

FOR PRIVATE CIRCULATION ONLY

(For the Addressee only)

Series 2016 A/1/98_2

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

DECEMBER 28, 2016



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

Registered Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad – 380 009

Tel: +91 079-30482714

Corporate Office: Process House, 2nd Floor, Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400013

Tel: 022-39586300 / 49116300; Fax: 022-39586666 / 49116666; Website: www.hdbfs.com;

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

PRIVATE PLACEMENT OF 1000 (WITH GREEN SHOE OPTION UPTO 2000) SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES ("SERIES 2016 A/1/98 DEBENTURES" OR "THIS TRANCHE") OF THE FACE VALUE OF RS.10,00,000/- (RUPEES TEN LAKH ONLY) EACH FOR CASH AGGREGATING UPTO RS.100,00,00,000/- (RUPEES ONE HUNDRED CRORES ONLY) WITH GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION UPTO RS.200,00,00,000/- (RUPEES TWO HUNDRED CRORES ONLY) ISSUED UNDER THE SHELF DISCLOSURE DOCUMENT DATED SEPTEMBER 22, 2016, AS AMENDED / SUPPLEMENTED FROM TIME TO TIME ("SHELF DISCLOSURE DOCUMENT" OR "SHELF DD") FOR PRIVATE PLACEMENT OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES AGGREGATING UPTO RS.7,000,00,00,000/- (RUPEES SEVEN THOUSAND CRORE ONLY), TO BE ISSUED IN ONE OR MORE TRANCHES.

This Supplemental Disclosure Document ("Supplemental DD") is issued in terms of and pursuant to the Shelf Disclosure Document dated September 22, 2016. All the terms, conditions, information and stipulations contained in the Shelf DD are incorporated herein by reference as if the same were set out herein. Investors are advised to refer to the same to the extent applicable. This Supplemental DD must be read in conjunction with the Shelf DD and Private Placement Offer Letter.

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

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



FOR PRIVATE CIRCULATION ONLY

(For the Addressee only)

Series 2016 A/1/98_2

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

DECEMBER 28, 2016

SUMMARY TERM SHEET

Issuer	HDB Financial Services Limited
Arrangers	HDFC Bank Ltd.
Type of Instrument	Secured, Redeemable, Non-Convertible Debentures
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private placement
Eligible Investors	Please refer paragraph "Who can apply" of the Shelf Disclosure Document dated September 22, 2016
Listing	<p>The Series 2016 A/1/98. NCDs are proposed to be listed on WDM segment of BSE Limited. BSE has given its in-principle approval to list the NCDs issued under this Tranche to be issued and allotted in terms of the DD vide its letter dated 22.09.2016</p> <p>In the event that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors, or Qualified Foreign Investors, the Issuer shall get the securities listed on the BSE within 15 days of allotment.</p> <p>In case of delay in listing of this Tranche beyond 20 (Twenty) days from the deemed date of allotment, the Company will pay penal interest, of 1% (one percent) p.a. over the interest/coupon rate/implicit yield from the expiry of 30 (thirty) days from the deemed date of allotment till the listing of this Tranche, to the investor.</p>
Rating of the Instrument	Credit Analysis & Research Limited (CARE) has assigned a "CARE AAA" (pronounced "CARE Triple AAA") and Crisil Limited has assigned a "CRISIL AAA/Stable" (pronounced "CRISIL Triple A with stable outlook), to this long term Non-convertible Debenture issue programme of upto Rs.7000 crores, of the Company. Instruments with this rating are considered to have the high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
Issue Size	The aggregate size of the Issue program is for Rs.7000,00,00,000/- (Rupees Seven Thousand Crore only), which Issue shall comprise of one or more Tranches of Debentures, out of which the aggregate size of this Tranche is Rs.100,00,00,000/- (Rupees One Hundred Crores only) with Green Shoe Option to retain oversubscription upto Rs.200,00,00,000/- (Rupees Two Hundred Crores only)
Option to retain oversubscription (Amount)	N.A.
Objects of the Issue	The funds raised through the Issue comprising of this Tranche will be utilized as per the section "Utilisation of Issue Proceeds" stipulated in the Shelf DD dated September 22, 2016



FOR PRIVATE CIRCULATION ONLY

(For the Addressee only)

Series 2016 A/198_2

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

DECEMBER 28, 2016

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 debentures are redeemed pursuant to such default, as applicable.
Discount at which security is issued and the effective yield as a result of such discount.	N.A.
Put Option Date	N.A.
Put Option Price	N.A.
Call Option Date	N.A.
Call Option Price	N.A.
Put Notification Time	N.A.
Call Notification Time	N.A.
Rollover Option	N.A.
Face Value	Rs. 10,00,000/- (Rs. Ten Lakh only) per Debenture
Minimum Application and in multiples of ___ Debt securities thereafter	Minimum 10 Debentures and in multiples of 10 Debenture thereafter
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT / RTGS / other permitted mechanisms
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



FOR PRIVATE CIRCULATION ONLY

(For the Addressee only)

Series 2016 A/1/98_2

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

DECEMBER 28, 2016

	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. All interest & redemption calculations shall be made upto one day prior to the date of actual payment.
Record Date	15 (Fifteen) days prior to any Due Date
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security) and Ranking of Security.	<p>Series 2016 A/1/98 being issued under this Disclosure Document shall be secured through:</p> <p>First and exclusive charge over present and future receivables of the Issuer having minimum asset cover of 1.10 times of the principal outstanding and interest accrued but not paid, to be maintained throughout the tenure of the NCDs.</p> <p>and</p> <p>First pari passu mortgage in favour of the Trustees on all the Company's immovable property situated at Heera Panna Commercial Complex, 3rd Floor, Dr. Yagnik Road, Rajkot</p> <p>The Company shall endeavor for security to be created prior to allotment of the NCDs being issued and allotted under each Tranche. The Company may provide or cause to be provided (without being obliged to) such further security (including over moveable/immoveable property) for securing its obligations in respect of the Debentures or any Tranche(s) thereof as may be decided by the Company without requiring the consent of the Debenture Trustee and/or the Debenture Holders.</p>
Transaction Documents	Disclosure Document, Supplemental Disclosure Document, Debenture Trust Deed, Debenture Trustee Agreement, Deed of Hypothecation and any other document that may be designated by the Debenture Trustee as a Transaction Document.
Delay in execution of the Debenture Trust Deed/ Security Documents	In the event of delay in execution of the Debenture Trust Deed and/or the Deed of Hypothecation beyond a period of 1 month from the Deemed Date of Allotment, the Company will ensure refund of the Application Money at an agreed rate of interest or will pay penal interest of 2% over the coupon rate/ yield from the date being the 31 st date from the Deemed Date of Allotment till the execution of Debenture Trust Deed and Deed of Hypothecation are complied with at the option of the investor.



FOR PRIVATE CIRCULATION ONLY

(For the Addressee only)

Series 2016 A/1/98_2

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

DECEMBER 28, 2016

Conditions Precedent to Disbursement	As per the relevant Debenture Trust Deed
Condition Subsequent to Disbursement	As per the relevant Debenture Trust Deed
Events of Default	As per the relevant Debenture Trust Deed
Provisions related to Cross Default Clause	As per the relevant Debenture Trust Deed
Covenants	As per the relevant Debenture Trust Deed
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders as customary for transaction of a similar nature and size and as executed under the appropriate Transaction Documents.
Governing Law and Jurisdiction	This Tranche of Debentures is governed by and will be construed in accordance with the Indian Law. The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts and tribunals in Ahmedabad.
FII Investment	The guideline for FII Investment in Debt Securities issued by RBI on March 1, 2012 vide its circular no.89 will be complied with for listing of the above Debentures.

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

NCD Series 2016 A/1/98

Security Name	HDB/7.95%/Annual/2018_ Series 2016 A/1/98
Tranche Size	Rs.100,00,00,000/- (Rupees One Hundred Crores only) with Green Shoe Option to retain oversubscription upto Rs.200,00,00,000/- (Rupees Two Hundred Crores only)
Issue Price	Rs. 10,00,000/- per debenture
Interest/Coupon Rate	7.95% p.a.
Coupon Type	Annual Coupon
Redemption Premium / Discount	N.A.
Redemption Amount	Rs.10,00,000/- per Debenture
Interest on Application Money	7.95% p.a. Also refer Shelf Disclosure Document.
Tenor	729 days from the deemed date of allotment i.e. Thursday, December 29, 2016
Issue Timing	Tranche Opening Date : Wednesday, December 28, 2016 Tranche Closing Date : Wednesday, December 28, 2016 Pay-in Date : Thursday, December 29, 2016 Deemed Date of Allotment : Thursday, December 29, 2016
Redemption Date	Friday, December 28, 2018



FOR PRIVATE CIRCULATION ONLY

(For the Addressee only)

Series 2016 A/1/98_2

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

DECEMBER 28, 2016

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

Company	HDB Financial Services Limited
Face Value (per security)	Rs.10,00,000/- per instrument
Issue Date/Date of Allotment	Thursday, December 29, 2016
Redemption	Friday, December 28, 2018
Coupon Rate	7.95% p.a.
Frequency of the interest payment with specified dates	Payable Annually, Friday, December 29, 2017 and on maturity i.e. Friday, December 28, 2018
Day Count Convention	Actual/Actual

Cash Flows	Date	Day	No. of Days in Coupon Period	Amount in Rupees per debenture of Rs.10 lakhs
1 st coupon	December 29, 2017	Friday	365	79,500.00
2 nd coupon	December 28, 2018	Friday	364	79,282.00
Principal Repayment	December 28, 2018	Friday	N.A.	10,00,000/-

MODE OF PAYMENT

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

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

For HDB Financial Services Limited

For HDB Financial Services Limited

Authorized Signatory  Authorized Signatory

Name: Haren Parekh

Title : Chief Financial Officer

Date : December 28, 2016