed to have been given if sent by ordinary post or electronic mail to the sole/first allottee or sole/first registered holder of the Warrant, as the case may be. All notices to be given by Warrant holders shall be sent by registered post, electronic mail or by hand delivery to the Company at its Corporate Office and be marked to the attention of the Company Secretary.

10. Replacement of Warrants

If any rematerialized Warrant is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Company or the Registrar may require. Mutilated or defaced Warrant must be surrendered before replacements will be issued.

11. Amendments and supplements

- 11.1 These Warrant Conditions may be amended without the consent of the Warrant holders to cure ambiguities and defects or make amendments of a formal, minor or technical nature and make other changes that do not affect the Warrant holders.
- 11.2 These Warrant Conditions may be amended with the written consent of the Warrant holders holding fifty per cent of the outstanding Warrants in value in respect of all other matters except the preceding and except for increasing the Warrant Exercise Price or decreasing the Warrant Exercise Period or entitlement. Consent of the Warrant holders holding seventy five per cent of outstanding Warrants in value shall be required for increase or decrease in Warrant Exercise Period. The approval of all Warrants holder will be required for increase or decrease the Warrant Exercise Price or entitlement.
- 11.3 Once an amendment has been approved in writing by the Warrant holders, the amendment shall be given effect to.

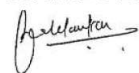
12. Severability

If any provision of these Warrant Conditions are determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provisions or the applicable part of such of such provisions and the remaining part of such provision and all other provisions of these Warrant Conditions shall continue to remain in full force and effect.

13. Governing law and jurisdiction

The Warrants are governed by, and shall be construed in accordance with, the laws of India and any dispute arising out of or in connection with the Warrants shall be subject to the exclusive jurisdiction of courts at Mumbai.

Yours faithfully,
For **HDFC Bank Limited**



Santosh Haldankar
Company Secretary

