

FOR PRIVATE CIRCULATION ONLY

(For the Addressee only)

Series 2018 A/1(FO)/121 _4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
NON-CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
JULY 10, 2018**



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

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

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

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

PRIVATE PLACEMENT OF 3000 (WITH GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION UPTO 6000) SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES ("SERIES 2018 A/1(FO)/121 DEBENTURES" OR "THIS TRANCHE") OF THE FACE VALUE OF RS.10,00,000/- (RUPEES TEN LAKH ONLY) EACH FOR CASH AGGREGATING UPTO RS.300,00,00,000/- (RUPEES THREE HUNDRED CRORES ONLY) WITH GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION UPTO RS.600,00,00,000/- (RUPEES SIX HUNDRED CRORES ONLY) ISSUED UNDER THE SHELF DISCLOSURE DOCUMENT DATED APRIL 21, 2018, AS AMENDED / SUPPLEMENTED FROM TIME TO TIME ("SHELF DISCLOSURE DOCUMENT" OR "SHELF DD") FOR PRIVATE PLACEMENT OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES AGGREGATING UPTO RS.7,500,00,00,000/- (RUPEES SEVEN THOUSAND FIVE HUNDRED CRORE ONLY), TO BE ISSUED IN ONE OR MORE TRANCHEs.

This Supplemental Disclosure Document ("Supplemental DD") is issued in terms of and pursuant to the Shelf Disclosure Document dated **April 21, 2018** ("Shelf DD") All the terms, conditions, information and stipulations contained in the Shelf DD are incorporated herein by reference as if the same were set out herein. Investors are advised to refer to the same to the extent applicable. This Supplemental DD must be read in conjunction with the Shelf DD and Private Placement Offer Letter.

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



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SUMMARY TERM SHEET

Issuer	HDB Financial Services Limited
Type of Instrument	Secured, Redeemable, Non-Convertible Debentures
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private placement
Eligible Investors	Please refer paragraph "Who can apply" of the Shelf Disclosure Document dated April 21, 2018
Listing	<p>The Series 2018 A/1(FO)/121 is proposed to be listed on WDM segment of BSE Limited. BSE has given its in-principle approval to list the NCDs issued under this Tranche to be issued and allotted in terms of the Shelf DD vide its letter dated 23.04.2018</p> <p>In the event that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors, or Qualified Foreign Investors, the Issuer shall get the securities listed on the BSE within 15 days of allotment.</p> <p>In case of delay in listing of this Tranche beyond 20 (Twenty) days from the deemed date of allotment, the Company will pay penal interest, of 1% (one percent) p.a. over the interest/coupon rate/implicit yield from the expiry of 30 (thirty) days from the deemed date of allotment till the listing of this Tranche, to the investor.</p>
Rating of the Instrument	Credit Analysis & Research Limited (CARE) has assigned a "CARE AAA" (pronounced "CARE Triple A with stable outlook") and Crisil Limited has assigned a "CRISIL AAA/Stable" (pronounced "CRISIL Triple A with stable outlook), to this long term Non-convertible Debenture issue programme of upto Rs.7500 crores, of the Company. Instruments with this rating are considered to have the high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
Issue Size	The aggregate size of the Issue program is for Rs.7500,00,00,000/- (Rupees Seven Thousand Five Hundred Crore only), which Issue shall comprise of one or more Tranches of Debentures, out of which the aggregate size of this Tranche is Rs.300,00,00,000/- (Rupees Three Hundred Crores only) with Green Shoe Option to retain oversubscription upto Rs.600,00,00,000/- (Rupees Six Hundred Crores only)
Option to retain oversubscription (Amount)	Upto Rs.600,00,00,000/- (Rupees Six Hundred Crores only)
Objects of the Issue	The funds raised through the Issue comprising of this Tranche will be utilized as per the section "Utilisation of Issue Proceeds" stipulated in the Shelf DD dated April 21, 2018



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Details of the utilization of the Proceeds	The proceeds of the Issue comprising of this Tranche would be utilised by the Company, inter-alia, for disbursements of loans to borrowers, refinancing existing borrowings, augmenting the working capital requirements of the Company, and for the general corporate purposes of the Company.
Reissue of Debentures	<p>The Company shall have a right to repurchase the Debentures under this series and cancel or re-issue them from time to time in accordance with the provisions of the Act. Upon such re-issue the person entitled to the Debentures shall have and shall be deemed always to have had, the same rights and priorities as if the Debentures had never been redeemed.</p> <p>Where the Company has repurchased / redeemed any such NCDs, subject to the provisions the Companies Act, 2013 and other applicable legal provisions, the Company shall have and shall be deemed always to have had the right to keep such NCDs alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to reissue such NCDs either by reissuing the same NCDs or by issuing other NCDs in their place in either case, at such a price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Company may deem fit.</p>
Step Up/Step Down Coupon Rate	N.A.
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.).	Average of 91 days T-bill closing yield calculated using yields of 10 working days prior to each of the reset date, Quarterly reset of Coupon maintaining spread of 205 BPS over the Benchmark
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.



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Face Value	Rs. 10,00,000/- (Rs. Ten Lakh only) per Debenture
Minimum Application and in multiples of ___ Debt securities thereafter	Minimum 10 Debentures and in multiples of 1 Debenture thereafter (As per revised EBP guidelines issued by BSE Limited on April 24, 2018 vide notice no. 20180424-45)
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	NEFT / RTGS
Depository(ies)	NSDL / CDSL
Business Day	Any day of the week, excluding: i. Sundays ii. Any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) in Maharashtra iii. any other day on which banks are closed for customer business in Mumbai, India.
Business Day Convention	Should any of the Due date(s), as defined above or elsewhere in this DD or in any Supplemental DD, fall on a non Business Day, the next Business Day shall be considered as the effective date for the purpose of coupon/interest payment and the previous Business Day shall be considered as the effective date for the purpose of payment of redemption proceeds. If the interest payment date falls on a holiday, the payment may be made on the following working day, however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. No additional interest will be paid for such days which fall on holiday. As per SEBI Circular No: CIR/IMD/DF/18/2013 dated October 29, 2013 & CIR/IMD/DF-1/122/2016 dated November 11, 2016
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.	Series 2018 A/1(FO)/121 being issued under this Disclosure Document shall be secured through: 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. and



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	<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
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



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NCD Series 2018 A/1(FO)/121

Security Name	HDB/8.52%/Annual(FO)/2021_Series 2018 A/1(FO)/121
Arranger	LKP Securities Ltd.
Tranche Size	Rs.300,00,00,000/- (Rupees Three Hundred Crores only) with Green Shoe Option to retain oversubscription upto Rs.600,00,00,000/- (Rupees Six Hundred Crores only)
Issue Price	Rs. 10,00,000/- per debenture
Interest/Coupon Rate	8.52% per annum (205 BPS over Benchmark), Benchmark to be reset on quarterly basis. Note: Coupon Rate is to be rounded off to 2 (Two) decimal place
Benchmark	T-bill yield shall be taken as 'average of 91-day T-bill closing yield of 10 working days before the coupon reset date', data source being Reuters. In case of Reuters data not available for Benchmark, 'average of FBIL's 91-day T-bill closing yield benchmark of 10 working days before the coupon reset date' shall be used to compute the average. Note : Financial Benchmark India Private Ltd (FBIL) - http://www.fbil.org.in/
Coupon Type	Floating Coupon with Quarterly Reset, Payable Annually
Coupon Reset Frequency	Quarterly reset of Coupon maintaining spread of 205 BPS over the Benchmark
Coupon Reset Process	Average of 91 days T-bill closing yield calculated using yields of 10 working days prior to each of the reset date, Quarterly reset of Coupon maintaining spread of 205 BPS over the Benchmark
Process of Computing Initial Coupon Rate	The first coupon is set as the average rate of 91 Days T-bill from date June 18, 2018 to June 29, 2018 i.e. 6.47% plus 205 BPS implying a total coupon rate of 8.52% per annum
Process of Computing Interest Payment	The first interest payment is set as the average rate of previous four quarterly reset coupon rate for e.g. Coupon rate to be paid on July 11, 2019 is the average of coupon rate as on July 11, 2018, October 11, 2018, January 11, 2019 and April 11, 2019. The subsequent reset dates would be: <ul style="list-style-type: none"> • July 11, 2019 • October 11, 2019 • January 11, 2020 • April 11, 2020 • July 11, 2020



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	<ul style="list-style-type: none"> • October 11, 2020 • January 11, 2021 • April 11, 2021 <p>Subsequent Interest payments are to be computed in similar manner.</p>
Coupon Payment Frequency	Annually and on maturity
Redemption Premium / Discount	N.A.
Redemption Amount	Rs.10,00,000/- per Debenture
Interest on Application Money	8.52% p.a. Also refer Shelf Disclosure Document.
Tenor	1097 days from the deemed date of allotment i.e. Wednesday, July 11, 2018
Issue Timing	<p>Tranche Opening Date : Tuesday, July 10, 2018</p> <p>Tranche Closing Date : Tuesday, July 10, 2018</p> <p>Pay-in Date : Wednesday, July 11, 2018</p> <p>Deemed Date of Allotment : Wednesday, July 11, 2018</p>
Redemption Date	Monday, July 12, 2021

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

Company	HDB Financial Services Limited
Face Value (per security)	Rs.10,00,000/- per instrument
Issue Date/Date of Allotment	Wednesday, July 11, 2018
Redemption	Monday, July 12, 2021
Coupon Rate	8.52% per annum (205 BPS over Benchmark) Benchmark to be reset on quarterly basis. Note: Coupon Rate is to be rounded off to 2 (Two) decimal place
Frequency of the interest payment with specified dates	Annually on, Thursday, July 11, 2019, Saturday, July 11, 2020, On maturity, Monday, July 12, 2021
Day Count Convention	Actual/Actual

Illustrative Calculation for Interest Coupon for 1st Interest Payment:

	T-Bill	T-Bill Coupon	Spread	Total
Initial Coupon	11-Jul-18	6.47% [#]	2.05%	8.52%
1 st Reset	11-Oct-18	6.51%*	2.05%	8.56%
2 nd Reset	11-Jan-19	6.48%*	2.05%	8.53%
3 rd Reset	11-Apr-19	6.46%*	2.05%	8.51%
1 st Interest Payment Rate and Date	11-Jul-19			8.53%



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Date	Closing level of 91 days T-Bill as per Reuters
18-Jun-18	6.5000
19-Jun-18	6.4700
20-Jun-18	6.4700
21-Jun-18	6.4200
22-Jun-18	6.4600
25-Jun-18	6.4600
26-Jun-18	6.4600
27-Jun-18	6.5000
28-Jun-18	6.4700
29-Jun-18	6.4900
Average	6.4700[#]

#T-Bill yields for setting Initial Coupon

***Estimated T-Bill yields for subsequent reset dates**

On each Coupon reset date 91-days T-Bill yield will be fixed in the same manner as the T-Bill yields for setting Initial Coupon as above.

Cash flow of per bond / NCD (Assuming the Coupon rate remains constant at 8.52% p. a. for the entire tenure of NCD)

Cash Flows	Date	Day	No. of Days in Coupon Period	Amount in Rupees per debenture of Rs.10 lakhs
1 st coupon	July 11, 2019	Thursday	365	85,200.00
2 nd coupon	July 11, 2020	Saturday	366	85,200.00
3 rd coupon	July 12, 2021	Monday	366	85,433.42
Principal Repayment	July 12, 2021	Monday	N.A.	10,00,000/-



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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



Haren Parekh

Authorised Signatory

Name: Haren Parekh

Title : Chief Financial Officer

Date : July 10, 2018