

FOR PRIVATE CIRCULATION ONLY

(For the Addressee only)

Series 2018 A/1(FX)/122_5

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
AUGUST 14, 2018**



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, Opposite Mahalaxmi Race Course, K K 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

PRIVATE PLACEMENT OF 2500 (WITH GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION UPTO 4000) SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES ("SERIES 2018 A/1(FX)/122 DEBENTURES" OR "THIS TRANCHE") OF THE FACE VALUE OF RS.10,00,000/- (RUPEES TEN LAKH ONLY) EACH FOR CASH AGGREGATING UPTO RS.250,00,00,000/- (RUPEES TWO HUNDRED FIFTY CRORES ONLY) WITH GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION UPTO RS.400,00,00,000/- (RUPEES FOUR HUNDRED CRORES ONLY) ISSUED UNDER THE SHELF DISCLOSURE DOCUMENT DATED APRIL 21, 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.7,500,00,00,000/- (RUPEES SEVEN THOUSAND FIVE HUNDRED CRORE ONLY), TO BE ISSUED IN ONE OR MORE TRANCHES.

This Supplemental Disclosure Document ("Supplemental DD") is issued in terms of and pursuant to the Shelf Disclosure Document dated **April 21, 2018** ("Shelf DD") All the terms, conditions, information and stipulations contained in the Shelf DD 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 DD must be read in conjunction with the Shelf DD and Private Placement Offer Letter.

This Supplemental DD contains details of this Tranche 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 DD, which additional / updated information / particulars shall be read in conjunction with other information / particulars appearing in the Shelf DD. All other particulars appearing in the Shelf DD shall remain unchanged.



Series 2018 A/1(FX)/122_5

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SUMMARY TERM SHEET

Issuer	HDB Financial Services Limited
Type of Instrument	Secured, Redeemable, Non-Convertible Debentures
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private placement
Eligible Investors	Please refer paragraph "Who can apply" of the Shelf Disclosure Document dated April 21, 2018
Listing	<p>The Series 2018 A/1(FX)/122 are proposed to be listed on WDM segment of BSE Limited. BSE has given its in-principle approval to list the NCDs issued under this Tranche to be issued and allotted in terms of the Shelf DD vide its letter dated 23.04.2018</p> <p>In the event that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors, or Qualified Foreign Investors, the Issuer shall get the securities listed on the BSE within 15 days of allotment.</p> <p>In case of delay in listing of this Tranche 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 this Tranche, to the investor.</p>
Rating of the Instrument	Credit Analysis & Research Limited (CARE) has assigned a "CARE AAA/Stable" (pronounced "CARE Triple A with stable outlook") and Crisil Limited has assigned a "CRISIL AAA/Stable" (pronounced "CRISIL Triple A with stable outlook"), to this long term Non-convertible Debenture issue programme of upto Rs.7500 crores, of the Company. Instruments with this rating are considered to have the high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
Issue Size	The aggregate size of the Issue program is for Rs.7500,00,00,000/- (Rupees Seven Thousand Five Hundred Crore only), which Issue shall comprise of one or more Tranches of Debentures, out of which the aggregate size of this Tranche is Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only) with Green Shoe Option to retain oversubscription upto Rs. 400,00,00,000/- (Rupees Four Hundred Crores only)
Option to retain oversubscription (Amount)	Upto Rs. 400,00,00,000/- (Rupees Four Hundred Crores only)
Objects of the Issue	The funds raised through the Issue comprising of this Tranche will be utilized as per the section "Utilisation of Issue Proceeds" stipulated in the Shelf DD dated April 21, 2018



Series 2018 A/1(FX)/122_5

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
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AUGUST 14, 2018**

Details of the utilization of the Proceeds	The proceeds of the Issue comprising of this Tranche would be utilised by the Company, inter-alia, for disbursements of loans to borrowers, refinancing existing borrowings, augmenting the working capital requirements of the Company, and for the general corporate purposes of the Company.
Reissue of Debentures	<p>The Company shall have a right to repurchase the Debentures under this series and cancel or re-issue them from time to time in accordance with the provisions of the Act. Upon such re-issue the person entitled to the Debentures shall have and shall be deemed always to have had, the same rights and priorities as if the Debentures had never been redeemed.</p> <p>Where the Company has repurchased / redeemed any such NCDs, subject to the provisions the Companies Act, 2013 and other applicable legal provisions, the Company shall have and shall be deemed always to have had the right to keep such NCDs alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to reissue such NCDs either by reissuing the same NCDs or by issuing other NCDs in their place in either case, at such a price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Company may deem fit.</p>
Step Up/Step Down Coupon Rate	N.A.
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.).	N.A.
Day Count Basis	Actual/ Actual
Default Interest Rate	In case of default in payment of interest and/or principal redemption on the due dates, additional interest @ 2% (Two percent) p.a. over the applicable coupon rate will be payable by the Company from the date of the occurrence of the default until the default is cured or the debentures are redeemed pursuant to such default, as applicable.
Discount at which security is issued and the effective yield as a result of such discount.	N.A.
Put Option Date	N.A.
Put Option Price	N.A.
Call Option Date	N.A.
Call Option Price	N.A.
Put Notification Time	N.A.
Call Notification Time	N.A.
Rollover Option	N.A.



Series 2018 A/1(FX)/122_5

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AUGUST 14, 2018**

Face Value	Rs. 10,00,000/- (Rs. Ten Lakh only) per Debenture
Minimum Application and in multiples of ___ Debt securities thereafter	Minimum 10 Debentures and in multiples of 1 Debenture thereafter (As per revised EBP guidelines issued by BSE Limited on April 24, 2018 vide notice no. 20180424-45)
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: i. Sundays ii. Any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) in Maharashtra iii. any other day on which banks are closed for customer business in Mumbai, India.
Business Day Convention	Should any of the Due date(s), as defined above or elsewhere in this DD or in any Supplemental DD, 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.
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>Series 2018 A/1(FX)/122 being issued under this Disclosure Document shall be secured through:</p> <p>First and exclusive charge over present and future 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/immoveable 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>



Series 2018 A/1(FX)/122_5

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AUGUST 14, 2018**

Transaction Documents	Disclosure Document, Supplemental Disclosure Document, Debenture Trust Deed, Debenture Trustee Agreement, Deed of Hypothecation and any other document that may be designated by the Debenture Trustee as a Transaction Document
Delay in execution of the Debenture Trust Deed/ Security Documents	In the event of delay in execution of the Debenture Trust Deed and/or the Deed of Hypothecation beyond a period of 1 month from the Deemed Date of Allotment, the Company will ensure refund of the Application Money at an agreed rate of interest or will pay penal interest of 2% over the coupon rate/ yield from the date being the 31 st date from the Deemed Date of Allotment till the execution of Debenture Trust Deed and Deed of Hypothecation are complied with at the option of the investor
Conditions Precedent to Disbursement	As per the relevant Debenture Trust Deed
Condition Subsequent to Disbursement	As per the relevant Debenture Trust Deed
Events of Default	As per the relevant Debenture Trust Deed
Provisions related to Cross Default Clause	As per the relevant Debenture Trust Deed
Covenants	As per the relevant Debenture Trust Deed
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.
Governing Law and Jurisdiction	This Tranche of Debentures is governed by and will be construed in accordance with the Indian Law. The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts and tribunals in Ahmedabad
FII Investment	The guideline for FII Investment in Debt Securities issued by RBI on March 1, 2012 vide its circular no.89 will be complied with for listing of the above Debentures.

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



Series 2018 A/1(FX)/122_5

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
AUGUST 14, 2018**

NCD Series 2018 A/1(FX)/122

Security Name	HDB/8.70%/Annual/2020_Series 2018 A/1(FX)/122
Arranger	HDFC Bank Ltd. & A.K. Capital Services Ltd.
Tranche Size	Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only) with Green Shoe Option to retain oversubscription upto Rs. 400,00,00,000/- (Rupees Four Hundred Crores only)
Issue Price	Rs. 10,00,000/- per debenture
Interest/Coupon Rate	8.70% p.a.
Coupon Type	Annual Coupon
Redemption Premium / Discount	N.A.
Redemption Amount	Rs.10,00,000/- per Debenture
Interest on Application Money	8.70% p.a. Also refer Shelf Disclosure Document.
Tenor	729 days from the deemed date of allotment i.e. Thursday, August 16, 2018
Issue Timing	Tranche Opening Date : Tuesday, August 14, 2018 Tranche Closing Date : Tuesday, August 14, 2018 Pay-in Date : Thursday, August 16, 2018 Deemed Date of Allotment : Thursday, August 16, 2018
Redemption Date	Friday, August 14, 2020

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 instrument
Issue Date/Date of Allotment	Thursday, August 16, 2018
Redemption	Friday, August 14, 2020
Coupon Rate	8.70% p.a.
Frequency of the interest payment with specified dates	Payable Annually, Friday, August 16, 2019 Friday, August 14, 2020
Day Count Convention	Actual/Actual

Cash Flows	Date	Day	No. of Days in Coupon Period	Amount in Rupees per debenture of Rs.10 lakhs
1 st coupon	August 16, 2019	Friday	365	87,000.00
2 nd coupon	August 14, 2020	Friday	364	86,524.59
Principal Repayment	August 14, 2020	Friday	N.A.	10,00,000/-



Series 2018 A/1(FX)/122_5

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AUGUST 14, 2018**

MODE OF PAYMENT

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

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

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

Name of Bank	YES BANK
IFSC Code	YESBOCMSNOC
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD



For HDB Financial Services Limited

Authorised Signatory**Name:** Haren Parekh**Title :** Chief Financial Officer**Date :** August 14, 2018