

FOR PRIVATE CIRCULATION ONLY

(For the Addressee only)

Series 2019 A/0(ML)/1_130

**SUPPLEMENTAL DISCLOSURE DOCUMENT
FOR ISSUE OF PRINCIPAL PROTECTED MARKET LINKED
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
FEBRUARY 05, 2019**



**HDB FINANCIAL SERVICES LIMITED
(CIN: U65993GJ2007PLC051028)**

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

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

Corporate Office: Zenith House, Opp. Race Course, Keshavrao Khadye Marg, Mahalaxmi, Mumbai – 400034
Tel: 022-39586300 / 49116300; Fax: 022-39586666 / 49116666; Website: www.hdbfs.com;

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

Supplemental Disclosure Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 6, 2008, as amended from time to time and in compliance with SEBI Circular (CIR/IMD/DF/17/2011) on Guidelines for Issue and Listing of Structured Products/ Market Linked Debentures dated September 28, 2011 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

PRIVATE PLACEMENT OF 1500 (WITH GREEN SHOE OPTION TO RETAIN TOTAL SUBSCRIPTION UPTO 3000) SECURED, RATED, LISTED, PRINCIPAL PROTECTED, MARKET LINKED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES ("SERIES 2019 A/0(ML)/1 DEBENTURES" OR "THIS TRANCHE") OF THE FACE VALUE OF RS.10,00,000/- (RUPEES TEN LAKH ONLY) EACH FOR CASH AGGREGATING UPTO RS.150,00,00,000/- (RUPEES ONE HUNDRED FIFTY CRORES ONLY) WITH GREEN SHOE OPTION OF RS.150,00,00,000 (RUPEES ONE HUNDRED FIFTY CRORE ONLY) TO RETAIN TOTAL SUBSCRIPTION UPTO RS.300,00,00,000/- (RUPEES THREE HUNDRED CRORES ONLY) ISSUED UNDER THE SHELF DISCLOSURE DOCUMENT DATED NOVEMBER 16, 2018, AS AMENDED / SUPPLEMENTED FROM TIME TO TIME ("SHELF DISCLOSURE DOCUMENT" OR "SHELF DD") FOR PRIVATE PLACEMENT OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES AGGREGATING UPTO RS.100,00,00,00,000/- (RUPEES TEN THOUSAND CRORE ONLY), INCLUDING MARKET LINKED DEBENTURES AMOUNTING TO RS.1000,00,00,000/- (RUPEES ONE THOUSAND CRORES ONLY), TO BE ISSUED IN ONE OR MORE TRANCHEs.

This supplemental disclosure document ("Supplemental Disclosure Document/Supplemental DD") is issued in terms of and pursuant to the Shelf Disclosure Document dated **November 16, 2018**. All the terms, conditions, information and stipulations contained in the Shelf Disclosure Document, unless the context



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states otherwise or unless specifically stated otherwise, are incorporated herein by reference as if the same were set out herein. Investors are advised to refer to the same to the extent applicable. This Supplemental Disclosure Document must be read in conjunction with the Shelf Disclosure Document and the Private Placement Offer cum Application Letter.

This Supplemental DD contains details of this Tranche / Series and any material changes in the information provided in the Shelf Disclosure Document, as set out herein. Accordingly set out below are the updated particulars / changes in the particulars set out in the Shelf Disclosure Document, which additional / updated information / particulars shall be read in conjunction with other information / particulars appearing in the Shelf Disclosure Document. All other particulars appearing in the Shelf Disclosure Document shall remain unchanged. In case of any inconsistency between the terms of this Supplemental DD and the Shelf DD and/or the terms of this Supplemental DD and/or any other Transaction Document, the terms as set out in this Supplemental DD shall prevail.

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

This Supplemental DD is dated February 05, 2019

TERM SHEET

Security Name	HDB/0%/Maturity/2020_Series 2019 A/0(ML)/1
Issuer	HDB Financial Services Limited
Type of Instrument	Secured, Rated, Listed, Principal Protected, Market Linked, Redeemable, Non-Convertible Debentures
Nature of Instrument	Secured
Seniority	Senior
Principal Protection	Principal is protected at Maturity
Underlying/ Reference Security	NSE 'NIFTY 50' Index
Mode of Issue	Private placement
Eligible Investors	Please refer paragraph " Who can apply " of this Shelf Disclosure Document.
Listing	<p>The Tranche Series 2019 A/0(ML)/1 NCDs are proposed to be listed on WDM segment of BSE Limited. BSE has given its in-principle approval to list this Tranche to be issued and allotted in terms of this DD vide its letter dated 16.11.2018.</p> <p>The Company shall forward the listing application to the BSE Limited along with the applicable disclosures within 15 (Fifteen) days from the Deemed Date of Allotment of this Tranche.</p>



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	In case of delay in listing of the NCDs beyond 20 (Twenty) days from the deemed date of allotment, the Company will pay penal interest, of 1% (One percent) p.a. over the interest/coupon rate/implicit yield from the expiry of 30 (Thirty) days from the deemed date of allotment till the listing of such NCDs, to the investor.
Rating of the Instrument	Credit Analysis & Research Limited (CARE) has assigned a "CARE PP-MLD AAA/Stable" (pronounced "CARE PP-MLD Triple A with Stable outlook") and CRISIL Limited has assigned a "CRISIL PP-MLD AAAr/Stable" (pronounced "CRISIL PP-MLD triple A r rating with Stable outlook"), to this long term Principal Protected Market Linked Non-convertible Debenture issue programme of upto Rs.1000,00,00,000/- (Rupees One Thousand Crore Only) of the Company. Instruments with this rating are considered to have the high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
Issue Size	The aggregate size of the Issue program of Non-convertible Debentures is for Rs.10,000,00,00,000/- (Rupees Ten Thousand Crore Only), including Market Linked Debentures amounting to Rs.1000,00,00,000/- (Rupees One Thousand Crores only), which Issue shall comprise of one or more Tranches/Series of Debentures.
Series / Tranche Size	The aggregate amount of the Market Linked Debentures to be issued under the program is Rs.1000,00,00,000/- (Rupees One Thousand Crores only), which Issue shall comprise of one or more Tranches of Debentures, out of which the aggregate size of this Tranche is Rs.150,00,00,000/- (Rupees One Hundred Fifty Crores Only) with Green Shoe Option of Rs. 150,00,00,000/- (Rupees One Hundred Fifty Crores Only) to retain total subscription upto Rs.300,00,00,000/- (Rupees Three Hundred Crores only)
Option to retain oversubscription (Amount)	Yes. Green Shoe Option of Rs.150,00,00,000/- (Rupees One Hundred Fifty Crores only)
Objects of the Issue	The funds raised through the Issue will be utilized as per the section "Utilisation of Issue Proceeds" stipulated in the Shelf Disclosure Document.
Details of the utilization of the Proceeds	The proceeds of the Issue would be utilised by the Company, <i>inter-alia</i> , for disbursements of loans to borrowers, refinancing existing borrowings, augmenting the working capital requirements of the Company, and for the general corporate purposes of the Company.
Repurchase, Reissue and Consolidation of Debentures	The Company shall be entitled to re-purchase and re-issue and/or consolidate the Debentures as per the terms and in the



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	manner set out in the Debenture Trust Deed.
Consolidation of ISINs	The Company shall have the right/shall be entitled to add additional securities (for such additional amounts as may be issued by the Company from time to time) to the existing ISINs from time to time in accordance with the terms as set out in the Debenture Trust Deed.
Issue Opening	Wednesday, February 06, 2019
Issue Closing	Thursday, February 07, 2019
Date of Allotment	Friday, February 08, 2019
Initial Fixing Date	Friday, February 08, 2019
Initial Fixing Level	Closing level of NIFTY50 Index as on Friday, February 08, 2019
Final Fixing Date	Thursday, April 30, 2020
Final Fixing Level	Closing level of NIFTY50 Index as on Thursday, April 30, 2020
Underlying Performance	[Final Fixing Level/ Initial Fixing Level] – 1
Coupon Rate payable on the nominal value of the issue	If Final Fixing Level <= 25% of Initial Fixing Level: 0.000% If Final Fixing Level > 25% of Initial Fixing Level: 8.64% p.a.(XIRR 8.45% p.a.)
Step Up/Step Down Coupon Rate	Not Applicable
Coupon Payment Frequency	Coupon, if any will be paid on Redemption Date
Coupon payment dates	Coupon, if any will be paid on Redemption Date (i.e. Friday, July 31, 2020)
Coupon Type	Coupon linked to Underlying/Reference Index
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	Not Applicable
Day Count Basis	Actual/ Actual
Interest on Application Money	Not Applicable
Default Interest Rate	In case of default in payment of interest and/or principal redemption on the due dates, additional interest @ 2% (Two percent) p.a. over the applicable coupon rate will be payable by the Company from the date of the occurrence of the default until the default is cured or the debentures are redeemed pursuant to such default, as applicable.
Proposed time schedule for which the Disclosure Document is valid	Till Redemption
Tenor in days (from the Deemed Date of Allotment)	539 days
Issue Price	Rs. 10,00,000/- (Rs. Ten Lakh only) per Debenture
Justification of Issue Price	Issued as at face value i.e. Rs.10,00,000
Redemption Date	Friday, July 31, 2020
Redemption Amount	Rs.10,00,000/- per Debenture plus accrued Coupon per Debenture at the Coupon rate which is as follows:



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	<p>Scenario 1: If Final Fixing Level \leq 25% of Initial Fixing Level:</p> <p>Redemption Amount: Rs.10,00,000/- per Debenture</p> <p>Scenario 2: If Final Fixing Level $>$ 25% of Initial Fixing Level:</p> <p>Redemption Amount: Rs. 11,27,239/- per Debenture</p>
Redemption Premium / Discount	Not Applicable
Discount at which security is issued and the effective yield as a result of such discount.	Not Applicable
Put Option	None
Put Option Date	Not Applicable
Put Option Price	Not Applicable
Call Option	None
Call Option Date	Not Applicable
Call Option Price	Not Applicable
Put Notification Time	Not Applicable
Call Notification Time	Not Applicable
Rollover Option	Not Applicable
Face Value	Rs. 10,00,000/- (Rs. Ten Lakh only) per Debenture
Paid up value of security (per security as of date)	Rs. 10,00,000/- (Rs. Ten Lakh only) per Debenture
Minimum Application and in multiples of ___ Debt securities thereafter	10 (Ten) Debentures and in multiples of 1 (One) Debentures thereafter
<p>Tranche Issue Timing</p> <p>1. Tranche Issue Opening Date</p> <p>2. Tranche Issue Closing Date</p> <p>3. Tranche Deemed Date of Allotment</p>	<p>Wednesday, February 06, 2019</p> <p>Thursday, February 07, 2019</p> <p>Friday, February 08, 2019</p>
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	NEFT / RTGS
Depository(ies)	NSDL / CDSL
Business Day	Any day of the week excluding Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) (as may be amended/supplemented from time to time) or any other day on which banks are closed for customer business in Mumbai, India) on which money market is functioning in Mumbai



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Business Day Convention	<p>Should any of the Due date(s), fall on a non-Business Day, the next Business Day shall be considered as the effective date for the purpose of coupon/interest payment and the previous Business Day shall be considered as the effective date for the purpose of payment of redemption proceeds. However, in case any such payment falls on a holiday, the amount of that payment and the amounts and dates of all future payments shall remain as originally stipulated at the time of issuing the security.</p> <p>For the purposes of Market Linked Debentures: If the fixing date (Initial or Final) of the debt securities, falls on a Saturday / Sunday or on a day where NSE is closed and there is no clearing/settlement of securities, the closing level of 'NSE Nifty 50 INDEX' on the preceding / previous working day shall be considered as the Fixing Level.</p>
Record Date	15 (Fifteen) days prior to any Due Date
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security) and Ranking of Security.	<p>The Debentures under this Tranche (Tranche Series 2019 A/0(ML)/1 NCDs) shall be secured through:</p> <p>First and exclusive charge by hypothecation over the specific identified Receivables of the Issuer having minimum asset cover of 1.10 times of the principal outstanding and interest accrued but not paid, to be maintained throughout the tenure of the NCDs.</p> <p>and</p> <p>First pari passu mortgage in favour of the Trustees on all the Company's immovable property situated at Heera Panna Commercial Complex, 3rd Floor, Dr. Yagnik Road, Rajkot</p> <p>The Company shall endeavor for security to be created prior to allotment of the NCDs being issued and allotted under each Tranche. The Company may provide or cause to be provided (without being obliged to) such further security (including over moveable/immovable property) for securing its obligations in respect of the Debentures or any Tranche(s) thereof as may be decided by the Company without requiring the consent of the Debenture Trustee and/or the Debenture Holders.</p>
Transaction Documents	Disclosure Document, Supplemental Disclosure Document, Debenture Trust Deed, Debenture Trustee Agreement, Deed of Hypothecation, Private Placement Offer cum Application Letter and any other document that may be designated by the Debenture Trustee as a Transaction Document.



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Delay in execution of the Debenture Trust Deed/ Security Documents	In the event of delay in execution of the Debenture Trust Deed and/or the Deed of Hypothecation beyond a period of 3 months from the Deemed Date of Allotment, the Company will ensure refund of the Application Money at an agreed rate of interest or will pay penal interest of 2% over the coupon rate/ yield from the date being the 31 st date from the Deemed Date of Allotment till the execution of Debenture Trust Deed and Deed of Hypothecation are complied with at the option of the investor. ~
Conditions Precedent to Disbursement	As per the relevant Debenture Trust Deed
Condition Subsequent to Disbursement	As per the relevant Debenture Trust Deed
Events of Default	As further provided if any, read with the relevant Debenture Trust Deed
Provisions related to Cross Default Clause	As per the relevant Debenture Trust Deed
Covenants	As is customary for a transaction of this nature and as further provided for in the Transaction Documents.
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders as customary for transaction of a similar nature and size and as executed under the appropriate Transaction Documents
FPI Investment	The guidelines for Investment by FPI in Debt Securities issued by RBI on April 06, 2018 vide its circular no. 22 and on June 15, 2018 vide its circular no.31 (as amended/supplemented/replaced from time to time) read along with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 (as amended/supplemented/replaced from time to time) will be complied with in respect of the above Debentures.
Illustration of Bond Cashflows	As per Annexure I to this Supplemental DD.
Governing Law and Jurisdiction	The Tranche Series 2019 A/0(ML)/1 Debentures are governed by and will be construed in accordance with the Indian Law. The Debenture-holders by purchasing the Debentures of this Tranche, agree that the courts in Ahmedabad shall have exclusive jurisdiction with respect to any matters relating to this Tranche.
Risk Factors associated with Market Linked Dentures	The securities are created based on complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models. The principal amount is subject to the credit risk of the issuer



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	whereby the investor may or may not recover all or part of the funds in case of default by the Issuer. Please refer to the Disclosure Documents for further disclosures on risk factors.
Valuation Agency Fees	Fees paid to Valuation Agent by the Issuer shall be in the range of 1 bps p.a. to 2 bps p.a. on the face value of the outstanding Debentures.
Valuation Agency	Name of the Agency : CRISIL Limited Address: CRISIL House, Central Avenue, Hiranandani Business Park Powai, Mumbai – 400076
Arranger/ Intermediary	Kotak Mahindra Bank Limited
Arranger/ Intermediary Fees/ Distribution Fees	10 Bps p.a.
All commissions by whatever name called, if any, paid by issuer to distributor for selling/ distribution of securities to end investors	Nil

Gross Debt: Equity Ratio of the Company:

Before the issue of debt securities	6.15
After the issue of debt securities	6.20

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

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

Company	HDB Financial Services Limited
Face Value (per security)	Rs.10,00,000/- per Debenture.
Date of Allotment	Friday, February 08, 2019
Redemption	Friday, July 31, 2020
Coupon Rate	If Final Fixing Level <= 25% of Initial Fixing Level: 0.000% If Final Fixing Level > 25% of Initial Fixing Level: 8.64% p.a. (XIRR 8.45% p.a.)
Frequency of the interest payment with specified dates	On redemption
Day Count Convention	Actual/Actual



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Cash Flows	Date	Day	No. of Days in Coupon Period/Principal period	Amount in Rupees per debenture of Rs.10 lakhs
Interest on Redemption, if any	July 31, 2020	Friday	539	Coupon linked to underlying / Reference Index
Principal	July 31, 2020	Friday	539	Rs. 10,00,000/-
Total				Rs.10,00,000/- (1+Coupon)/- for the no. of days. (Refer for scenario analysis)

Scenario Analysis showing value of the security under different market conditions.

Initial level (Nifty 50) index – 10780.55

25% of Initial level (NIFTY 50) Index – 2695.14

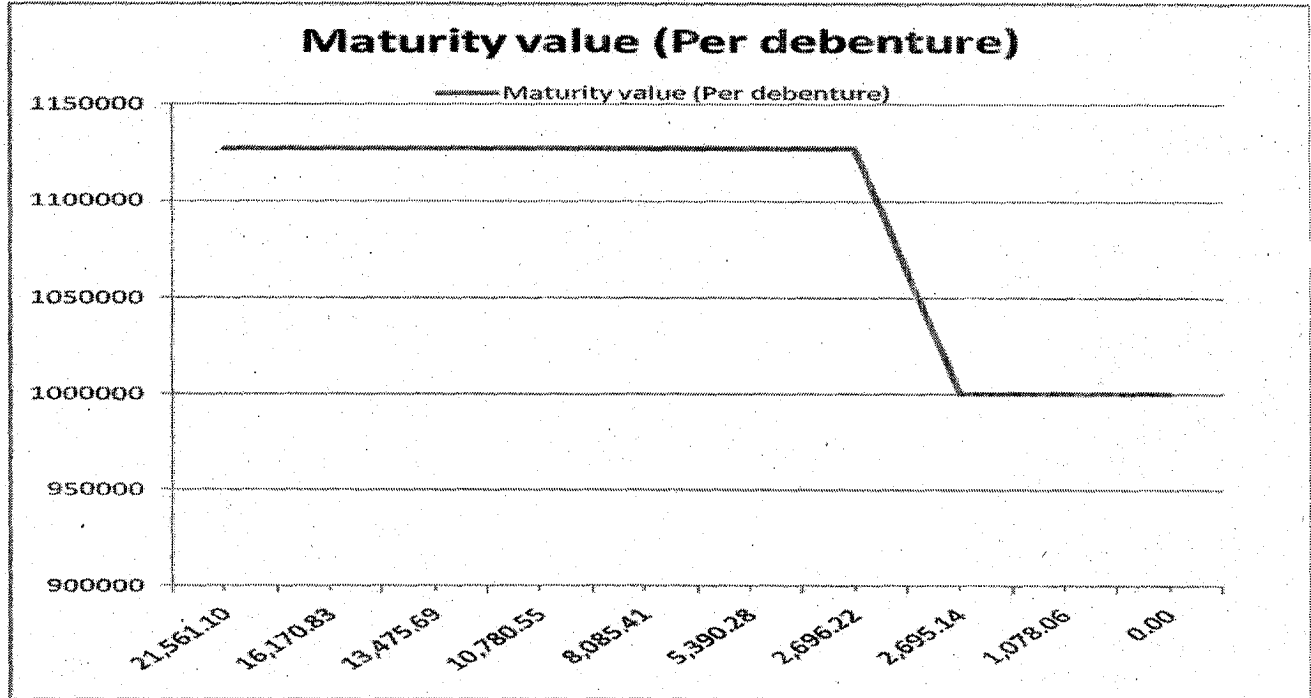
Tenure - 539 days

Initial level	Final level	Market condition	Underlying performance (Nifty 50 Index)	Issue price (Per debenture)	Maturity value (Per debenture)	XIRR (Annualised yield)	Coupon (P.A)
10780.55	21,561.10	Rising	100.00%	1000000	1127239	8.45	8.64
10780.55	16,170.83		50.00%	1000000	1127239	8.45	8.64
10780.55	13,475.69		25.00%	1000000	1127239	8.45	8.64
10780.55	10,780.55	Stable	0.00%	1000000	1127239	8.45	8.64
10780.55	8,085.41	Falling	-25.00%	1000000	1127239	8.45	8.64
10780.55	5,390.28		-50.00%	1000000	1127239	8.45	8.64
10780.55	2,696.22		-74.99%	1000000	1127239	8.45	8.64
10780.55	2,695.14		-75.00%	1000000	1000000	0.00	0.00
10780.55	1,078.06		-90.00%	1000000	1000000	0.00	0.00
10780.55	0.00		-100.00%	1000000	1000000	0.00	0.00



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Graphical Representation**MODE OF PAYMENT**

All cheques/drafts/transfers/RTGS must be made payable to "HDB Financial Services Limited". Details for RTGS payments are mentioned herein below:

Name of Bank	HDFC Bank Ltd.
Branch	Fort
IFSC Code	HDFC0000060
Account number	00600310034720
Type of Account	Current
Name of Account	HDB FINANCIAL SERVICES LTD APPLICATION MONEY ACCOUNT
Name of beneficiary	HDB FINANCIAL SERVICES LTD

For HDB Financial Services Limited

H. Parekh
Authorised Signatory
Name: Haren Parekh
Title : Chief Financial Officer
Date : February 05, 2019

