



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

(Incorporated on June 4, 2007, in the name of HDB Financial Services Limited ("THE ISSUER") 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, 2<sup>nd</sup> Floor, Law Garden Road, Navrangpura, Ahmedabad – 380 009  
**Tel:** +91 079-30482717

**Corporate Office:** Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai - 400034; **Tel:** 022- 39586300 / 49116300;

**Fax:** 022-39586666 / 49116666; **Website:** www.hdbfs.com;

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

#### **Information Memorandum**

Disclosures under Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued by SEBI, as amended by the SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 vide notification dated October 12, 2012 and from time to time and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended/replaced from time to time, as amended from time to time, for issue of 1,250 (upto 2500, with green-shoe option) Unsecured Non-Convertible Subordinated Bonds of the face value of Rs.10,00,000 each for cash, aggregating to Rs.125 crore with Green Shoe Option to retain oversubscription upto Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only), on Private Placement Basis (THE "ISSUE")

**GENERAL RISK:** For taking an investment decision, investors must rely on their own examination of the issue, the disclosure document and the risk involved. The Securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this disclosure document. Investors should carefully read and note the contents of the Information Memorandum/Disclosure document. Each potential investor should make its own independent assessment of the merit of the investment in Subordinated Bonds and the Issuer Company. Potential Investor should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Subordinated Bonds and should possess the appropriate resources to analyze such investment and suitability of such investment to such investor's particular circumstance. Potential investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in such instruments.

**ISSUER'S ABSOLUTE RESPONSIBILITY:** The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Shelf Disclosure Document contains all information as required under Schedule I of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time, that this information contained in this Shelf Disclosure Document is true and fair in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and

that there are no other facts, the omission of which makes this Shelf Disclosure Document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

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

**LISTING:** The Unsecured Redeemable Non-Convertible Subordinated Bonds are proposed to be listed on the Whole Sale Debt Market Segment of the BSE Ltd ("BSE").

Issuer	Subordinated Bond Trustee	Registrar to Issue	ARRANGER
<b>HDB Financial Services Limited</b>	<b>IDBI Trusteeship Services Limited</b>	<b>Link Intime India Pvt. Ltd.</b>	<b>HDFC Bank Limited</b>
Regd office: Radhika, 2 <sup>nd</sup> Floor, Law Garden Road, Navrangpura, Ahmedabad – 380009.	Regd office: Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001	C 101, 247 Park, L B S Marg, Vikhroli West Mumbai – 400 083	Regd office:HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400013
Corp office: Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai - 400034	Corp office: Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001	C 101, 247 Park, L B S Marg, Vikhroli West Mumbai – 400 083	Investment Banking Division: Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg, Lower Parel – (W), Mumbai – 400 013
Tel: 022-49116300 Fax: 022-39586666	Tel: 022-40807008 Fax: 022-66311776	Tel: +91 22 49186000 Fax: +91 22 49186060	Tel: 022-66521162 Fax: 022-66521006
E-mail : compliance@hdbfs.com	E-mail ; ajit.guruji@idbitrustee.com	E-mail : ganesh.jadhav@linkintime.co.in	E-mail : niranjan.kawatkar@hdfcbank.com
Contact Person: Mr. Haren Parekh, Chief Financial Officer	Contact Person: Mr. Ajit Guruji, Sr. Vice President	Contact Person: Mr. Ganesh Jadhav, Asst. Vice President – Depository Operations	Contact Person: Mr. Niranjan Kawatkar - Asst. Vice President – Investment Banking

**HDB Financial Services Limited**

<b>Compliance Officer</b>	<b>Chief Financial Officer</b>	<b>Statutory Auditor</b>	<b>Credit Rating Agency</b>
Ms. Dipti Khandelwal,  Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai - 400034	Mr. Haren Parekh  Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai - 400034	M/s B S R & Co., LLP,  Chartered Accountants, Lodha Excelus, 1 <sup>st</sup> Floor, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai – 400011	Credit Analysis & Research Ltd.,  4 <sup>th</sup> floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai – 400 022  CRISIL Limited, CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076.

## TABLE OF CONTENTS

Sr. No.	Title
1	<b>Definitions</b>
2	Disclaimer
3	General Information
4	Summary of Business / Activities
5	Brief history of issuer company since incorporation, details of reorganization/ changes in capital structure/borrowings
6	Consent from existing lenders
7	Terms pertaining to the issue
8	Application process
9	Risk Factors
10	Summary Term Sheet
11	Annexure I – Trustee Consent Letter
12	Annexure II - Rating Rationale
13	Annexure III – Application Form
14	Annexure IV - Sub-ordinate Debt Certificate

## DEFINITIONS

Term	Meaning
Application Form	The form in which an investor can apply for subscription to the Subordinated Bonds as provided in Annexure I
Articles of Assn. / AoA	Articles of Association of HDB Financial Services Limited (HDB)
Board	Board of Directors of HDB
BSE	BSE Ltd
CoR	Certificate of Registration. The Certificate of Registration obtained from the Reserve Bank of India under Sec.45 IA of Reserve Bank of India Act, 1934
CDSL	Central Depository Services (India) Limited
Company / Issuer / HDB	Issuer HDB Financial Services Ltd (HDB) Limited
Companies Act	The Companies Act, 1956 and the Companies Act 2013, as may be applicable
Date of Allotment / Deemed Date of Allotment	The date on which allotment for the Issue is made.
Depositories	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL.
DP	Depository Participant
Disclosure Document / Information Memorandum / Offer Document	This Information Memorandum through which the Subordinated Bonds are being offered for private placement
DNBS	Department of Non- Banking Supervision (of RBI)
FY	Financial Year
GOI	Government of India
INR / Rs.	Rupees - Currency of Republic of India
Investors	Those persons who fall under the category of eligibility to whom this information memorandum along with pricing supplement may be sent with a view to offering the Subordinated Bonds for sale on private placement basis through this information memorandum
Issue	Issue of 1,250 (upto 2500, with Green Shoe Option) Unsecured Redeemable Non-Convertible Subordinated Bonds (Subordinated Bonds) of the face value of Rs. 10,00,000 each for cash, aggregating to Rs.125 Crores (Rupees One Hundred and Twenty Five Crores only) with Green Shoe Option to retain oversubscription upto Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only) on a Private Placement Basis
NBFC	Non Banking Financial Company
NPA	Non Performing Asset (as defined in RBI guidelines)
NSDL	National Securities Depository Limited
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
SEBI Debt Listing Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued by SEBI, as amended by the SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 vide notification dated October 12, 2012 and from time to time and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended/replaced from time to time.

Arranger	HDFC Bank Limited
Subordinated Bonds / Securities	Debt Instruments/ Unsecured, redeemable Non- convertible Subordinated Bonds issued / proposed to be issued pursuant to this Information Memorandum.
Subordinated Bonds Trust Deed / Trust Deed	The Subordinated Bonds trust deed dated July 24, 2018 executed by and between the Trustee and the Company in relation to the Subordinated Bonds, the terms of which read along with this Information Memorandum shall govern the Issue.
TDS	Tax Deducted at Source

## **DISCLAIMER**

### **GENERAL DISCLAIMER**

This document is neither a "Prospectus" nor a "Statement in Lieu of Prospectus" but a "Disclosure Document" prepared in accordance 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 06, 2008 read along with Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide Notification No. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012. This document does not constitute an offer to the public generally to subscribe for or otherwise acquire the Subordinated Bonds to be issued by HDB Financial Services Ltd. (the "Issuer"/ the "Company"/ the "Issuer Company" / "HDB"). The document is for the exclusive use of the prospective investors to whom it is delivered and it should not be circulated or distributed to any third parties. The Issuer certifies that the disclosures made in this document are generally adequate and are in conformity with the captioned SEBI Regulations. This requirement is to facilitate investors to take an informed decision for making investment in the proposed Issue. The Company can, at its sole and absolute discretion change the terms of the offer. The Company reserves the right to close the Issue earlier from the aforesaid date or change the Issue time table including the Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue will be open for subscription at the commencement of banking hours and close at the close of banking hours. The Issue shall be subject to the terms and conditions of this Information Memorandum and other documents in relation to the Issue.

### **DISCLAIMER OF THE RESERVE BANK OF INDIA**

The Securities have not been recommended or approved by the Reserve Bank of India nor does RBI guarantee the accuracy or adequacy of this document. It is to be distinctly understood that this document should not, in any way, be deemed or construed that the securities have been recommended for investment by the RBI. RBI does not take any responsibility either for the financial soundness of the Issuer Company, or the securities being issued by the Issuer Company or for the correctness of the statements made or opinions expressed in this document. Potential investors may make investment decision in the securities offered in terms of this Disclosure Document solely on the basis of their own analysis and RBI does not accept any responsibility about servicing/ repayment of such investment.

### **DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA**

This Disclosure Document has not been filed with Securities & Exchange Board of India (SEBI). The Securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. It is to be distinctly understood that this document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this document. The issue of Subordinated Bonds being made on private placement basis, filing of this document is not required with SEBI, however SEBI reserves the right to take up at any point of time, with the Issuer Company, any irregularities or lapses in this document.

#### **DISCLAIMER OF THE ARRANGER**

It is advised that the Issuer Company has exercised self-due-diligence to ensure complete compliance of prescribed disclosure norms in this Disclosure Document. The role of the Arranger in the assignment is confined to marketing and placement of the Subordinated Bonds on the basis of this Disclosure Document as prepared by the Issuer Company. The Arranger has neither scrutinized/ vetted nor has it done any due-diligence for verification of the contents of this Disclosure Document. The Arranger shall use this document for the purpose of soliciting subscription from qualified institutional investors in the Subordinated Bonds to be issued by the Issuer Company on private placement basis. It is to be distinctly understood that the aforesaid use of this document by the Arranger should not in any way be deemed or construed that the document has been prepared, cleared, approved or vetted by the Arranger; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it take responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer Company. The Arranger or any of its directors, employees, affiliates or representatives does not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this document.

#### **DISCLAIMER OF THE TRUSTEE**

The Trustees are not borrower or Principal Debtor or Guarantors of the Monies paid/Invested by investors for the Subordinated Bonds.

#### **DISCLAIMER OF THE ISSUER**

The Issuer confirms that the information contained in this Disclosure Document is true and correct in all material respects and is not misleading in any material respect. All information considered adequate and relevant about the Issue and the Issuer Company has made available in this Disclosure Document for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever. The Issuer Company accepts no responsibility for statements made otherwise than in this Disclosure Document or any other material issued by or at the instance of the Issuer Company and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.

#### **DISCLAIMER OF THE STOCK EXCHANGE**

As required, a copy of this Disclosure Document has been submitted to BSE Ltd. (hereinafter referred to as "BSE") for hosting the same on its website. It is to be distinctly understood that such submission of the document with BSE or hosting the same on its website should not in any way be deemed or construed that the document has been cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange; nor does it take responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer Company. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and

analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

### **1.1 FORCE MAJEURE**

The Company reserves the right to withdraw the Issue at any time prior to the closing date thereof in the event of any unforeseen development adversely affecting the economic and/or regulatory environment or otherwise. In such an event, the Company will refund the application money, if any, collected without assigning any reason.

### **1.2 ISSUE OF BONDS IN DEMATERIALISED FORM**

The Bonds will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Bonds in dematerialised form. Investors will have to hold the Bonds in dematerialised form as per the provisions of the Depositories Act. The Issuer shall take necessary steps to credit the Bonds allotted to the beneficiary account maintained by the Investor with its Depository Participant. The Issuer will make the Allotment to investors on the Deemed Date(s) of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

### **1.3 EACH PERSON RECEIVING THIS INFORMATION MEMORANDUM ACKNOWLEDGES THAT:**

- (3.a) Such person has been afforded an opportunity to request and to review and has received all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein;
- (3.b) Such person has not relied on any intermediary that may be associated with issuance of Bonds in connection with its investigation of the accuracy of such information or its investment decision.

The Issuer does not undertake to update the information in this Information Memorandum to reflect subsequent events after the date of the Information Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer. Neither the delivery of this Information Memorandum and/or any other Offer documents nor any sale of Bonds made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

## **GENERAL INFORMATION**

### **REGULATORY DISCLOSURES**

The Information Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per Schedule I of the SEBI Debt Listing Regulations

#### **Documents to be submitted to the Stock Exchange**

1. Memorandum and Articles of Association and necessary resolution(s) for the allotment of the Bonds;
2. Copy of last three years audited Annual Reports;
3. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
4. Copy of the Board / Committee Resolution authorizing the borrowing and list of authorized signatories;
5. Any other particulars or documents that the recognized stock exchange may call for as it deems fit;

#### **Documents Submitted to the Bond Trustee**

The following documents have been / shall be submitted to the Bond Trustee in electronic form (soft copy):

1. Memorandum and Articles of Association and necessary resolution(s) for the allotment of the Bonds;
2. Copy of last three years' audited Annual Reports;
3. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
4. Latest Audited / Limited Review Half Yearly Consolidated (wherever available) and Standalone Financial Information (Profit & Loss statement, Balance Sheet and Cash Flow statement) and auditor qualifications, if any.
5. An undertaking to the effect that the Issuer would, till the redemption of the debt securities, submit the details mentioned in point (d) above to the Bond Trustee from time to time, for furnishing / publishing its half yearly/ annual result. Further, the Issuer shall within 180 (One Hundred Eighty) days from the end of the financial year, submit a copy of the latest annual report to the Bond Trustee and the Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing bond-holders within 2 (two) working days of their specific request.

**SECTION – IV FINANCIAL STATEMENTS**

(Rs in Crores)

Particulars	FY 2017-18 (Audited)	FY 2016-17 (Audited)	FY 2015-16 (Audited)	FY 2014-15 (Audited)	FY 2013-14 (Audited)
Total Debt	34981	25587	19612	15278	11075
of which – Non Current Maturities of	21861	18760	13470	10500	7846
- Long Term Borrowing					
- Short Term Borrowing	3000	2080	910	350	405
- Current Maturities of Long Term Borrowing	10120	4747	5231	4428	2824
Net Fixed Assets	137	131	83	52	39
Non Current Assets	31099	24221	18940	14602	10260
Cash and Cash Equivalents	137	189	135	123	140
Current Investments	400	400	300	425	0
Current Assets	12981	8515	5731	4540	3250
Current Liabilities	3159	2157	1752	1106	829
On balance sheet assets	43573	32292	24410	18898	13387
Off balance sheet assets	896	1985	1497	301	173
Net worth	6202	5363	3562	3125	1629
Total revenue	7062	5715	3302	2527	1688
Net Interest Income	2789	2037	1444	929	796
Profit before tax	1465	1059	818	530	318
Profit after tax	952	699	534	349	209
Dividend declared	Interim Rs 0.90 & Final Rs 0.70 (16%)	Interim Rs 0.90 & Final Rs 0.60 (15%)	Interim Rs 0.60 & Final Rs 0.60 (12%)	Rs 0.70/- (i.e. @7%)	Re. 0.50/- (i.e. @5%)
Interest Coverage Ratio [(Cash profits after tax + interest paid) / Interest paid]	1.42	1.33	1.34	1.26	1.23

**NAME AND ADDRESS OF THE REGISTERED OFFICE OF THE COMPANY**

<b>Name</b>	HDB Financial Services Ltd
<b>Registered address:</b>	Radhika, 2 <sup>nd</sup> Floor, Law Garden Road, Navrangpura, Ahmedabad – 380009 Tel: +91 079-30482717
<b>Corporate Office:</b>	Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai - 400034 Tel: 022- 39586300 / 49116300; Fax: 022-39586666 / 49116666
<b>Contact Person / Compliance officer :</b>	Ms. Dipti Khandelwal
<b>E-mail Id:</b>	compliance@hdbfs.com
<b>Phone No:</b>	022-49116368
<b>Fax:</b>	022-39586666
<b>Website:</b>	<a href="http://www.hdbfs.com">www.hdbfs.com</a>

**OFFER OF BONDS**

HDB is seeking offer for subscription of Unsecured Redeemable Non-Convertible Subordinated Bonds. This offer of Bonds is made in India to Companies, Corporate Bodies, Trusts registered under the Indian Trusts Act, 1882, Societies registered under the Societies Registration Act, 1860 or any other applicable laws, provided that such Trust/ Society is authorised under constitution/ rules/ bye-laws to hold Subordinated Bonds in a Company, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Insurance Companies, Provident Funds, Gratuity Funds, Superannuation Funds, Commercial Banks including Regional Rural Banks and Co-operative Banks (subject to RBI Permission) as defined under Indian laws. The Memorandum of Information does not however, constitute an offer to sell or an invitation to subscribe to securities offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Memorandum of Information comes is required to inform himself about and to observe any such restrictions.

**SUMMARY OF BUSINESS / ACTIVITIES****(i) Overview**

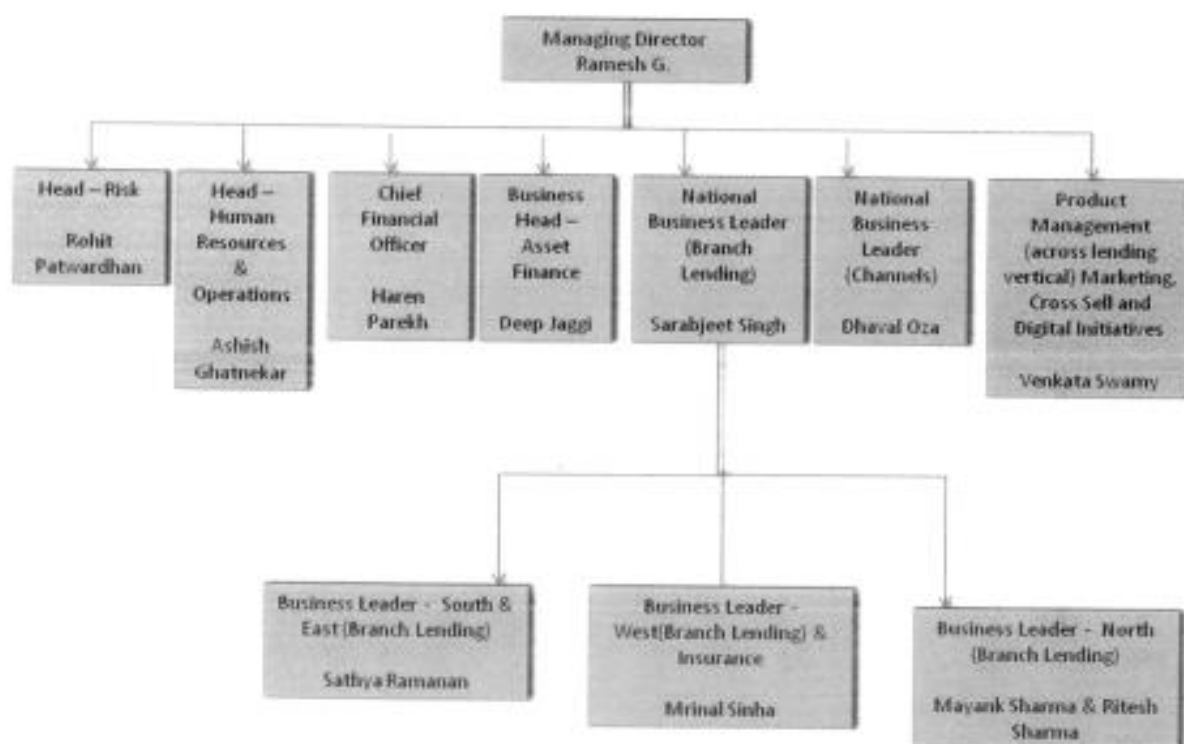
HDB Financial Services Ltd. was incorporated in Ahmedabad on June 4, 2007, as a non deposit taking Non Banking Financial Company (NBFC) as defined under section 45-1A of RBI Act 1934 and is engaged in the business of financing. The Company achieved total income of Rs. 7061.99 crores and net profit of Rs. 951.74 crores in FY 17-18 with total net worth of Rs. 6202.23 crores as at March 31, 2018. The Company is promoted by HDFC Bank Ltd. which has 95.87% shareholding in the Company as on March 31, 2018. The Company has been rated AAA/Stable by CARE and CRISIL for long term loans from banks. The Company's capital adequacy ratio as on March 31, 2018 was 17.49%, as against minimum regulatory requirement of 15% for non deposit accepting NBFCs. The asset quality of the Company remains healthy with Gross NPAs at 1.58% and Net NPAs at 0.96% as on March 31, 2018. During FY 17-18, the Company has disbursed loans amounting to Rs. 25,341 Crores.

The Company caters to the growing needs of India's increasingly affluent middle market. The requirements of medium, small and micro business enterprises that are too small to be serviced by corporate lending institutions are also addressed by the Company through suitable products and services. These segments are typically underserved by the larger commercial banks thus creating a profitable niche for the company to address.

**(ii) Brief Particulars of the management of the Company and the corporate structure**

The Company is professionally Board Managed Company headed by Mr. Ramesh G., Managing Director and Chief Executive Officer (MD & CEO). He reports to the Board. He has direct reportees in each function viz. Mr. Haren Parekh, Chief Financial Officer, Mr. Ashish Ghatnekar, Head - HR & Operations, Mr. Rohit Patwardhan, Head-Risk. All the functional heads report to MD. The Company is having a qualified and dedicated pool of employees.

**Organization Structure - Corporate**



**(iii) Business Activity:**

The current product portfolio consists of three main categories i.e. loans, Fee based products and BPO services.

**Loans** – The Company offers a wide range of loan products (secured and unsecured) to various customer segments. These include Consumer Loans, Enterprise Loans and Asset Finance.

**Consumer Loans:**

The Company provides loans for purchase of white goods (such as washing machine and refrigerators etc.), brown goods (such as television, audio equipment and similar household appliances etc.) and digital products (such as mobile phones, computer/ laptop etc.)

The Company also provide loans to individual for personal, family or household purposes to meet their short or medium term requirements.

**Consumer Loans Portfolio includes:**

- Consumer Durable Loan
- Digital Product Loan
- Gold Loan
- Auto Loan
- Personal Loans
- Loan against Mutual Fund units

**Enterprise Loans:**

Small & Micro Enterprise need funding, whether it is for working capital of a big order or for setting up new machinery for faster production etc. The Company offers secure and unsecured Loans to cater the needs of these Enterprises.

Various Loans offered to Enterprises include:

- Unsecured Business Loan
- Loan Against Property
- Loan against lease Rental
- Enterprise Business Loan
- Auto Refinance
- Loan against Share and Securities

**Asset Finance** - The Company offers loans for purchase of new & used vehicles and equipment that generate income for the borrowers. The Company provides finance to a board spectrum of customer including fleet owners, first time users, first time buyers and captive use buyers.

• **Commercial Vehicle Loans** - The Company provides loans for purchase of new and used commercial vehicles. The Company also offers refinancing on existing vehicles.

• **Construction Equipment Loans** - The Company provides loans for purchase of new and used construction equipment.

- **Tractor Loans** - The Company provides loans for purchase of new and used tractors.

**Fee based products:**

- The company is a registered Company Insurance Agent having license No. HDF 4684721 from Insurance Regulatory & Development Authority of India (IRDAI). The Company sells Life and General Insurance products of HDFC Standard Life Insurance Company Limited and HDFC Ergo General Insurance Company Limited respectively. IRDAI has renewed Corporate Agency license of the Company which is valid for three years from April 01, 2016 to March 31, 2019 vide license reg. no.CA0095 dated March 22, 2016.

**BPO Services :-**

- **Collection Services-** The Company has a contract with HDFC Bank to run collection call centres and collect overdues from borrowers. The Company has set up 13 call centres across the country with a capacity of over 4500 seats. These centres provide collection services for the entire gamut of retail lending products of HDFC Bank. The Company offers end to end collection services in over 500 locations through its calling and field support teams.
- **Back office and Sales Support-** The Company provides sales support services, back office, operations and processing support to HDFC Bank.
- **Infrastructure:** The Company has 1165 branches in 831 cities in India as on March 31, 2018. The Company has its data centre at Bengaluru and Mumbai with centralised operations based at Hyderabad and Chennai. To strengthen its internal processes the company has implemented a quality management system in its centralised operations at Hyderabad and Chennai. The operations of the Company are ISO:9001:2008 certified by BSI.

**(iv) Key Operational and Financial Parameters for the last three Audited years (on standalone basis):**

The Key Operational and Financial Parameters for the last three Audited Financial years (on standalone basis) are as under:

(Rs. in crores)			
Parameters	FY 2017-18	FY 2016-17	FY 2015-16
Net worth	6202	5363	3562
Total Debt	34981	25587	19612
Non current maturities of long term borrowing	21861	18760	13470
Non current maturities of short term borrowing	3000	2080	910
Current maturities of long term borrowing	10120	4747	5231
Net Fixed Assets	137	131	83
Non Current Assets	31099	24221	18940
Cash and Cash Equivalents	137	189	135
Current Investments	400	400	300
Current Assets	12981	8515	5731
Current Liabilities	3159	2157	1752
Assets under Management	43573	34277	25906
Off Balance Sheet Assets	896	1985	1497
Interest Income	5146	4087	3016
Interest Expense	2357	2050	1572
Provisioning & Write-offs	519	340	194
PAT	952	699	534
Gross NPA (%)	1.58%	1.45%	1.23%
Net NPA (%)	0.96%	0.85%	0.72%
Tier I Capital Adequacy Ratio (%)	13.22%	15.26%	13.44%
Tier II Capital Adequacy Ratio (%)	4.72%	5.53%	5.79%
EPS (Rs.) (Basic)	12.18	9.64	7.64
Book value (Rs.)	79.22	68.73	50.87

**Gross Debt Equity Ratio**

Before the issue of debt securities	6.28 times
After the issue of debt securities	6.32 times

**(v) Key Strengths of the Company:**

**Access to Cost Effective Funding:** The Company has access to cost effective funding because of its strong parentage and conservative risk management policies. The Company maintains relationship with several banks and financial institutions.

**Experienced Management Team:** The Company has an experienced management team which is supported by efficient and capable employee pool. The board comprises of senior professionals of HDFC Bank who have in depth experience in the financial services industry and in Banking. The senior management is composed of professionals who have deep understanding of the industry and have extensive experience in financial services sector.

**Effective Risk Management policies:** The Company recognizes the importance of Risk management and has accordingly invested in processes, people and a management structure. The risk committee of the Company also reviews the asset quality at frequent intervals. Product policy programs are duly approved before any new product launches and are fine tuned regularly. The asset quality of the company continues to remain healthy and the Gross NPA of the company is at 1.58 % and Net NPAs are at 0.96% as of March 31, 2018.

**(vi) Business Prospects:**

Governments has been focusing on addressing investments in Infrastructure like energy, roads, mining, transport and Supply Chain bottlenecks in Agriculture etc which is likely to create large opportunities for private sector investment. Our Company sees a great opportunity for Bank & NBFCs play a vital role by lending / financing for the infrastructure transport and agriculture sectors.

The Government in its budget has taken several measures to boost FDI investment in country development. This will result in development of Micro, Small and Medium Enterprises (MSMEs), in turn bring growth to NBFCs as MSMEs are dependent on NBFCs for project financing and Working Capital.

In view of the declining trend of inflation and therefore the stance of RBI to reduce the REPO rate would enable credit off take during the current financial year. With the government's initiative to boost infrastructure projects, removing mining roadblocks, NBFCs can look for growth in Commercial Vehicle & Equipment funding.

**(vii) Business Strategy:**

HDB's Business strategy has been to provide Best in Class Product and services to India's increasingly affluent middle market. To achieve this objective, the company has invested in a "Direct to Customer" distribution model to provide personalized services to its target segment.

The company's business strategy emphasizes the following:

- Develop and provide personalized solutions for its target segment that address specific needs of customers.
- Provide personalized customer experience through its branch network to enhance customer relationships.
- Leverage technology to reach out to customers and deliver more products to manage operating costs.

- Focus on asset quality through disciplined Risk Management
- Identify new product / market opportunities that build economies of scale.
- Expand Distribution to new markets.

The Company's competitive advantage is product innovation and being able to customize a product to the requirements of the customer.

The Company is confident that the Year 2018-19 will bring reasonable growth.

**(ix) HDB Loan Portfolio**

<b>(Rs. in crores)</b>	
<b>Particulars</b>	<b>Amount (as on March 31, 2018)</b>
Loan against property	18290
Asset Finance loans	13914
Unsecured Business loans	8944
Other Secured loans	2424
<b>Total</b>	<b>43573</b>

#### 4 BRIEF HISTORY OF ISSUER COMPANY SINCE INCORPORATION, DETAILS OF REORGANIZATION/CHANGES IN CAPITAL STRUCTURE/BORROWINGS

##### (I) BACKGROUND

The Company was promoted by HDFC Bank as non-banking finance company (Non Deposit taking) and the Company continues to be a subsidiary of HDFC Bank which has a shareholding of 95.87% as on June 30, 2018.

##### (II) CAPITAL STRUCTURE

The authorised share capital of the Company is **Rs.10,01,55,00,000/-** (Rupees One Thousand One Crore Fifty Five Lakh Only) divided into 100,15,50,000 equity shares of Rs. 10/- each

There has been no reorganization or changes in capital structure except for issue of shares which are given below.

##### 1. Details of share capital as on the last quarter ended June 30, 2018

Share Capital (as on 30.06.2018)	Rs. (in Crores)
Authorised 100,15,50,000 Equity Shares of Rs.10 each	1,001.55
Issued, Subscribed and Fully Paid- up 78,29,40,756 Equity Shares of Rs.10 each	782.94

Notes:

Of the above Issued, Subscribed and Paid up share capital 750,596,670 equity shares are held by HDFC Bank Ltd., the holding company of the Company.

The paid-up share capital shall remain unchanged after the issues. The Bonds being Non-Convertible and to be issued at par, there will be no change in the paid-up capital due to conversion and there will be no change in the balance of the share premium account.

The present offer is for issue of 1,250 (upto 2500, with Green Shoe Option) Unsecured Redeemable Non-Convertible Subordinated Bonds (Subordinated Bonds) of the face value of Rs.10 Lacs each for cash, aggregating to Rs. 125 crores (Rupees One Hundred and Twenty Five Crores only) with Green Shoe Option to retain oversubscription upto Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only), on Private Placement Basis.

(ii) Equity Share Capital History of the Company as on June 30, 2018

The details of equity share capital raised by the Company as on June 30, 2018

Date of Allotment	No. of Equity Shares	Face Value (Rs)	Form of Consideration (other than cash, etc)	Issue Price (Rs)	Nature of allotment	Cumulative			Remark
						No. of Equity shares	Equity Share Capital (Rs)	Equity Share Premium (in Rs.)	
21/06/12	20000	10	Cash	10	ESOS Exercise	410625600	4106256000	0	-
21/06/12	8000	10	Cash	17.50	ESOS Exercise	410633600	4106336000	2962218500	-
07/12/12	88800	10	Cash	17.50	ESOS Exercise	410722400	4107224000	2962884500	-
07/12/12	43350	10	Cash	25	ESOS Exercise	410765750	4107657500	2963534750	-
11/07/13	102691469	10	Cash	46	Rights Issue	513457219	5134572190	7687342324	-
29/08/13	13950	10	Cash	17.50	ESOS Exercise	513471169	5134711690	7687446949	-
29/08/13	3000	10	Cash	25	ESOS Exercise	513474169	5134741690	7687491949	-
04/12/13	276050	10	Cash	Series 4 – 17.5/- Series 5 – 25/- Series 6 – 31/-	ESOS Exercise	513750219	5137502190	7691636599	-
26/11/14	565800	10	Cash	Series 4C –	ESOS Exercise	51431601	5143160190	7712243399	-

				17.5/- Series 5C – 25/- Series 6A – 31/- Series 6B – 31/- Series 7A – 56		9			
05/03/15	565800	10	Cash	65	Rights Issue	6994 6987 6	6994698760	17895705534	-
27/08/15	141600	10	Cash	Series 4C – 17.5/- Series 5B – 25/- Series 6A – 31/- Series 6B – 31/- Series 7A – 56/-	ESOS Exercise	6996 1147 6	6996114760	17900753734	-
30/11/15	560950	10	Cash	Series 6B – 31/- Series 6C – 31/- Series 7A – 56/- Series 7B –	ESOS Exercise	7001 7242 6	7001724260	17922581184	-

				56/-					
29/09/16	352900	10	Cash	Series 5C – 25/- Series 6B – 31/- Series 6C – 31/- Series 7A – 56/- Series 7B – 56/-	ESOS Exercise	7005 2532 6	7005253260	17937273084	-
29/11/2016	907900	10	Cash	Series 6C – 31/- Series 7B – 56/- Series 8A – 88/-	ESOS Exercise	7014 3322 6	7014332260	18014911884	
16/12/2016	75,60,98 5	10	Cash		Scheme of amalgam ation	7089 9421 1	7089942110	18014911884	
14/02/2017	3,18,640	10	Cash	Series 6C – 31/- Series 7B – 56/- Series 8A – 88/-	ESOS Exercise	7093 1285 1	7093128510	18042031004	
23/03/2017	7093144 5	10	Cash	155	Rights issue	7802 4429 6	7802442960	28327090529	

28/9/2017	1200	10	Cash	Series 6C – 31/-	ESOS Exercise	7802 4549 6	7802454960 7803430960	28327115729 28331605329 28363418409	
	97600	10		Series 7B – 56/-		7803 4309 6	7807509560		
	407860	10		Series 8A – 88/-		7807 5095 6			
05/12/2017	32900	10	Cash	Series 8A – 88/-	ESOS Exercise			28580005409	
	1057600	10		Series 8B – 88/-		7829 3625 6	7829362560		
	1094800	10		Series 9A – 137/-					-
30/05/2018	4500	10	Cash	88	ESOS Exercise	7829 4075 6	7829407560	28580356409	-

(III) Details of any Acquisition or Amalgamation in the last 1 year–

None

(IV) Details of any Reorganization or Reconstruction in the last 1 year:-

None

(V) Details of the shareholding of the Company as on the latest quarter ended June 30, 2018:-

Shareholding pattern:

Sr. No.	Particulars	No. of equity shares held	No. of shares held in demat form	Shareholding as % of total shares
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1	HDFC Bank	75,05,96,670	75,05,96,670	95.87%
2	Others	3,23,44,086	3,23,44,086	4.13%

Notes: - Shares pledged or encumbered by the promoters (if any): Not Applicable

**2. List of top 10 holders of equity shares: (as on June 30, 2018)**

Sr. No.	Name of Shareholder	Total Number of Equity Shares	No. of shares in demat form	Shareholding as % of total shares
1.	HDFC BANK LTD	750,596,670	750,596,670	95.87
2.	HDB EMPLOYEE WELFARE TRUST (THROUGH ITS TRUSTEES)	2,618,699	2,618,699	0.33
3.	HDBFS EMPLOYEES WELFARE TRUST (THROUGH ITS TRUSTEES)	1,922,062	1,922,062	0.25
4.	VISTRA ITCL (INDIA) LIMITED	1,481,284	1,481,284	0.19
5.	VINOD YENNEMEDI	893,198	893,198	0.11
6.	HARISH H ENGINEER	653,256	653,256	0.08
7.	RAMESH G.	474,500	474,500	0.06
8.	ANKITA PARESH SUKTHANKAR	435,000	435,000	0.06
9.	ASHISH PARTHASARTHY	415,278	415,278	0.05
10.	ABHAY AIMA	4,00,076	4,00,076	0.05

**(VI) Details regarding the directors of the Company:**

**a. Details of the current directors of the Company\***

Name, Designation and DIN	Date of birth	Address	Occupation	Director of the Company Since	Details of other directorship
Mr. Aditya Puri, Non Executive Chairman  DIN - 00062650	27.10.1950	1001-1002, Vinayak Aangan, NB Parulekar Marg, Prabhadevi, Mumbai - 400 025	Service	01.05.2016	1. HDFC Bank Limited 2. Samea Board of Master Card 3. Indian Institute of Foreign Trade
Mr. Bhavesh Zaveri, Non Executive Director,  DIN - 01550468	24.12.1965	202, Prabhukunj Co-Operative Housing Society 5 Peddar Road, Mumbai- 400 026	Service	01.05.2016	1. The Clearing Corporation of India 2. Swift India Domestic Services Private Limited 3. Goods & Service Tax Network
Mr. Jimmy Tata, Non Executive Director DIN- 06888364	13.07.1966	Sea Side, Bhulabhai Desai Road, Mumbai- 400 036	Service	01.05.2016	1. International Asset Reconstruction Company Private Limited
Mr. Ramesh G., Managing Director and Chief Executive Officer,  DIN - 05291597	22.09.1969	C -101, Ashok Gardens, Tokersey Jivraj Road, Sewree, Mumbai 400015	Service	01.07.2012	Nil
Mr. Venkatraman Srinivasan Independent Director  DIN - 00246012	09.03.1959	73, Keshav Smruti, 88, Veer Savarkar Marg, Mumbai- 400028	Chartered Accountant	12.03.2015	1. UTI Retirement Solutions Limited
Ms. Smita Affinwalla Independent Director  DIN - 07106628	04.11.1962	7A, A Block, 3rd Floor, Khalakdina Terrace, August Kranti Marg, Mumbai- 400 036	Consultant	12.03.2015	1. Avameh Consultancy Private Limited 2. Illuminos Consultancy Private Limited 3. Sicom Limited

\* Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any: None of the Directors are appearing in the RBI defaulter list and/or ECGC default list.

Details of change in directors since last three years:

Sr. No.	Name, Designation and DIN	Date of Appointment / Resignation	Director of the Company since (in case of resignation)	Remarks
1.	Mr. Anil Jaggia, Director DIN - 00317490	23/09/2015	23/12/2011	
2.	Mr. G. Subramanian, Chairman DIN- 00712803	30/04/2016	04/06/2007	
3.	Mr. Kalzad Bharucha, Director DIN- 02490648	30/04/2016	13/01/2009	
4.	Mr. Aditya Puri, Chairman DIN – 00062650	01/05/2016	-	
5.	Mr. Jimmy Tata, Director DIN – 06888364	01/05/2016	-	
6.	Mr. Bhavesh Zaveri, Director DIN - 01550468	01/05/2016	-	

(VII) Following details regarding the auditors of the Company:

a. Details of the auditor of the Company:

Name	Address	Auditor since
B S R & Co. LLP Chartered Accountants	Lodha Excelus, 1 <sup>st</sup> Floor, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai – 400011	FY 2013-2014

b. Details of change in auditor since last three years:

None

(VIII) Details of borrowings of the Company, as on June 30, 2018:

a. Details of Secured Loan Facilities:

Name of the Bank	Sanction limit	Amount outstanding as on 30.06.18 (Rs in Crore)	Undrawn Lines
Axis Bank	450.00	450.00	0.00

Canara Bank	3,450.00	3,150.00	300.00
Corporation Bank	1,070.00	1,070.00	0.00
Deutsche Bank	500.00	500.00	0.00
Federal Bank	400.00	400.00	0.00
HDFC Bank	3,772.73	2,372.73	1,400.00
HSBC Bank	110.00	110.00	0.00
ICICI Bank	1,500.00	1,500.00	00.00
Indian Bank	850.00	850.00	0.00
J&K Bank	580.00	580.00	0.00
JP Morgan	500.00	500.00	0.00
Karnataka Bank	450.00	450.00	0.00
State Bank Of India	1,499.52	1,499.52	00.00
SIDBI	1,200.00	1,200.00	0.00
Indusind Bank	2,000.00	0.00	2,000.00
<b>Bank loans</b>	<b>18,332.25</b>	<b>14,632.25</b>	<b>3,700.00</b>

**Note -**

- 1) All installments are residual installment payable for outstanding loan amount.
- 2) All the above-mentioned loans are secured against "receivables from financing activities".

**b. Details of Unsecured Loan Facilities:-**

None

**c. Details of NCDs outstanding as on June 30, 2018:**

<b>Debenture Series</b>	<b>Tenor (in days)</b>	<b>Coupon p.a. (%)</b>	<b>Amount (Rs. in crores)</b>	<b>Date of Allotment</b>	<b>Redemption Date</b>
2013 Series A/1/28	1826	10.3500	103	08-10-13	08-10-18
Series 2014 A/1/33	1810	9.9700	60	13-01-14	28-12-18
Series 2014 A/1/34	1810	9.9700	97	13-01-14	28-12-18
Series 2014 A/1/37	1824	10.0000	80	17-02-14	15-02-19
Series 2014 A/1/38	1826	9.4900	100	18-06-14	18-06-19
Series 2014 A/1/41	1826	9.5600	150	31-07-14	31-07-19
Series 2015 A/1/57	1158	8.8000	113	26-05-15	27-07-18
Series 2015 A/1/61	1096	8.8100	110	28-07-15	28-07-18
Series 2015 A/0/62_Option 1	1096	Zero Coupon	50	30-07-15	30-07-18
Series 2015 A/0/62_Option 2	1086	Zero Coupon	42	30-07-15	20-07-18
Series 2015 A/1/63	1157	8.7100	200	20-08-15	20-10-18
Series 2015 A/1/65	1084	8.6500	200	07-10-15	25-09-18

Series 2015 A/1/66	1098	8.5100	200	20-10-15	22-10-18
Series 2015 A/1/67	1095	8.5000	300	30-10-15	29-10-18
Series 2015 A/1/68_Option 1	1130	8.5200	141	23-11-15	27-12-18
Series 2015 A/0/68_Option 2	1113	Zero Coupon	75	23-11-15	10-12-18
Series 2015 A/0/70_Option 1	1102	Zero Coupon	200	11-12-15	17-12-18
Series 2015 A/0/70_Option 2	1215	Zero Coupon	50	11-12-15	09-04-19
Series 2015 A/0/71_Option 1	1029	Zero Coupon	31	29-12-15	23-10-18
Series 2015 A/0/71_Option 2	1171	Zero Coupon	86	29-12-15	14-03-19
Series 2015 A/1/71_Option 3	1093	8.6700	95	29-12-15	26-12-18
Series 2016 A/1/72_Option 1	1127	8.6500	100	12-01-16	12-02-19
Series 2016 A/0/72_Option 2	1183	8.6364	39	12-01-16	09-04-19
Series 2016 A/1/73_Option 1	1124	8.8205	218	01-02-16	01-03-19
Series 2016 A/1/73_Option 2	1086	8.8103	58	01-02-16	22-01-19
Series 2016 A/1/73_Option 3	1149	8.8100	61	01-02-16	26-03-19
Series 2016 B/4/74	1094	8.7200	500	03-03-16	02-03-19
Series 2016 A/1/75	1095	8.9000	175	29-02-16	28-02-19
Series 2016 A/0/76_Option 1	1107	Zero Coupon	133	14-03-16	26-03-19
Series 2016 A/1/76_Option 2	1093	8.8394	110	14-03-16	12-03-19
Series 2016 A/1/77	1125	8.4800	330	13-04-16	13-05-19
Series 2016 A/1/78_Option 1	1136	8.5400	100	02-05-16	12-06-19
Series 2016 A/1/78_Option 2	1095	8.5500	75	02-05-16	02-05-19
Series 2016 A/1/79	1123	8.6300	202	20-05-16	17-06-19
Series 2016 A/1/80	1125	8.6900	130	03-06-16	03-07-19
Series 2016 A/1/82_Option 1	1368	8.6580	100	14-06-16	13-03-20
Series 2016 A/1/82_Option 2	1186	8.6530	200	14-06-16	13-09-19
Series 2016 A/1/83	973	8.5800	100	08-07-16	08-03-19
Series 2016 A/1/84_Option 1	730	8.3500	175	27-07-16	27-07-18
Series 2016 A/1/84_Option 2	1097	8.4000	175	27-07-16	29-07-19
Series 2016 A/1/85_Option 1	730	8.2700	200	03-08-16	03-08-18
Series 2016 A/0/85_Option 2	1135	Zero Coupon	100	03-08-16	12-09-19
Series 2016 A/1/86	1094	8.3000	200	10-08-16	09-08-19
Series 2016 A/0/87	730	Zero Coupon	200	23-08-16	23-08-18
Series 2016 A/1/88	1278	8.0550	260	01-09-16	02-03-20
Series 2016 A/1/89_Option 1	1097	7.9500	102	15-09-16	17-09-19
Series 2016 A/0/89_Option 2	1187	Zero Coupon	100	15-09-16	16-12-19
Series 2016 A/0/89_Option 3	791	Zero Coupon	195	15-09-16	15-11-18
Series 2016 A/1/90	731	7.8500	270	23-09-16	24-09-18
Series 2016 A/0/91_Option 1	1094	Zero Coupon	200	28-09-16	27-09-19

Séries 2016 A/1/91_Option 2	1094	7.9000	100	28-09-16	27-09-19
Series 2016 A/1/92	786	7.6400	175	19-10-16	14-12-18
Series 2016 A/1/93	1093	7.7800	135	27-10-16	25-10-19
Series 2016 A/1/94_Option 1	759	7.9300	200	08-11-16	07-12-18
Series 2016 A/1/94_Option 2	1123	7.9700	300	08-11-16	06-12-19
Series 2016 A/1/95	730	7.5800	250	22-11-16	22-11-18
Series 2016 A/1/96	730	7.4100	200	29-11-16	29-11-18
Series 2016 A/1/97	1128	7.5000	215	01-12-16	03-01-20
Series 2016 A/1/98	729	7.9500	110	29-12-16	28-12-18
Series 2016 A/1/99_Option 1	1105	7.6800	110	17-01-17	27-01-20
Series 2016 A/1/99_Option 2	730	7.6300	125	17-01-17	17-01-19
Series 2016 A/1/99_Option 3	1126	7.6735	100	17-01-17	17-02-20
Series 2017 A/1/100_Option 1	765	7.6800	200	25-01-17	01-03-19
Series 2017 A/0/100_Option 2	1150	Zero Coupon	300	25-01-17	20-03-20
Series 2017 A/1/101_Option 1	546	7.6040	100	31-01-17	31-07-18
Series 2017 A/1/101_Option 2	730	7.6700	150	31-01-17	31-01-19
Series 2017 A/1/101_Option 3	1119	7.7100	200	31-01-17	24-02-20
Series 2017 A/1/102_Option 1	730	7.7500	160	22-02-17	22-02-19
Series 2017 A/1/102_Option 2	1097	7.8200	260	22-02-17	24-02-20
Series 2017 A/1/103	1126	7.7600	135	26-04-17	26-05-20
Series 2017 A/1/104_Option 1	764	7.7900	225	11-05-17	14-06-19
Series 2017 A/1/104_Option 2	1127	7.8300	100	11-05-17	11-06-20
Series 2017 A/0/104_Option 3	1154	Zero Coupon	125	11-05-17	08-07-20
Series 2017 A/1/105	1127	7.8000	100	18-05-17	18-06-20
Series 2017 A/1/106	1127	7.8000	300	29-05-17	29-06-20
Series 2017 A/1/107_Option 1	745	7.6300	150	13-06-17	28-06-19
Series 2017 A/1/107_Option 2	1095	7.7000	200	13-06-17	12-06-20
Series 2017 A/1/108	1096	7.5500	375	19-06-17	19-06-20
Series 2017 A/1/109	1126	7.5200	500	18-07-17	17-08-20
Series 2017 A/1/110	1159	7.4300	400	27-07-17	28-09-20
Series 2017 A/1/111_Option 1	730	7.2800	400	28-08-17	28-08-19
Series 2017 A/1/111_Option 2	521	7.1600	130	28-08-17	31-01-19
Series 2017 A/1/112	1096	7.3000	400	08-09-17	08-09-20
Series 2017 A/0/113	1126	Zero Coupon	400	20-09-17	20-10-20
Series 2017 A/1/114	1127	7.5000	500	18-10-17	18-11-20
Series 2017 A/1/115	730	7.4200	200	31-10-17	31-10-19
Series 2017 A/1/116	1097	7.6300	800	06-12-17	07-12-20
Series 2018 A/1/117	1186	7.9407	145	15-01-18	15-04-21

Series 2018 A/0/118_Option 1	1151	Zero Coupon	373	16-03-18	10-05-21
Series 2018 A/0/118_Option 2	1117	Zero Coupon	299	16-03-18	06-04-21
Series 2018 A/0/119	1103	Zero Coupon	663	01-06-18	08-06-21
Series 2018 A/1/120_Option 1	1106	8.8100	215	27-06-18	07-07-21
Series 2018 A/0/120_Option 2	548	Zero Coupon	450	27-06-18	27-12-19

\*Note – All the above-mentioned NCDs are:

- secured against "Immovable property & receivables from financing activities
- rated 'AAA/Stable' by CARE & Crisil

**d. Details of Subordinated Bonds outstanding as on June 30, 2018:**

Bond Series	Tenor / Period of Maturity	Coupon (%)	Amount (Rs. in crores)	Date of Allotment	Redemption Date/ Schedule
2012 I/1/1	10 years	10.2	250	09-08-12	09-08-22
2012 I/1/2	10 years	9.7	150	30-11-12	30-11-22
2012 I/1/3	10 years	9.6	200	22-03-13	22-03-23
2013 I/1/4	10 years	10.2	100	18-10-13	17-10-23
2013 I/1/5	10 years	10.05	50	20-12-13	20-12-23
2013 I/1/6	10 years	10.19	80	18-03-14	18-03-24
2014 I/1/7	10 years	9.7	200	20-06-14	20-06-24
2014 I/1/8	10 years	9.55	100	13-11-14	13-11-24
2014 I/1/9	10 years	9.55	200	17-11-14	15-11-24
2016 I/1/10	10 years	8.79	220	22-07-16	22-07-26
2016 I/1/11	10 years	8.05	170	06-12-16	04-12-26
2018 I/1/12	10 years	8.42	150	01-02-18	01-02-28
2018 I/1/13	10 years	8.45	130	21-02-18	21-02-28

**6. List of top 10 Debenture Holders as on June 30, 2018:**

Sr. No.	Name of the Debenture Holder	Amount (Rs. in lakhs)
1	HDFC TRUSTEE COMPANY LTD	142300.00
2	HDFC BANK LTD	115500.00
3	IDFC MUTUAL FUND	100990.00
4	RELIANCE CAPITAL TRUSTEE CO LTD	87000.00
5	WIPRO LIMITED	82500.00

6	HINDUSTAN ZINC LIMITED	79500.00
7	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED	65800.00
8	COGNIZANT TECHNOLOGY SOLUTIONS INDIA PRIVATE LIMITED	51000.00
9	RELIANCE VENTURES LIMITED	45000.00
10	LIFE INSURANCE CORPORATION OF INDIA P & GS FUND	40000.00

Note: Top 10 holders' (in value terms, on cumulative basis for all outstanding debenture issues) details have been provided above.

**7. List of Top Ten Subordinated Bondholders (as on June 30, 2018)**

Sr. No.	Name of the Debenture Holder	Amount (Rs. in lakhs)
1	NPS TRUST	45000.00
2	POSTAL LIFE INSURANCE FUND	21000.00
3	ICICI LOMBARD GENERAL INSURANCE COMPANY LIMITED	20000.00
4	INFOSYS LIMITED EMPLOYEES PROVIDENT FUND TRUST	12200.00
5	RURAL POSTAL LIFE INSURANCE FUND	9500.00
6	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	5000.00
7	THE NEW INDIA ASSURANCE COMPANY LIMITED	5000.00
8	MARUTI SUZUKI INDIA LIMITED EMPLOYEES PROVIDENT FUND TRUST	4380.00
9	THE UNION PROVIDENT FUND	3600.00
10	UNITED INDIA INSURANCE COMPANY LIMITED	3500.00

**8. Details of Commercial Paper outstanding as on June 30, 2018:**

The total Face Value of Commercial Papers Outstanding as on June 30, 2018 and its breakup are as follows:

CP Series	Amount (Rs. in crores)	Rate %	No. of days	Issue Date	Due Date
152	200	7.0100	364	20-09-17	19-09-18
153	300	7.0500	361	29-09-17	25-09-18
156	100	7.1000	364	11-10-17	10-10-18
161	200	7.7500	261	10-01-18	28-09-18
169	400	7.9000	179	12-03-18	07-09-18

170	400	7.9000	364	19-03-18	18-03-19
172	300	7.6000	90	27-04-18	26-07-18
173	100	7.8100	90	14-06-18	12-09-18
174	300	7.8100	89	15-06-18	12-09-18

Details of Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on June 30, 2018

NA

Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 5 years.

As on June 30, 2018 there was no default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities.

Details of any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option.

NA

Details of Promoters of the Company:-

Details of Promoter Holding in the Company as on the year ended June 30, 2018:-

Sr. No.	Name of the Shareholders	Total No of Equity Shares	No of shares in demat form	Total shareholding as % of total shares	No of Shares Pledged	% of Shares pledged with respect to shares owned
1	HDFC Bank Ltd.	75,05,96,670	75,05,96,670	95.87%	Nil	Nil

**5.2** Abridged version of Audited Consolidated (wherever available) and Standalone Financial Information (like Profit & Loss statement, Balance Sheet and Cash Flow statement) for at least last three years and auditor qualifications, if any:

Balance Sheet			
(Currency : Indian Rupees in Crores)	March 31, 2018	March 31, 2017	March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	782.94	780.24	700.17
Reserves and surplus	5419.29	4582.66	2861.63

Total (A)	6202.23	5362.9	3561.8
<b>Non-current liabilities</b>			
Long-term borrowings	21860.59	18760.22	13470.45
Other long-term liabilities	145.72	159.74	113.35
Long-term provisions	265.73	189.03	150.15
Total (B)	22272.04	19108.99	13733.95
<b>Current liabilities</b>			
Short-term borrowings	3000.24	2080	910.38
Trade payables	339.93	283.27	204.59
Other current liabilities	12263.94	6092.29	6410.26
Short-term provisions	675.54	528.64	368.09
Total (C)	16279.65	8984.2	7893.35
<b>Grand total (A+B+C)</b>	<b>44753.92</b>	<b>33456.09</b>	<b>25189.07</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
i. Tangible assets	129.72	125.79	81.29
ii. Intangible assets	7.30	5.18	1.54
iii. Capital work-in-progress	0.00	0.24	-
Non-current investments	30.71	65.06	48.42
Deferred tax assets	185.67	138.45	110.48
Long-term loans and advances:			
- Receivables under financing activity	30841.37	23967.35	18742.41
Other non-current assets	41.23	50.28	39.08
<b>Total (D)</b>	<b>31236.00</b>	<b>24352.35</b>	<b>19023.22</b>
<b>Current assets</b>			
Current investments	400	400	300
Trade receivables	126.44	115.42	23.5
Cash and cash equivalents	137.03	188.7	135.04
Short-term loans and advances			
- Receivables under financing activity	12731.34	8324.45	5667.19
- Other loans and advances	38.88	14.14	4.6
Other current assets	84.23	61.03	35.52
<b>Total (E)</b>	<b>13517.92</b>	<b>9103.74</b>	<b>6165.85</b>
<b>Grand total (D+E)</b>	<b>44753.92</b>	<b>33456.09</b>	<b>25189.07</b>

Off- Balance Sheet:	896	1985.14	1496.88
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Cash Flow Statement (in INR)	March 31, 2018	March 31, 2017	March 31, 2016
<b>A. Cash flows from operating activities</b>			
Profit/(Loss) before tax	1464.52	1058.59	817.81
Adjustments for:			
Depreciation and amortisation	45.31	38.62	19.89
Provision and write offs	519.35	339.59	194.24
Provision for compensated absence & gratuity	12.26	14.87	1.75
Discount on commercial paper	256.25	219.76	126.97
(Profit)/loss on sale of asset	0.15	0.14	0.05
Interest Expenses	2092.1	1821.45	1440.07
Interest Income	-5146.05	-4087.08	-3015.99
Gain on sale of current investment (net)	-2.08	-1.24	-2.06
Dividend Income	0	-1.95	-0.93
<b>Operating profit before working capital changes</b>	<b>-758.19</b>	<b>-597.23</b>	<b>-418.2</b>
<b>Changes in working capital:</b>			
(Increase)/decrease in advances	27.57	-77.44	-39.92
(Increase)/decrease in trade receivable	-11.02	-52.28	-9.03
(Increase)/decrease in other assets	-281.15	-244.96	-154.95
Increase/(decrease) in other liabilities and provisions	-779.24	-815.94	105.71
Increase/(decrease) in Trade payables	56.67	80.24	152.63
(Increase)/Decrease in Receivables under financing activity (net)	-11280.91	-7882.21	-5420.47
Interest Paid	-1786.53	-1577.82	-1322.8
Interest Received	5147.75	4087.31	3014.33
Dividend Received	0	1.95	0.93
<b>Cash generated from operations</b>	<b>-9665.05</b>	<b>-7078.38</b>	<b>-4091.77</b>
Income tax paid	390	287.23	-255
<b>Net cash generated from operating</b>	<b>-9275.05</b>	<b>-6791.14</b>	<b>-4346.77</b>

activities			
Increase/(decrease) in Borrowing (Net)			
<b>Net cash flow generated from / (used in) operating activities (A)</b>	<b>-9275.05</b>	<b>-6791.14</b>	<b>-4346.77</b>
<b>B. Cash flows from investing activities</b>			
Purchase of fixed assets	-51.4	-74.29	-50.38
Proceeds from sale of fixed assets	0.15	0.29	
Purchase of long term investments	-	-15.64	-39.98
Sale of long term investments	34.35	-	-
Purchase of short term investments	-1985	-1350	-2185
Sale of short term investments	1987.08	1251.24	2310
<b>Net cash used in investing activities (B)</b>	<b>-14.82</b>	<b>-188.4</b>	<b>34.64</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from issue of shares including securities premium	28.73	1111.73	3.39
Proceeds from borrowings	33577	23944	28674
Repayment of borrowings	-24183.13	-17969.1	-24339.81
Interim dividend and dividend distribution tax	-141.15	-127.4	-50.57
<b>Net cash generated from financing activities (C)</b>	<b>9281.45</b>	<b>6959.23</b>	<b>4287.01</b>
<b>Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)</b>	<b>-8.42</b>	<b>-20.31</b>	<b>-25.12</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>70.03</b>	<b>60.79</b>	<b>85.91</b>
<b>Cash and cash equivalents acquired pursuant to Scheme of Amalgamation</b>	<b>-</b>	<b>29.56</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>61.61</b>	<b>70.03</b>	<b>60.79</b>

	For the year ended	For the year ended	For the year ended
<b>Profit and Loss Statement (in INR Lakhs)</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Revenue from Operations	7059.91	5711.35	3297.77
Other Income	2.08	3.19	4.25

<b>Total Revenue</b>	<b>7,059.91</b>	<b>5714.54</b>	<b>3302.02</b>
<b>Expenses:</b>			
Employee benefits expense	2240.32	1896.65	493.76
Finance costs	2357.12	2049.92	1571.53
Depreciation and amortisation	45.31	38.62	19.89
Other expenses	435.37	331.17	204.79
Provision & write offs	519.35	339.59	194.24
<b>Total expenses</b>	<b>5597.47</b>	<b>4655.95</b>	<b>2484.21</b>
<b>Profit / (Loss) for the period before Tax</b>	<b>1464.52</b>	<b>1058.59</b>	<b>817.81</b>
- Current tax	560	389.28	311.46
- Deferred tax expense/(benefit)	-47.22	-17.36	-29.24
- Prior period taxes	0	2.46	1.18
<b>Profit after tax</b>	<b>951.74</b>	<b>684.21</b>	<b>534.41</b>
Impact of the scheme of Amalgamation relating to financial year 2014-15 and 2015-16		14.56	-
<b>Profit for the year</b>	<b>951.74</b>	<b>698.77</b>	<b>534.41</b>

**5.3 Abridged version of Limited Review Half Yearly Standalone Financial Information (like Profit & Loss statement, and Balance Sheet) and auditors qualifications, if any.**

\*Note: Since HDB Financial Services Ltd. does not have any subsidiary, the standalone and consolidated financial information would be the same.

**5.4 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities:**

Save as stated elsewhere in this DD, since the date of the last published audited financial accounts, to the best of the Company's knowledge and belief, no material developments have taken place that will materially affect the performance or prospects of the Company.

Details of the Bond trustee(s) are as mentioned above and they have given their consent to act as Bond Trustee to the Issuer for his appointment under regulation 4 (4) and in all the subsequent periodical communications sent to the holders of debt securities

The detailed rating rationale (s) adopted (not older than one year on the date of opening of the issue)/ credit rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies is enclosed as Annexure II.

If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document. **NA**

Copy of consent letter from the Bond Trustee is obtained.

Names of all the recognised stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange. **On the Wholesale Debt Market (WDM) Segment of the BSE Ltd.**

#### **Other details**

- a. **DRR creation** - relevant regulations and applicability. Not required for NBFCs pursuant Sec 71 of the Companies Act, 2013, read with Rule 7(b)(i) of the Companies (Share Capital & Debentures) Rules 2014.
- b. **Issue/instrument specific regulations** - relevant details (Companies Act, RBI guidelines, etc). Will be complied with as applicable to the Company from time to time
- c. **Application process** – As mentioned in Clause 7 herein.

#### **BUSINESS ORGANISATION**

The Objects for which the Company is established are:

##### **A. MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:**

1. To carry on the business as a finance company and to provide finance and to provide on lease, leave and license or hire purchase basis or on deferred payment basis or on any other basis all types of plant, equipment, machinery, vehicles, vessels, ships and real estate and any other moveable and immovable properties whether in India or abroad for industrial, commercial or other uses.
2. To carry on the business as investment company and to acquire and hold and otherwise deal in shares, stocks, debentures, debenture-stock, bonds, obligations and securities issued or guaranteed by any company and debentures, debenture-stock, bonds, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body, or authority supreme, municipal, local or otherwise, landed property, whether in India or elsewhere and to carry on the business of issue house, underwriting, factoring, bills discounting, cross border leasing, merchant

banking, issuance of credit cards, consultancy and to undertake and carry on and execute all such operations.

3. To set up companies for the purpose of carrying on the business related to asset management, mutual fund and to act as sponsor or co-sponsor by undertaking financial and commercial obligations required to constitute and/or settle any trust or any undertaking to establish any mutual fund or trust in and/or outside India with the prior approval of the concerned authorities with a view to issue units, stocks, securities, certificates or other documents, based on or representing any or all assets appropriated for the purposes of any such trust and to settle and regulate any such trust and to issue, hold or dispose of any such units, stocks, securities, certificates or other documents.
4. \*\* To carry on the business of labour contractor, recruitment agency, appointment, hiring, seconding and/or supplying manpower, human resources of all types of grades and skills to facilitate, handling, carrying out, processing, managing, controlling, facilitating documentation, documentary services, maintenance, upkeeping and all kinds of services, undertaking and or completion of any works, projects, assignments, contracts, joint ventures.
5. \*\* To carry on business of business process outsourcing agency by providing financial, insurance, technical, information technology, documentary, advisory and other support services and to undertake such activities in the nature of accounting, finance, documentation, banking and other services, including as a call center as may be outsourced by any company, institution, corporation or any other body corporate, whether incorporated or otherwise.
6. \*\* To carry on business of insurance and reinsurance brokers, agents, consultants and advisors or representatives for insurance and reinsurance brokers, agents, consultants and advisors dealing with all classes of insurance (including life, non-life, general insurance and such other insurance), in all forms, within India and outside India, to provide risk management services in the field of insurance and reinsurance business, to undertake run-off insurance, activities to any of the general insurance companies in any insurance and reinsurance matter, to assist insurance companies and insurance brokers in the matter of arranging inspections, surveys and recovery from any of the parties in respect of the claims and to appoint sub-agents for carrying the activities under this clause,
7. \*\* To carry on business of providing services relating to sourcing, marketing, publicizing, promotions, sales and/or generating leads for sale of financial products and/or services for and/or on behalf of financial institutions, banks and/or finance companies whether incorporated in India or outside India and providing services relating to accounting, data, administration, price support services, door-to-door agents for the collection, receipt or payment of money, market research, market survey, telemarketing services etc. and to act as agent for or render services to customers, finance companies, financial institutions, banks etc. and to act as fund mobilisers and to carry on other activities including those activities covered under clause (n) of sub-section (1) of section 6 of the Banking Regulation Act, 1949 (10 of 1949) to promote the spread of business of banking/ financial services in India or outside India and to appoint sub-agents for carrying the activities under this clause.
8. The Company shall carry on the business of:

- (a) drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrip and other instruments and securities whether transferable or negotiable or not;
- (b) to organize, manage, and operate receivables and remedial management of key assets products (including credit cards) that also includes telecalling customers who have slipped the payment due date, reminder/awareness calls to customers, service calls, managing portfolio through legal means, and payment assistance through field collections and all support and back end documentation assignments;
- (c) buying, selling and dealing in bullion and specie;
- (d) buying and selling of and dealing in foreign exchange including foreign bank notes;
- (e) acquiring, holding, issuing on commission, under writing and dealing in stocks, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds;
- (f) receiving of all kinds of bonds, scrip or valuables on deposit or for safe custody or otherwise; and
- (g) collecting and transmitting of money and all kinds of securities.

**\*\*Inserted vide amalgamation of HBL Global Private Limited and Atlas Documentary Facilitators Company Private Limited with HDB Financial Services Limited, approved by the Gujarat High Court and Bombay High Court vide their orders dated September 07, 2016 and September 29, 2016 respectively.**

#### **MATERIAL CONTRACTS INVOLVING FINANCIAL OBLIGATION**

The contracts referred to below (not being contracts entered into the ordinary course of business carried on by the Company) which are or may be deemed material have been entered into by the Company. Copies of these contracts together with the copies of these documents referred to below may be inspected at the Registered Office of the Company between 10:00 am and 12:00 noon on any working day of the Company.

#### **Material Contracts & Documents**

By the very nature of its business, the Company is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts / agreements / documents involving financial obligations of the Company. However, the contracts / agreements / documents listed below which are or may be deemed to be material (not being contracts entered into in the ordinary course of the business carried on by the Issuer, have been entered into / executed by the Company:

##### **A. Documents material to the Issue**

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Resolution of the Board of Directors passed at its meeting held on April 16, 2018 approving, inter-alia, the issue of Unsecured Non Convertible Subordinated Bond aggregating upto Rs. 1500,00,00,000/- (Rupees One Thousand Five Hundred Crore only)

3. Resolution passed by the shareholders at the Annual General Meeting of the Company held on June 22, 2018 reappointing M/s B S R & Co. LLP, Chartered Accountants as Statutory Auditors of the Company
4. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 22, 2018, authorising the Board of Directors to borrow, for the purpose of the Company, upon such terms and conditions as the Board may think fit for amounts up to Rs. 60,000 crores (Rupees Sixty Thousand Crore) under Section 180(1)(c) and creation of charge on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013
5. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 22, 2018 authorising the Board of Directors to offer, issue and allot Unsecured Redeemable Non-Convertible Subordinated Bonds (Subordinated Bonds) under Subordinated Bond Trust Deed dated July 24, 2018 between IDBI Trustee and the Company in one or more series/tranches, aggregating up to Rs. 1500 crore (Rupees One Thousand Five Hundred Crore only), on private placement basis, on such terms and conditions as the Board of Directors of the Company may, from time to time, determine in the best interests of the Company.
6. Credit Rating Rationale dated June, 2018 & July 02, 2018 from CARE & Crisil respectively, assigning the credit rating to the Bonds
7. Tripartite agreement dated July 23, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and CDSL
8. Certified true copy of the Tripartite agreement dated July 23, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and NSDL
9. Consent letter issued by IDBI Trusteeship Services Limited dated July 18, 2018 to act as the Bond Trustee to the Issue and inclusion of its name in the form and context in which it appears in this Information Memorandum

#### **B Material Contracts**

10. Collection Services Agreement with HDFC Bank Limited dated November 28, 2011
11. License agreement with HDFC Bank Limited dated January 28, 2014, for right to use HDFC Bank's logo.
12. Debenture Trust Deed & Debenture Trustee Agreement - executed with IDBI Trusteeship Services Ltd. dated July 24, 2018.

Certified true copy of the above documents are available for inspection at the Corporate Office of the Company until the date of closure of the Issue.

#### **MATERIAL DEVELOPMENT**

Save as stated elsewhere in this Document, since the date of last published audited statement, no material developments have taken place that will materially affect the performance of the prospects of the Company. There are no material events/ developments at the time of issuance of this document which may affect this issue or the investor decision to invest/continue to invest in the debt securities.

## DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH, AT PREMIUM OR AT DISCOUNT, IN PURSUANCE OF AN OPTION

The Company has not issued any debt securities for consideration other than cash, at premium or at discount, in pursuance of an option.

## SERVICING BEHAVIOUR OF THE EXISTING DEBTS

The Company is discharging all its liabilities in time and would continue doing so in future as well. The Company has been paying regular interest and principal amount on redemption.

## CONSENT FROM THE EXISTING LENDERS

The company is not required to obtain any consent from existing lenders.

## TERMS PERTAINING TO THE ISSUE

### NATURE & STATUS OF THE BONDS

The Bonds will be issued in the form of Unsecured Redeemable Non-Convertible Subordinated (Tier II) Bonds in the nature of Bonds. The claims of the investors in Tier II instruments shall be superior to the claims of investors in instruments eligible for inclusion in Tier I capital and Subordinated to the claims of all other creditors. In compliance with the guidelines of RBI, these bonds shall not be redeemable at the initiative of the investor and all redemptions shall be made only with the prior approval of RBI and in accordance with the prevailing guidelines.

### OBJECTS OF THE ISSUE

The present issue of bonds is being made for augmenting the Tier-II Capital of the Company for strengthening its Capital Adequacy and for enhancing the long-term resources of the Company. The Main Object Clause of the Memorandum of Association of the Company enables it to undertake the activities for which the funds are being raised through the present issue and also the activities, which the Company has been carrying on till date. The proceeds of this Tier II issue will be used by the Company for its regular business activities.

Capital Adequacy position of the Company the Capital Adequacy Ratio ("CAR") of the Company as on March 31, 2018 was 17.94% as against the RBI stipulation of 15%. Details of capital vis-à-vis risk weighted assets are as under:

Particulars	(Rs. In Crores)				
	As on March 31, 2018	As on March 31, 2017	As on March 31, 2016	As on March 31, 2015	As on March 31, 2014
Capital Funds					
Tier I Capital	5844	5037	3336	3017	1536.61
Tier II Capital	2087	1824	1439	1475	936.97
Total Capital Fund	7931	6861	4775	4492	2473.59
Risk Weighted Asset and Contingents	44206	33001	24827	19515	13441.54

Total Capital Adequacy Ratio (%)	17.94	20.79	19.23	23.02	18.40
Tier I Capital Adequacy (%)	13.22	15.26	13.44	15.46	11.43
Tier II Capital Adequacy (%)	4.72	5.53	5.79	7.56	6.97

#### REQUIREMENT OF ENHANCEMENT OF CAPITAL

The Company expects to post a growth in business in the years to come. As a result, risk weighted assets of the Company are also expected to increase over the years. The implementation of the Basel II capital adequacy standards could also result in an increase in the risk weighted assets of the Company. Increase in Tier I capital through retained earnings alone may not be sufficient to enable the Company to maintain an adequate capital adequacy ratio. In view of this likely increase in its risk weighted assets, the Company may augment its capital base in order to sustain a healthy CAR by issue of fresh equity shares. .

#### DEBT SECURITIES TO BE ISSUED AND LISTED UNDER CURRENT DOCUMENT

Under the purview of the current document, the Company is intending to raise an amount aggregating to Rs.125 crores with Green Shoe Option to retain oversubscription upto Rs.250 crores of Unsecured Redeemable Non-Convertible Subordinated Bonds on a Private Placement Basis under Series 2018 1/1/14. The detailed term sheet of the Subordinated Bond Issue is given in para. 6.6.

#### DETAILS OF THE ISSUE SIZE

The Company proposes to issue of 1,250 with Green shoe Option to retain oversubscription upto 2500 Unsecured Redeemable Non-Convertible Subordinated Bonds of the face value of Rs.10,00,000/- each for cash at par, by way of private placement. The detailed term sheet of the Subordinated Bond Issue is given in para. 6.6.

#### BROAD TERMS OF THE ISSUE OF SUBORDINATED BONDS SERIES 2018 1/1/14

Issuer	HDB Financial Services Limited
Arrangers	HDFC Bank Limited
Type of Instrument	Unsecured Non Convertible Subordinated Bond
Nature of Instrument	Unsecured (Tier II Capital)
Seniority	Subordinated
Mode of Issue	Private placement
Eligible Investors	Commercial Bank, Co-operative Bank, Regional Rural Bank, Provident Fund, Superannuation Fund or Gratuity Fund, Pension Fund Mutual Fund, Company, Bodies Corporate, Statutory Corporation, Registered Society, Partnership firm, Hindu Undivided Family ("HUF") Individual, Private trust,

	Insurance Company, Portfolio Manager or Any other investor permitted to invest in bonds of Indian body corporate.
Listing	Proposed to be listed on the Wholesale Debt Market (WDM) Segment of the BSE Ltd.  In the event that any Bond 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.  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.
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 Bond issue programme of upto Rs.3500 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 is for Rs.1500,00,00,000/- (Rupees One Thousand Five Hundred Crore only), which issue shall comprise of one or more Tranches of Bonds, out of which the aggregate size of this Tranche is Rs.125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only) with Green Shoe Option to retain oversubscription upto Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only)
Option to retain oversubscription (Amount)	Upto Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only)
Objects of the Issue	Onward lending and/or refinancing of existing borrowings.
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.
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 bonds 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.
Face Value	Rs. 10,00,000/- (Rs. Ten Lakh only) per Bond
Minimum Application and in multiples of ___ Debt securities thereafter	Minimum 10 Bonds and in multiples of 1 Bond 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
Transaction Documents	As per IM
Conditions Precedent to Disbursement	As per the relevant Bond Trust Deed
Condition Subsequent to Disbursement	As per the relevant Bond Trust Deed
Events of Default	As per the relevant Bond Trust Deed
Provisions related to Cross Default Clause	As per the relevant Bond Trust Deed
Covenants	As per the relevant Bond Trust Deed
Role and Responsibilities of Bond Trustee	To oversee and monitor the overall transaction for and on behalf of the Bond Holders as customary for transaction of a similar nature and size and as executed under the appropriate Transaction Documents.
Governing Law and Jurisdiction	The issue shall be governed by and construed in accordance with Indian Law and

	the courts of Ahmedabad, Gujarat, India shall have exclusive jurisdiction.
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 Bonds.

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

#### **Sub Debt Series 2018 I/1/14**

Security Name	HDB/9.05%/Annual/2028_ Series 2018 I/1/14
Tranche Size	Rs.125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only) with Green Shoe Option to retain oversubscription upto Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only)
Issue Price	Rs. 10,00,000/- per Bond
Interest/Coupon Rate	9.05% p.a.
Coupon Type	Annual Coupon
Redemption Premium / Discount	N.A.
Redemption Amount	Rs.10,00,000/- per Bond
Interest on Application Money	9.05% p.a.
Tenor	3653 days from the deemed date of allotment i.e. Friday, July 27, 2018
Issue Timing	Tranche Opening Date : Thursday, July 26, 2018 Tranche Closing Date : Thursday, July 26, 2018 Pay-in Date : Friday, July 27, 2018 Deemed Date of Allotment : Friday, July 27, 2018
Redemption Date	Thursday, July 27, 2028

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

Company	HDB Financial Services Limited
Face Value (per security)	Rs.10,00,000/- per instrument
Issue Date/Date of Allotment	Friday, July 27, 2018
Redemption	Thursday, July 27, 2028
Coupon Rate	9.05% p.a.
Frequency of the interest payment with specified dates	Payable Annually, Monday, July 29, 2019, Monday, July 27, 2020, Tuesday, July 27, 2021 Wednesday, July 27, 2022, Thursday, July 27, 2023, Monday, July 29, 2024, Monday, July 28, 2025, Monday, July 27, 2026, Tuesday, July 27, 2027 and on maturity i.e. Thursday, July 27, 2028
Day Count Convention	Actual/Actual

Cash Flows	Date	Day	No. of Days in Coupon Period	Amount in Rupees per bond of Rs.10 lakhs
1st coupon	July 29, 2019	Monday	367	90,995.89/-
2nd coupon	July 27, 2020	Monday	364	90,005.46/-
3rd coupon	July 27, 2021	Tuesday	365	90,500.00/-
4th coupon	July 27, 2022	Wednesday	365	90,500.00/-
5th coupon	July 27, 2023	Thursday	365	90,500.00/-
6th coupon	July 29, 2024	Monday	368	90,994.54/-
7th coupon	July 28, 2025	Monday	364	90,252.05/-
8th coupon	July 27, 2026	Monday	364	90,252.05/-
9th coupon	July 27, 2027	Tuesday	365	90,500.00/-
10th coupon	July 27, 2028	Thursday	366	90,500.00/-
Principal Repayment	July 27, 2028	Thursday	N.A.	10,00,000.00/-

#### MODE OF PAYMENT

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

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

#### DETAILS OF UTILISATION OF THE ISSUE PROCEEDS

The Company is in the business of lending and the proposed issue is to augment the long-term resources requirement of the Company for its business activities including refinancing the existing debt.

#### UNDERTAKING TO USE A COMMON FORM OF TRANSFER

The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these bonds held in electronic form. The seller should give delivery instructions containing detail of the buyer's DP account to his depository participant. The issuer undertakes that there will be common transfer form/ procedure for transfer of bonds.

**REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION FOR THE SUBORDINATED BONDS**

Redemption Amount	Rs. 10,00,000/- per bond
Coupon Rate	The Subordinated Bonds under Series 2018 I/1/14 carry a coupon at a rate of 9.05% p.a. payable annually
Redemption Date	Thursday, July 27, 2028
Settlement	Payment of interest and principal will be made by way of cheque(s)/ interest warrant(s)/ demand draft(s)/ credit through RTGS system.

**OTHER TERMS OF THE ISSUE**

**(i) FORM**

The Subordinated Bonds to be issued in a dematerialized form which are subject to the provisions of the Depositories Act and the rules notified by NSDL and / or CDSL from time to time.

**(ii) DEEMED DATE OF ALLOTMENT**

The Subordinated Bonds Series 2018 I/1/14 issued under this Offer document will be allotted on Friday, July 27, 2018

**(iii) INTEREST ON THE COUPON BEARING SUBORDINATED BONDS**

(a) **Interest Rate:** Subordinated Bonds shall carry interest at a fixed coupon rate from the corresponding deemed date of allotment. The interest shall be subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income tax Act, 1961, or any other statutory modification or re-enactment thereof, for which a certificate will be issued by the Company.

(b) **Computation of Interest:** Interest for each of the interest periods shall be computed on an actual days in a year basis on the principal outstanding on the Subordinated Bonds at the coupon rate. However, where the interest period (start date to end date) includes 29<sup>th</sup> February, interest shall be computed on 366 days-a-year basis, on the principal outstanding on the Subordinated Bonds at the coupon rate.

(c) **Payment of Interest:** The interest will be payable to the beneficiaries as per the list of beneficiaries provided by the Depository which includes National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on the record date.

(d) **Default Interest:** All interest on the Subordinated Bonds and all other monies due shall, in case the same is not paid on the respective due dates, carry further additional interest at the rate of 2% per annum computed from the respective due dates and shall become payable upon the footing of compound interest with rests taken half yearly.

#### **(iv) INTEREST ON APPLICATION MONEY**

In case of interest on application money, interest at the applicable coupon rate/ implicit yield (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof for which a certificate will be issued by the Company) will be paid on the application money. Such interest shall be paid from the date of realisation of the cheque(s)/ demand draft(s) up to but not including the deemed date of allotment. The respective interest payment instruments along with the letters of allotment/ refund orders, as the case may be, will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant.

#### **(v) TAX DEDUCTION AT SOURCE (TDS)**

No TDS shall be deducted on the interest received as these bonds are issued compulsorily in demat mode. However, in case any Subordinated Bond holder rematerializes the Subordinated Bonds or holds in physical form normal TDS provisions will become applicable

Tax as applicable under the Income Tax Act, 1961 or under any other statutory modification or re-enactment thereof will be deducted at source on coupon payment on Final Redemption/Early Redemption as the case may be. Requisite certificate for tax deducted at source, as contemplated and/or required under the provisions of the Income Tax Act, 1961 from time to time, will be issued to the registered holders of the Subordinated Bonds as per records on the Record Date/Early Redemption Date as applicable. Tax exemption certificate/document (in duplicate), if any must be lodged at the office of the Company or the designated office of the Company prior to the Record date/Early Redemption Date, as applicable.

#### **(vi) TRANSFERABILITY**

The Subordinated Bond issued will be freely transferable and transmittable. The Subordinated Bond issued will be freely transferable and transmittable. The Subordinated Bonds shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the equity shares of the Company. The provisions relating to transfer and transmission in respect of the shares as provided in the Articles of Association of the Company shall apply mutatis mutandis to the Subordinated Bonds.

#### **(vii) PAYMENT ON REDEMPTION**

Payment of the redemption amount of the Subordinated Bonds will be made by the Company to the beneficiaries as per the beneficiary list provided by the Depository as on the record date. The Subordinated Bonds shall be taken as discharged on payment of the redemption amount by the Company to the beneficiaries as per the beneficiary list. Such payment will be a legal discharge of the liability of the Company towards the Subordinated Bond Holders. On such payment being made, the Company will inform Depository (NSDL/CDSL) and accordingly the account of the Subordinated Bond holders with NSDL/ CDSL will be adjusted. The Company's liability to the Subordinated Bond holder in respect of all their rights including for payment or otherwise shall cease and stand extinguished after

maturity in all events save and except the Subordinated Bond Holder's right of redemption as stated above. On the Company dispatching the payment instrument towards payment of the redemption amount as specified above in respect of the Subordinated Bonds, the liability of the Company shall stand extinguished.

**Liquidated damages on defaulted amounts:** In case of default in the redemption of the Subordinated Bonds (under any Series) or default in the payment of interest and all other monies on their respective due dates the Company shall pay on the defaulted amounts, liquidated damages at the rate of 2% per annum for the period of default.

**(viii) EFFECT OF HOLIDAYS**

Should the date of payment of any Coupon which is due in respect of any Tranche of Bonds fall on a day other than a 'Business Day' the immediately succeeding Business Day shall be considered as the effective date(s) for that payment.

In the event that the date of payment of the redemption amounts in respect of any Tranche of Bonds fall on a day other than a 'Business Day', the immediately preceding Business Day shall be considered as the effective date for that payment.

**(ix) LETTER OF ALLOTMENT AND SUBORDINATED BOND CERTIFICATE IN DEMAT MODE**

The Company will make allotment of Subordinated Bonds to investors in due course after verification of the application form, the accompanying documents and on realisation of the application money. The allotted Subordinated Bonds will be credited in dematerialised form within two days of the date of allotment.

**(x) REPLACEMENT OF SUBORDINATED BOND CERTIFICATES**

If the Subordinated Bond (under any of the Series) are issued in physical format, and if the Subordinated Bond Certificate is mutilated or defaced then, upon production thereof to the Company, the Company shall cancel the same and issue a new certificate in lieu thereof. If, any Subordinated Bond Certificate is lost, stolen or destroyed then, upon proof thereof to the satisfaction of the Company and upon furnishing such indemnity as the Company may deem adequate and upon payment of any expenses incurred by the Company in connection with proof of such destruction or theft or in connection with such indemnity, the Company shall issue a new certificate. A fee will be charged by the Company not exceeding a sum of Rs.2/- on each fresh Subordinated Bond Certificate issued hereunder except certificates in replacement of those which are old, decrepit or worn out or defaced or where the cages for recording transfers have been fully utilised.

**xi) RIGHT TO ACCEPT OR REJECT APPLICATIONS**

The Company is entitled at its sole and absolute discretion to accept or reject an application, in part or in full, without assigning any reason thereof. An application form, which is not complete in all respects, shall be liable to be rejected. Any application, which has been rejected, would be intimated by the Company along with a refund warrant.

**(xi) RECORD DATE**

The record date will be at least 15 days prior to each interest payment/ principal repayment date.

**(xii) RIGHT OF COMPANY TO PURCHASE & RE-ISSUE SUBORDINATED BONDS**

The Company will have the power exercisable at its absolute discretion from time to time to purchase some or all of the Subordinated Bonds held by the Subordinated Bond holder at any time prior to the specified date(s) of redemption. Such buy-back of Subordinated Bonds may be at par or at premium/discount to the par value at the sole discretion of the Company. In the event of the Subordinated Bonds being so purchased and/or redeemed before maturity in any circumstances whatsoever, the Company shall have the right to re-issue the Subordinated Bonds under Section 121 of the Companies Act, 1956.

**(xiii) FUTURE BORROWINGS**

The Company shall be entitled, from time to time, to make further issue of Subordinated Bonds and or such other instruments to the public, members of the Company and/or avail of further financial and/or guarantee facilities from financial institutions, banks and/or any other person(s) on the security or otherwise of its properties without the consent of Subordinated Bond holders.

**(xiv) RIGHTS OF SUBORDINATED BOND HOLDERS**

The Subordinated Bond holder will not be entitled to any rights and privileges of Shareholders other than those available to them under applicable statutory provisions. The Subordinated Bonds shall not confer upon the Subordinated Bond holder the right to receive notice, or to attend and vote at the general meetings of Shareholders of the Company.

**(xv) EVENT(S) OF DEFAULT**

**Event(s) of Default** shall have same meaning as is attributed to such term in Clause 4 of the Subordinated Bonds Trust Deed and the consequences of such Event(s) of Default is also been provided in the Trust Deed.

Investors to note that no Event of Default shall occur in relation to payment on due date to the Investors unless such default of payment has not been cured by the Company within 30 (thirty) days of the Company receiving a notice to this effect from the Trustee by making payment to the Investors of an amount equal to the principal amount and accrued interest and the interest at the applicable interest rate for the delayed period and all other amounts due and payable in respect of the Subordinated Bonds to the Investors.

**(xvi) TRUSTEES**

IDBI Trusteeship Services Limited, Asian Building, Ground floor, 17 R Kaman Marg, Ballard Estate, Mumbai 400001 has consented to act as the Subordinated Bond Trustee for the holders of the Subordinated Bonds issued under this

Offer Document (hereinafter referred to as 'Trustees' / "Subordinated Bond Trustee") The Subordinated Bond holders shall, without any further act or deed, be deemed to have irrevocably given their consent to the appointment of the Trustees by the Company. The Subordinated Bond-holders shall without further act or deed, also be deemed to have already given their consent to and authorised the Trustees, or any of their Agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Subordinated Bonds as the Trustees may in their absolute discretion deem necessary or required to be done in the interest of the Subordinated Bond -holders. All rights and remedies under the Subordinated Bond Trust Deed(s) shall vest in and be exercised by the Trustees without having it referred to the Subordinated Bond -holders.

**(xvii) SUBORDINATED BONDS IN DEMATERIALIZED FORM**

The Company has made provisions with National Securities Depository Limited (NSDL) and Central Depository Services Ltd (CDSL) to issue the Subordinated Bonds in dematerialised form to all successful applicants. All provisions relating to issue, allotment, transfer, transmission, etc. in respect of dematerialisation and rematerialisation of the Subordinated Bonds will be as prescribed under the Depositories Act, 1996 and the rules by NSDL/CDSL would be applicable to these Subordinated Bonds.

**(xviii) MODIFICATION OF RIGHTS**

The Subordinated Bond holders' rights, privileges, terms and conditions attached to the Subordinated Bonds under any series may be varied, modified or abrogated with the consent, in writing, of those holders of (a) a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is demanded by a majority representing not less than three-fourths in value of the votes cast on such poll; or (b) a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands in relation to a series or if a poll is demanded by a majority representing not less than three-fourths in value of the votes cast on such poll in relation to a series, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Subordinated Bonds which are not acceptable to the Company.

**(xix) NOTICES**

The notices to the Subordinated Bond holders required to be given by the Company or the Trustees shall be deemed to have been given if sent by ordinary post or through Courier services to the sole/first allottee or sole/first registered holder of the Subordinated Bonds, as the case may be. All notices to be given by Subordinated Bond holders shall be sent by registered post or by hand delivery to the Company at its Registered Office.

**(xx) NOMINEE DIRECTOR**

The Trustees shall have a right to appoint a Nominee on the Board of Directors of the Company (hereinafter referred to as "the Nominee Director") in terms of the SEBI guidelines in the event of:

- a. two consecutive defaults in payment of interest to the bond Holders; or
- b. default in redemption of Subordinated Bonds.

#### **(xxi) KYC COMPLIANCE**

The applications that do not conform to the KYC Norms issued by Reserve Bank of India for Banks, NBFCs and Financial Institutions are liable for rejection. The documents required to be produced are provided in the application form.

#### **(xxii) SUCCESSION**

In the event of demise of the Subordinated Bond holder, the Company will recognize the executor or administrator of the deceased Subordinated Bond holder, or the holder of succession certificate or other legal representative as having title to the Subordinated Bonds. The Company shall not be bound to recognize such executor, administrator or holder of the succession certificate or other legal representative as having title to the Subordinated Bonds, unless such executor or administrator obtains probate of letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a competent Court in India having jurisdiction over the matter. The Directors of the Company may, in their absolute discretion, where they think fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognise such holder as being entitled to the Subordinated Bonds standing in the name of the deceased Subordinated Bond holder on production of sufficient documentary proof or indemnity.

#### **(xxiii) OPTION TO ISSUE FURTHER SUBORDINATED BONDS**

The Company reserves the option to issue and allot Subordinated Bonds of the Company other than stated in this Document.

#### **(xxiv) GOVERNING LAW**

The Subordinated Bonds are governed by and shall be construed in accordance with the existing Indian laws. Any dispute arising thereof will be subject to the exclusive jurisdiction of the courts in the city of Ahmedabad.

#### **(xxv) UNDERTAKING BY THE COMPANY**

The Company hereby undertakes that:

- (i) the complaints received in respect of the issue shall be attended to expeditiously and satisfactorily.
- (ii) that all steps for completion of the necessary formalities for listing and commencement of trading at the stock exchange where the securities are to be listed are taken within Twenty days of finalisation of date of allotment or within such days as may be applicable.
- (iii) that the Company shall forward the details of utilisation of the funds raised through the Subordinated Bonds duly certified by the Statutory Auditors, to the Subordinated Bond Trustees at the end of each half-year.
- (iv) that the Company shall disclose the complete name and address of the Subordinated Bond Trustee in its Annual Report.

(v) such other undertakings / covenants as provided in the Trust Deed.

(v) that the Company shall provide a compliance certificate to the Subordinated Bond Trustees (on yearly basis) in respect of compliance with the terms and conditions of issue of Subordinated Bonds as contained in this Document.

(vii) that necessary cooperation with the credit rating agencies shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

**(xxvi) DISCOUNT ON THE OFFER PRICE**

The Subordinated Bonds are issued for cash at par and not at discount to offer price

**(xxvii) DEBT EQUITY RATIO**

	Post issue	Pre issue	FY 2017-18	FY 2016-17	FY 2015-16
Debt equity ratio	6.32	6.28	5.81	4.90	5.51

**(xxviii) PERMISSION AND CONSENT FROM THE CREDITORS**

The Subordinated Bond Trustee shall in future provide consent to the Company to create pari-passu charge for and on behalf of the Subordinated Bond holders.

**(xxix) RATING RATIONALE ADOPTED BY RATING AGENCIES**

Copy of letter from CARE Ratings dated 24/07/2018 assigning CARE AAA/Stable and letter dated 06/07/2018 assigning CRISIL AAA/Stable by CRISIL for the Subordinated Bonds issued/to be issued by the Company under this document. The rating rationale is attached as Annexure II.

**(xxx) LISTING OF SUBORDINATED BONDS**

The Company shall get the Subordinated Bonds listed on the Wholesale Debt Market (WDM) segment of the BSE Ltd.

**(xxxi) SUBORDINATED BOND TRUST DEED**

The Subordinated Bonds to be issued under the terms of this Information memorandum shall be governed by the terms of the Subordinated Bond Trust Deed dated July 24, 2018 executed by and between the Company and the Subordinated Bond Trustee. A copy of the Subordinated Bond trustee deed is available with the Subordinated Bond trustee at its office in Mumbai. The Company confirms that the present issue of Subordinated Bonds being first Series is within the overall limit of Rs. 1500 Crores as fixed under the Subordinated Bond Trust Deed.

#### **(xxviii) BONDS FREE FROM EQUITIES**

The Subordinated Bondholders will be entitled to their Bonds free from equities or cross claims by the Company against the original or any intermediate holders thereof.

#### **(xxix) BONDHOLDERS NOT ENTITLED TO SHAREHOLDERS' RIGHTS**

The Subordinated Bondholders will not be entitled to any of the rights and privileges available to the shareholders including right to receive notices of or to attend and vote at General Meetings or to receive Annual Reports of the Company.

If, however, any resolution affecting the rights attached to the Subordinated Bonds is placed before the shareholders, such resolution will first be placed before the Bondholders for their consideration

#### **(xxxii) SENIORITY OF CLAIM**

The claims of the investor in Tier 2 Bonds shall be:

- a) Superior to the claims of investors in instrument eligible for inclusion in Tier 1 capital, and
- b) Subordinated to the claims of all other creditors

### **APPLICATION PROCESS**

#### **HOW TO APPLY**

The Issue will open on the issue opening date and close on the issue closing date (both days inclusive) as stated herein below. Potential investors who wish to invest in the Issue are requested to submit an application for the Subordinated Bonds with all the accompanying documents and the application money at any time starting from the issue opening date and upto the issue closing date. The Company shall pay interest on the application money at the rate to be set out herein.

Applications for the Subordinated Bonds must be made in the Application Form and must be completed in block letters in English by investors. Application Forms must be accompanied by payment details. The full amount of the Face Value applied for has to be paid along with the delivery of the fully completed and executed Application Form together with other applicable documents described below.

The funds have to be credited to the Designated Bank Accounts of Indian Clearing Corporation Ltd's (ICCL), the details of which are provided in the Application Form, within the prescribed timelines.

It may be noted that payment by any other means shall not be accepted. The Company assumes no responsibility for any applications lost in mail or in transit or any failure of electronic fund transfer.

The Company will not be responsible in any manner for any delayed receipts / non-receipt of RTGS payments or applications lost in mail.

#### **WHO CAN APPLY?**

Nothing in this Information Memorandum/Disclosure Document shall constitute and/or deem to constitute an offer or an invitation to an offer, to be made to the Indian public or any section thereof through this Information Memorandum/Disclosure Document, and this Information Memorandum/Disclosure Document and its contents should not be construed to be a prospectus under the Companies Act. In order to subscribe to the Subordinated Bonds a person must be either a:

- (a) Commercial Bank,
- (b) Co-operative Bank,
- (c) Regional Rural Bank,
- (d) Provident Fund, Superannuation Fund or Gratuity Fund,
- (e) Pension Fund
- (f) Mutual Fund,
- (g) Company, Bodies Corporate, Statutory Corporation,
- (h) Registered Society,
- (i) Partnership firm,
- (j) Hindu Undivided Family ("HUF")
- (k) Individual,
- (l) Private trust,
- (m) Insurance Company,
- (n) Portfolio Manager or
- (o) Any other investor permitted to invest in Subordinated Bonds of Indian body corporate.

This Information Memorandum/Disclosure Document and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly through a communication by or on behalf of the Company and only such recipients are eligible to apply for the Subordinated Bonds. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue.

#### **Application by Banks/ Corporate Bodies/ Mutual Funds/ Financial Institutions/ Trusts/ Statutory Corporations**

The applications must be accompanied by certified true copies of (i) memorandum and articles of association/constitution/bye-laws/trust deed; (ii) resolution authorizing investment and containing operating instructions; (iii) specimen signatures of authorized signatories; and (iv) necessary form for claiming exemption from on interest on application money. Application made by an Asset Management Company or custodian of Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

#### **Application by Partnership Firm**

The applications must be accompanied by certified copies of (i) the PAN Card of the partnership firm; (ii) copy of the partnership deed; (iii) the photo identity proof like Passport / PAN Card / Driving License, etc. of the partner(s)

signing the Application Form and specimen signatures of authorised signatories; and (iv) an authority letter from all partners authorizing such investment.

#### **Application by HUF**

The applications must be accompanied by certified copies of the PAN Card of the HUF, the photo identity proof like Passport / PAN Card / Driving License, etc. of the Karta of the HUF, telephone bill/electricity bill/bank account statement, etc. and an HUF declaration from the Karta and co-parcenars authorizing such investment.

#### **Application by Individual**

The applications must be accompanied by certified copies of photo identity proof like Passport / PAN Card / Driving License, telephone bill/electricity bill/bank account statement, etc.

#### **Application under Power of Attorney**

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signatures of all authorised signatories must be lodged along with the submission of the completed Application Form. Further, modifications/additions in the power of attorney or authority should be delivered to the Company at its Registered Office.

#### **Submission of completed Application Form**

All applications duly completed accompanied by - fund transfer instrument / fund transfer instructions from the respective investor's account to the account of the ICCL, shall be submitted at the Corporate Office of the Issuer being Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai – 400034

#### **ISSUE PROGRAMME**

ISSUE OPENING DATE	Thursday, July 26, 2018
ISSUE CLOSING DATE	Thursday, July 26, 2018
DEEMED DATE OF ALLOTMENT	Friday, July 27, 2018

The Company reserves the right to change the Issue programme, including the Deemed Date of Allotment, at its sole discretion, without giving any reasons or prior notice. Subordinated Bonds will be open for subscription at the commencement of banking hours and close at the close of banking hours on the dates specified in this Information Memorandum/Disclosure Document/Term Sheet.

#### **MODE OF PAYMENT**

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

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

#### **PROCEDURE AND TIME OF SCHEDULE FOR ALLOTMENT**

On the Subordinated Bonds being subscribed under this issue or any of the Series, the Subordinated Bonds would be Allotted by such persons as are authorized by the Board from time to time by way of a Letter of Allotment. The Company will execute and dispatch/credit to the Depository Participant account of the Allottee, in favour of the Allottees such Letter of Allotment or refund letter along with refund amount, not later than 7 (Seven) Business Days after receipt of completed Application Form or the Date of Allotment, whichever is later.

After completion of all legal formalities, the Company will issue the Subordinated Bonds certificate(s)/credit the DP account of the Allottees against surrender of the Letter(s) of Allotment within three month(s) of the Date of Allotment or such extended period, subject to obtaining the approvals, if any.

#### **BASIS OF ALLOTMENT**

The Company has the sole and absolute right to allot the Subordinated Bonds to any applicant.

#### **RIGHT TO ACCEPT OR REJECT APPLICATIONS**

The Company is entitled at its sole and absolute discretion to accept or reject any application, in part or in full, without assigning any reason. Application Forms that are not complete in all respects shall be rejected at the sole and absolute discretion of the Company.

#### **DISPATCH OF REFUND ORDERS**

The Company shall ensure dispatch of refund orders by registered post.

#### **LOSS OF INTEREST CHEQUES/REFUND CHEQUES**

Loss of interest cheques/refund cheques should be intimated to the Company along with request for duplicate issue. The issue of duplicates in this regard shall be governed by applicable law and any other conditions as may be prescribed by the Company.

**DISCLAIMER: PLEASE NOTE THAT ONLY THOSE PERSONS TO WHOM THIS MEMORANDUM HAS BEEN SPECIFICALLY ADDRESSED ARE ELIGIBLE TO APPLY. HOWEVER, AN APPLICATION, EVEN IF COMPLETE IN ALL RESPECTS, IS LIABLE TO BE REJECTED WITHOUT ASSIGNING ANY REASON FOR THE SAME. THE LIST OF DOCUMENTS PROVIDED ABOVE IS ONLY INDICATIVE, AND AN INVESTOR IS REQUIRED TO PROVIDE ALL THOSE DOCUMENTS / AUTHORIZATIONS / INFORMATION, WHICH ARE LIKELY TO BE REQUIRED BY THE COMPANY. THE COMPANY MAY, BUT IS NOT BOUND TO REVERT TO ANY INVESTOR FOR ANY ADDITIONAL DOCUMENTS / INFORMATION, AND CAN ACCEPT OR REJECT AN APPLICATION AS IT DEEMS FIT. INVESTMENT BY INVESTORS FALLING IN THE CATEGORIES MENTIONED ABOVE ARE MERELY INDICATIVE AND THE COMPANY DOES NOT WARRANT THAT THEY ARE PERMITTED TO INVEST AS PER EXTANT LAWS, REGULATIONS, ETC. EACH OF THE**

ABOVE CATEGORIES OF INVESTORS IS REQUIRED TO CHECK AND COMPLY WITH EXTANT RULES/REGULATIONS/GUIDELINES, ETC. GOVERNING OR REGULATING THEIR INVESTMENTS AS APPLICABLE TO THEM AND THE COMPANY IS NOT, IN ANY WAY, DIRECTLY OR INDIRECTLY, RESPONSIBLE FOR ANY STATUTORY OR REGULATORY BREACHES BY ANY INVESTOR, NEITHER IS THE COMPANY REQUIRED TO CHECK OR CONFIRM THE SAME.

#### RISK FACTORS

PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THESE KEY RISKS ASSOCIATED WITH THE SUBORDINATED BONDS

##### General

The Subordinated Bonds are sophisticated instruments which involve a significant degree of risk and are intended for sale only to those investors capable of understanding the risks involved in such instruments. Do note that both the return on the Subordinated Bonds and the return of the principal amount in full are at risk if the Subordinated Bonds are not held till or for any reason have to be sold or redeemed before the Redemption Date. The Subordinated Bonds are a principal protected product only upon maturity.

The Subordinated Bonds are structured and are complex and an investment in such a structured product may involve a high risk of loss of a part of the initial investment as compared to investment in other securities unless held till redemption date. The investor shall receive at least the face value of the Subordinated Bond only if the investor holds and is able to hold the Subordinated Bonds till the redemption date. Prior to investing in the Subordinated Bonds, a prospective investor should ensure that such prospective investor understands the nature of all the risks associated with the investment in order to determine whether the investment is suitable for such prospective investor in light of such prospective investor's experience, objectives, financial position and other relevant circumstances. Prospective investors should independently consult with their legal, regulatory, tax, financial and/or accounting advisors to the extent the prospective investor considers necessary in order to make their own investment decisions.

The Company believes that the following factors may affect its ability to fulfill its obligations in respect of the Subordinated Bonds. All of these factors are contingencies which may or may not occur and the Company is not in a position to express a view on the likelihood of any such contingency occurring. The Company believes that the factors described below represent the principal risks inherent in investing in the Subordinated Bonds, but the inability of the Company, as the case may be, to pay principal or other amounts on or in connection with any Subordinated Bonds may occur for other reasons and the Company does not represent that the statements below regarding the risks of holding any Subordinated Bonds are exhaustive. Potential investors should perform their own independent investigation of the financial condition and affairs of the Company, and their own appraisal of the creditworthiness of the Company. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations with respect to the Subordinated Bonds. Potential investors should thereafter reach their own views prior to making any investment decision.

## **Credit Risk**

Prospective investors should be aware that receipt of any coupon payment and principal amount at maturity on the Subordinated Bonds is subject to the credit risk of the Issuer. Investors assume the risk that the Company will not be able to satisfy its obligations under the Subordinated Bonds. Any stated credit rating of the Company reflects the independent opinion of the rating agency as to the creditworthiness of the rated entity but is not a guarantee of credit quality of the Company. Any downgrading of the credit ratings of the Company or its parent or affiliates, by any rating agency could result in a reduction in the value of the Subordinated Bonds. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Company, the payment of sums due on the Subordinated Bonds may be substantially reduced, delayed or lost. The holding company or the other group companies of the Issuer are not entitled to and will not support the Issuer in case of any bankruptcy of the Issuer.

## **Purchases and sales by the Company and its affiliates may affect the Subordinated Bond Holders' return**

The Company and its affiliates may from time to time buy or sell the Subordinated Bonds or debt instruments similar to the Subordinated Bonds and/or other obligations or have positions in securities economically related to a series of Subordinated Bonds for their own account for business reasons or in connection with hedging of the obligations under the particular series of Subordinated Bonds. These transactions could affect the price of such obligations or securities in a manner that would be adverse to the holder's investment in the Subordinated Bonds. The Company and its affiliates have not considered, and are not required to consider, the interests of investors as holders of the Subordinated Bonds in connection with entering into any of the above mentioned transactions.

## **The secondary market for the Subordinated Bonds may be non-existent or the Subordinated Bonds may be illiquid.**

The Subordinated Bonds may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the Subordinated Bonds, it is not likely to provide significant liquidity. An illiquid market may have an adverse impact on the price at which the Subordinated Bonds may be sold in the secondary market. Any such Subordinated Bond so purchased may be required to be held or resold or surrendered for cancellation. To the extent that an issue of Subordinated Bonds becomes illiquid, an Investor may have to hold the Subordinated Bond until redemption to realize value.

## **Tax Considerations and Legal Considerations**

Special tax considerations and legal considerations may apply to certain types of potential investors. Potential investors are urged to consult with their own financial, legal, tax and other professional advisors to determine any financial, legal, tax and other implications of this investment.

## **Accounting Considerations**

Special accounting considerations may apply to certain types of taxpayers. Potential investors are urged to consult with their own accounting advisors to determine implications of this investment.

### **Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.**

As a finance company, our liquidity and ongoing profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from a combination of term loans from banks and financial institutions, issuance of redeemable non-convertible debentures, the issue of Subordinated bonds and commercial paper. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition.

Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. As an NBFC, we also face certain restrictions on our ability to raise money from international markets which may further constrain our ability to raise funds at attractive rates.

Such conditions may occur again in the future and may lead to a disruption in our primary funding sources at competitive costs and would have a material adverse effect on our liquidity and financial condition.

### **High levels of customer defaults could adversely affect our business, financial condition and results of operations.**

Our business involves lending money and accordingly we are subject to customer default risks including default or delay in repayment of principal or interest on our loans. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

### **Our entire customer base comprises individual and/or small enterprise segment borrowers, who generally are more likely to be affected by declining economic conditions than larger corporate borrowers.**

Individual and small enterprise segment borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. In addition, a significant majority of our customer base belongs to the low to medium income group and/or the small enterprises finance sector. Furthermore, unlike several developed economies, a nationwide credit bureau has only recently

become operational in India, so there is less financial information available about individuals, particularly our focus customer segment from the low to medium income group who typically have limited access to other financing sources. It is therefore difficult to carry out precise credit risk analyses on our customers. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

**We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.**

We face competition in all our lines of businesses. Our primary competitors are other NBFCs, public sector banks, private sector banks, co-operative banks and foreign banks and the unorganized financiers who principally operate in the local markets. Over the past few years, the retail financing area has seen the entry of banks, both nationalized as well as foreign. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low cost deposits, a factor which can render them less competitive. In addition, interest rate deregulation and other liberalization measures affecting the retail and small enterprises finance sector, together with increased demand for capital by individuals as well as small enterprises, have resulted in an increase in competition.

All of these factors have resulted in us facing increased competition from other lenders in each of our lines of businesses, including commercial banks and other NBFCs. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the finance sector, finance products are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common in the finance sector in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive finance industry. Increasing competition may have an adverse effect on our net interest margin and other income, and, if we are unable to compete successfully, our market share may decline.

If we are unable to compete effectively with other participants in the finance sector, our business, future financial performance and the trading price of the Subordinated Bonds may be adversely affected.

**If we are unable to manage the level of NPAs in our Loan Assets, our financial position and results of operations may suffer.**

If the level of NPAs in the Company's portfolio were to increase, its business would suffer. The Company had net NPAs as a percentage of net loan assets were 0.96% and 0.85% as of March 31, 2018 and March 31, 2017, respectively and its provisioning norms comply with the RBI guidelines / directives. The Company believes that its overall financial profile, capitalization levels and risk management systems, provide significant risk mitigation. However, the occurrence of NPAs or an increase in the level of NPAs will adversely affect the Company's business, financial results and/or operations.

Furthermore, our current provisions may not be adequate when compared to the loan portfolios of other financial institutions. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of Gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any further deterioration in our NPA portfolio, there could be an even greater, adverse impact on our results of operations.

**A decline in our capital adequacy ratio could restrict our future business growth.**

As per RBI notification dated February 17, 2011, all non deposit taking NBFCs have to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.00% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items w.e.f. March 31, 2014. Our capital adequacy ratio computed on the basis of applicable RBI requirements was 17.94 % as of March 31, 2018, with Tier I capital comprising 13.22%. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us or at all and this may adversely affect the growth of our business.

**We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations and profitability.**

We face potential liquidity risks due to varying periods over which our assets and liabilities mature. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit, short term loans and commercial papers. However, each of our products differs in terms of the average tenor, average yield, average interest rates and average size of loan. The average tenor of our products may not match with the average tenor of our liabilities. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and financial performance. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers.

**System failures or inadequacy and security breaches in computer systems may adversely affect our business.**

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to

unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

**We may not be able to maintain our current levels of profitability due to increased costs or reduced spreads.**

Our business strategy involves a relatively high level of ongoing interaction with our customers. We believe that this involvement is an important part of developing our relationship with our customers, identifying new cross-selling opportunities and monitoring our performance. However, this level of involvement also entails higher levels of costs and also requires a relatively higher gross spread, or margin, on the finance products we offer in order to maintain profitability. There can be no assurance that we will be able to maintain our current levels of profitability if the gross spreads on our finance products were to reduce substantially, which could adversely affect our results of operations.

The Company has disclosed its audited financial results for the year ended March 31, 2018, and published in accordance with regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The aforesaid financial results are available for inspection.

**We are subject to supervision and regulation by the RBI as a non-deposit-taking NBFC, and changes in RBI's regulations governing us could adversely affect our business.**

We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional costs or could otherwise adversely affect our business and our financial performance.

**Civil unrest, terrorist attacks and war would affect our business.**

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India, as well as the United States of America, the United Kingdom, Singapore and the European Union, may adversely affect Indian and global financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighbouring countries. Also, some of India's neighbouring countries have experienced or are currently experiencing internal unrest. This, in turn, could have a material adverse effect on the Indian economy and in turn may adversely affect our operations and profitability and the market for the Subordinated Bonds.

**Our business may be adversely impacted by natural calamities or unfavourable climatic changes.**

*India, Bangladesh, Pakistan, Indonesia, Japan and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Some of these countries have also experienced pandemics, including the outbreak of avian flu. These economies could be affected by the extent and severity of such natural disasters and pandemics which could, in turn affect the financial services sector of which our Company is a part. Prolonged spells of abnormal rainfall, draught and other natural calamities could have an adverse impact on the economy, which could in turn adversely affect our business and the price of our Subordinated Bonds.*

**Any downgrading of India's sovereign rating by an international rating agency (ies) may affect our business and our liquidity to a great extent.**

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favourable interest rates and other commercial terms. This could have an adverse effect on our growth, financial performance and our operations.

#### **Dispute Resolution**

A Party shall not commence court proceedings (except proceedings seeking interlocutory relief) in respect of a dispute arising out of this Information Memorandum unless it has complied with this Clause.

A Party claiming that a dispute has arisen in relation to this Information Memorandum shall notify the authorised representative of the other Party to the dispute giving details of the dispute and shall try to settle the same amicably.

If any dispute under this Information Memorandum remains unresolved for 5 Business Days from the date on which notice setting out the nature of the dispute is served by one Party on the other, either Party may request a meeting within a further 5 Business Days between senior personnel (as notified by each Party to the other for this purpose) who shall have power to resolve the dispute.

In the event the Parties are not able to amicably resolve and settle the disputes/ differences under the procedure mentioned above, the dispute / difference shall be referred to the arbitration by a single arbitrator to be jointly appointed. In the event the Parties fail to concur in appointing the sole arbitrator, the arbitrator shall be appointed in accordance with the provisions of the Arbitration & Conciliation Act, 1996. The arbitration shall be conducted in accordance with the Arbitration & Conciliation Act, 1996 for the time being in force or any statutory modification or re-enactment thereof. The place of Arbitration shall be in Ahmedabad, Gujarat. The language of the Arbitration shall be English. The award of the arbitrator shall be final and binding upon the Parties herein.

## SUMMARY TERM SHEET

Summary term sheet shall be provided which shall include at least following information (where relevant) pertaining to the unsecured non convertible debt securities (or a series thereof):-

Issuer	HDB Financial Services Limited
Arrangers	HDFC Bank Limited
Type of Instrument	Unsecured Non Convertible Subordinated Bond
Nature of Instrument	Unsecured (Tier II Capital)
Seniority	Subordinated
Mode of Issue	Private placement
Eligible Investors	Commercial Bank, Co-operative Bank, Regional Rural Bank, Provident Fund, Superannuation Fund or Gratuity Fund, Pension Fund Mutual Fund, Company, Bodies Corporate, Statutory Corporation, Registered Society, Partnership firm, Hindu Undivided Family ("HUF") Individual, Private trust, Insurance Company, Portfolio Manager or Any other investor permitted to invest in bonds of Indian body corporate.
Listing	Proposed to be listed on the Wholesale Debt Market (WDM) Segment of the BSE Ltd.  In the event that any Bond 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.  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.
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 Bond issue programme of upto Rs.3500 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 is for Rs.1500,00,00,000/- (Rupees One Thousand

	Five Hundred Crore only), which Issue shall comprise of one or more Tranches of Bonds, out of which the aggregate size of this Tranche is Rs.125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only) with Green Shoe Option to retain oversubscription upto Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only)
Option to retain oversubscription (Amount)	Upto Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only)
Objects of the Issue	Onward lending and/or refinancing of existing borrowings.
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.
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 bonds 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.
Face Value	Rs. 10,00,000/- (Rs. Ten Lakh only) per Bond
Minimum Application and in multiples of ___ Debt securities thereafter	Minimum 10 Bonds and in multiples of 1 Bond 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
Transaction Documents	As per Information Memorandum
Conditions Precedent to Disbursement	As per the relevant Bond Trust Deed
Condition Subsequent to Disbursement	As per the relevant Bond Trust Deed
Events of Default	As per the relevant Bond Trust Deed
Provisions related to Cross Default Clause	As per the relevant Bond Trust Deed
Covenants	As per the relevant Bond Trust Deed
Role and Responsibilities of Bond Trustee	To oversee and monitor the overall transaction for and on behalf of the Bond Holders as customary for transaction of a similar nature and size and as executed under the appropriate Transaction Documents.
Governing Law and Jurisdiction	The Issue shall be governed by and construed in accordance with Indian Law and the courts of Ahmedabad, Gujarat, India shall have exclusive jurisdiction.
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 Bonds.

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

#### **Sub Debt Series 2018 I/1/14**

Security Name	HDB/9.05%/Annual/2028_ Series 2018 I/1/14
Tranche Size	Rs.125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only) with Green Shoe Option to retain oversubscription upto Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only)
Issue Price	Rs. 10,00,000/- per Bond
Interest/Coupon Rate	9.05% p.a.
Coupon Type	Annual Coupon
Redemption Premium / Discount	N.A.
Redemption Amount	Rs.10,00,000/- per Bond
Interest on Application Money	9.05% p.a.
Tenor	3653 days from the deemed date of allotment i.e. Friday, July 27, 2018
Issue Timing	Tranche Opening Date : Thursday, July 26, 2018 Tranche Closing Date : Thursday, July 26, 2018

	Pay-in Date : Friday, July 27, 2018 Deemed Date of Allotment : Friday, July 27, 2018
Redemption Date	Thursday, July 27, 2028

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

Company	HDB Financial Services Limited
Face Value (per security)	Rs.10,00,000/- per instrument
Issue Date/Date of Allotment	Friday, July 27, 2018
Redemption	Thursday, July 27, 2028
Coupon Rate	9.05% p.a.
Frequency of the interest payment with specified dates	Payable Annually, Monday, July 29, 2019, Monday, July 27, 2020, Tuesday, July 27, 2021 Wednesday, July 27, 2022, Thursday, July 27, 2023, Monday, July 29, 2024, Monday, July 28, 2025, Monday, July 27, 2026, Tuesday, July 27, 2027 and on maturity i.e. Thursday, July 27, 2028
Day Count Convention	Actual/Actual

Cash Flows	Date	Day	No. of Days in Coupon Period	Amount in Rupees per bond of Rs.10 lakhs
1st coupon	July 29, 2019	Monday	367	90,995.89/-
2nd coupon	July 27, 2020	Monday	364	90,005.46/-
3rd coupon	July 27, 2021	Tuesday	365	90,500.00/-
4th coupon	July 27, 2022	Wednesday	365	90,500.00/-
5th coupon	July 27, 2023	Thursday	365	90,500.00/-
6th coupon	July 29, 2024	Monday	368	90,994.54/-
7th coupon	July 28, 2025	Monday	364	90,252.05/-
8th coupon	July 27, 2026	Monday	364	90,252.05/-
9th coupon	July 27, 2027	Tuesday	365	90,500.00/-
10th coupon	July 27, 2028	Thursday	366	90,500.00/-
Principal Repayment	July 27, 2028	Thursday	N.A.	10,00,000.00/-

#### MODE OF PAYMENT

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

Name of Bank	ICICI Bank Ltd.
IFSC Code	ICIC0000106
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 :** July 26, 2018

## SECTION - VIII    DECLARATION

The Issuer declares that as on the date of this Information Memorandum all the relevant provisions in the regulations / guidelines issued by SEBI and other Applicable Laws have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the regulations / guidelines issued by SEBI and other Applicable Laws, as the case may be. The information contained in this Information Memorandum is as applicable to privately placed debt securities and subject to the information available with the Issuer. The extent of disclosures made in the Information Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by companies in the past.



**For HDB Financial Services Limited**

A handwritten signature in black ink, appearing to read "Haren Parekh".

**Authorised Signatory**

**Name:** Haren Parekh

**Title :** Chief Financial Officer

**Date :** July 26, 2018

**ANNEXURE I – TRUSTEE CONSENT LETTER**

## ANNEXURE II - RATING RATIONALE

# ANNEXURES- III

## A - APPLICATION FORM

Date: [●]

Application Form No: [●]

By: [●]

The Compliance Officer

HDB Financial Services Limited

Dear Sir,

Having read and understood the contents of the Information Memorandum and the Private Placement Offer Letter dated [●] and the term sheet included therein, we apply for allotment of the Bonds to us. The amount payable on application as shown below is remitted herewith. On allotment, please place our name(s) on the Register of Bond holder(s). We bind ourselves to the terms and conditions as contained in the Information Document / Disclosure Document.

**(Please read carefully the instructions on the next page before filling this form)**

NCD Series	[●]
No. of bonds applied (in figures)	[●]
No. of bonds applied (in words)	[●]
Amount (Rs. in figures)	[●]
Amount (Rs. in words)	[●]
NEFT/RTGS Details	[●]
Date	[●]

**Applicant's Name & Address in full (please use capital letters)**

[●]	
[●]	
[●]	
Telephone: [●]	Fax: [●]

Status: Banking Company ( ) Insurance Company ( ) Others ( ) – please specify

Name of Authorised Signatory	Designation	Signature
[●]	[●]	[●]

**Details of Bank Account (from which the subscription money is remitted)**

Bank Name & Branch	[●]
Beneficiary Name	[●]
Nature of Account	[●]

Account No.	[●]
IFSC/NEFT Code	[●]
UTR No. *	[●]

*\* Please enclose RTGS alongwith this form.*

We hereby confirm that the payment(s) made towards subscription of the Unsecured Redeemable Non-Convertible Bonds under Series [●] is made from our bank account(s)

We understand that the interest/principal will be paid to the bank accounts of the beneficiaries as per the list and details of the beneficiaries provided by the Depository i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as on the record date.

#### **SDepository Details**

DP Name	[●]	
DP ID	[●]	Client ID

(\*) We understand that in case of allotment of bonds to us/our Beneficiary Account as mentioned above would be credited to the extent of bonds allotted.

Taxpayers PAN / GIR No.	IT Circle/Ward/District	( ) Not Allotted
[●]	[●]	
Tax Deduction Status	( ) Fully Exempt	( ) Tax to be deducted at Source ( ) Yes

**List of KYC docs. to be attached with the Application Form:**

- ▲ Constitution Documents: Certificate of Incorporation, Certificate of commencement of Business, Memorandum & Articles of Association, Regd. Trust Deed in case of Trust, SEBI Registration Certificate in case of Mutual Fund
- ▲ ID Proofs: Certified Copy of PAN Card, Demat Client Master Report
- ▲ Address Proof: Form 18 (under Companies Act, 1956) or INC-22 (under Companies Act, 2013) filled with ROC or Certified copy of latest utility bills
- ▲ Authorizing docs: Power of Attorney / Board Resolution with specimen signatures certified by the Company Secretary

For [●]

Authorised Signatory(ies)

(Tear here) \_\_\_\_\_

**ACKNOWLEDGEMENT SLIP**

Application No: [●]

Date: [●]

NCD Series	Series [●]
No. of bonds applied (in figures)	[●]
No. of bonds applied (in words)	[●]
Amount (Rs. in figures)	[●]
Amount (Rs. in words)	[●]
NEFT/RTGS	[●]

For all further correspondence, please contact the Compliance Officer.

**INSTRUCTIONS**

- ▲ Application must be completed entirely in English, using BLOCK LETTERS.
- ▲ A signature can be made either in English or in any other Indian language.
- ▲ Application forms duly completed in all respects, must be lodged at the Company's Registered Office.
- ▲ All transfers/RTGS must be made payable to "ICCL". Details for RTGS payments are mentioned herein below:

Beneficiary Name : INDIAN CLEARING CORPORATION LTD  
 Bank Name : ICICI Bank Ltd.  
 Account No. : ICCLEB  
 IFSC Code : ICIC0000106

- ▲ Cheques, cash, money orders, postal orders and stock invest will NOT be accepted.
- ▲ As a matter of precaution against possible fraudulent encashment of interest warrants due to loss/misplacement, one is requested to mention the full particulars of the bank account, as specified in the application form.

- ⚠ Interest warrants will then be made out in favour of the bank for credit to one's account. In case the full particulars are not given, cheques will be issued in the name of the applicant at their own risk.
- ⚠ One should mention their Permanent Account Number or the GIR number allotted under Income-Tax Act, 1961 and the Income-Tax Circle/Ward/District. In case where neither the PAN nor GIR number has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided.
- ⚠ The application would be accepted as per the terms of the issue outlined in the Information Document / Disclosure Document.
- ⚠ The payment(s) towards subscription of the securities shall be made from the bank account(s) of the applicants.

#### ANNEXURE IV

##### SUBORDINATED BOND CERTIFICATE

###### HDB FINANCIAL SERVICES LIMITED

CIN: U65993GJ2007PLC051028

Registered Office: Radhika, 2<sup>nd</sup> Floor, Law Garden Road, Navrangpura, Ahmedabad – 380009  
Corporate Office: Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi,  
Mumbai - 400034

Issue of 1250 (upto 2500, with Green Shoe Option) UNSECURED LISTED REDEEMABLE NON-CONVERTIBLE SUBORDINATED BONDS (Subordinated Bonds) of the face value of Rs.10,00,000 /- (Ten Lacs only) each, of the aggregate nominal value of Rs. 125,00,00,000/- (Rupees One Hundred Twenty Five Crores only) with Green Shoe Option to retain oversubscription upto Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores) and all ranking pari-passu inter se made under the authority of the Memorandum and Articles of Association of the Company and a resolution passed by the Bond Allotment Committee of the Company at its meeting held on \_\_\_\_\_ in respect of issuance of Subordinated Bonds to the holders of Subordinated Bonds as mentioned below.

##### JUMBO SUBORDINATED BOND CERTIFICATE

: UNSECURED LISTED REDEEMABLE NON-CONVERTIBLE SUBORDINATED BONDS each of Rs.10,00,000/- (Ten Lacs) each

: Amount paid up per Subordinated Bond Rs.10,00,000/- (Ten Lacs)

This is to certify that the person(s) named below or the last Transferee(s) whose name(s) is/are duly recorded in the Memorandum of Transfers on the reverse hereof is/are the Holder(s) of the within mentioned Bond (s) subject to the Memorandum and Articles of Association of the Company.

Reg. Folio No.	: Certificate No. 14
Name(s) of the Holder(s)	: (holders as per list attached)
No. of Subordinated Bond (s)	: _____
Distinctive No. (s)	: _____

This Subordinated Bonds are issued in terms of the Subordinated Bonds Trust Deed dated the 24<sup>th</sup> day of July, 2018 (hereinafter referred to as "the Trust Deed") entered into between the Company and IDBI Trusteeship Services Ltd. (ITSL) having its registered office at Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001 as Trustees (hereinafter referred to as "the Trustees") (which expression includes its successors and permitted assigns under the Trust Deed) and the information memorandum and private placement offer letter dated 27/07/2018 (hereinafter the "Information Memorandum") The Trustees will act as Trustees for the holders for the time being of the Subordinated Bonds (hereinafter referred to as "the Subordinated Bonds Holders") in accordance with the provisions of the Trust Deed whereby all remedies for the recovery of the principal amount and interest are vested in the Trustees on behalf of the Subordinated Bonds Holders. The Subordinated Bonds

Holders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Trust Deed.

The Company hereby agrees and undertakes to duly and punctually pay, observe and perform, the terms and conditions on which these Subordinated Bonds are issued, which terms and conditions are provided in the Information Memorandum and the Trust Deed.

Given under the Common Seal of the Company this \_\_\_\_\_ day of \_\_\_\_\_ 2018

For HDB Financial Services Limited

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

Authorised Signatory