

Series 2018 P/1/2_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
PERPETUAL DEBT INSTRUMENTS IN THE NATURE NON-
CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 06, 2018**



HDB FINANCIAL SERVICES LIMITED
(CIN: U65993GJ2007PLC051028)

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

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

Corporate Office: 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

Private Placement of 1000 (with Green Shoe Option to retain total subscription upto 1500) Unsecured, Subordinated, Rated, Listed, Perpetual Debt Instruments in the nature of Non-Convertible Debentures ("Series 2018 P/1/2 PDIs") 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 Crore only) with Green Shoe Option of Rs.50,00,00,000/- (Rupees Fifty Crore only) to retain total subscription upto Rs.150,00,00,000/- (Rupees One Hundred Fifty Crores Only) issued under the shelf disclosure document dated July 31, 2018 ("Shelf Disclosure Document" or "Shelf DD") as amended / supplemented from time to time.

This Supplemental Disclosure Document ("Supplemental DD") is issued in terms of and pursuant to the Shelf Disclosure Document dated July 31, 2018. 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 private placement of Series 2018 P/1/2 PDIs 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. This Supplemental DD is dated September 06, 2018.



Series 2018 P/1/2_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
PERPETUAL DEBT INSTRUMENTS IN THE NATURE NON-
CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 06, 2018**

SUMMARY TERM SHEET

| | |
|----------------------|--|
| Security Name | Series 2018 P/1/2 |
| Issuer | HDB Financial Services Limited |
| Type of Instrument | Unsecured, Subordinated, Rated, Listed, Redeemable, Non-convertible <u>Perpetual Debt Instruments</u> in the nature of Debentures ("PDIs") |
| Nature of Instrument | Unsecured (Tier I Capital) |
| Seniority | i. Superior to the claims of investors in Equity Shares of the Company; and ii. Subordinated to the claims of all other creditors of the Company (but <i>pari-passu inter se</i> the holders of the PDIs) |
| Mode of Issue | Private placement |
| Eligible Investors | <ul style="list-style-type: none"> (a) Banks; (b) Financial Institutions; (c) Non-Banking Financial Companies; (d) Companies; (e) Mutual Funds; (f) Insurance Companies; (g) Provident Funds, Gratuity, Superannuation and Pension Funds, subject to their investment guidelines; and (h) Individuals (i) Foreign Portfolio Investors (FPIs) (j) Qualified Foreign Investors (QFIs) (k) Hindu Undivided Family (HUF) (l) Any other eligible investor authorized to invest in the PDIs. <p>Note: FII/NRI investors would be eligible subject to RBI's approval on the same.</p> |
| Listing | <p>The Series 2018 P/1/2 PDIs are proposed to be listed on WDM segment of BSE Limited. PDIs to be issued and allotted in terms of the Shelf Disclosure Document dated July 31, 2018.</p> <p>The Company shall forward the listing application to the BSE Limited along with the applicable disclosures within 15 (Fifteen) days from the Deemed Date of Allotment of Series 2018 P/1/2 PDIs.</p> <p>In case of delay in listing of the Series 2018 P/1/2, PDIs beyond 20</p> |



Series 2018 P/1/2_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
PERPETUAL DEBT INSTRUMENTS IN THE NATURE NON-
CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS**

SEPTEMBER 06, 2018

| | |
|--|--|
| | (Twenty) days from the Deemed Date of Allotment, the Company will pay penal interest, of 1 (one percent) % p.a. over the interest/coupon rate/implicit yield from the expiry of 30 (thirty) days from the Deemed Date of Allotment till the listing of such Series 2018 P/1/2 PDIs, 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 Non-Convertible Debenture issue programme of upto Rs.500 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 PDI Issue programme is Rs.500,00,00,000/- (Rupees Five Hundred Crores Only), which Issue shall comprise of one or more Series. |
| Series Size | Rs. 100,00,00,000/- (Rupees One Hundred Crores Only) with Green Shoe Option of Rs. 50,00,00,000/- (Rupees Fifty Crores Only) to retain total subscription upto Rs. 150,00,00,000/- (Rupees One Hundred Fifty Crores only) |
| Option to retain oversubscription | Yes, Green Shoe Option of Rs. 50,00,00,000/- (Rupees Fifty Crores Only) |
| Objects of the Issue | The funds raised through the Issue will be utilized as per the section "Utilisation of Issue Proceeds" stipulated in the Shelf Disclosure Document. |
| Details of the utilization of the Proceeds | The proceeds of the Issue would be utilised by the Company, for regular business activities including its financing / lending activities, working capital and general corporate purposes in compliance with the provisions of Applicable Laws. |
| Interest/Coupon Rate | 9.15% p.a. (shall be increased by 100 bps on exercise of Step-up Option) |
| Tenor | Perpetual |
| Redemption Date | N.A. The outstanding principal amount of the PDIs, together with accrued but unpaid coupon and additional interest, if any, may be redeemed by the Company only on a Call Option Date and by exercising Call Option (if there is any), subject however to the prior approval in writing of the RBI. The PDIs will not carry any obligation, for Coupon or otherwise, after redemption has occurred and all amounts due have been paid. |



Series 2018 P/1/2_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
PERPETUAL DEBT INSTRUMENTS IN THE NATURE NON-
CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS**

SEPTEMBER 06, 2018

| | |
|--------------------------|--|
| | In the event that the Company is required to redeem the outstanding principal amount of the PDIs in full or in part, or pay any monies in respect thereof including accrued Coupon, before the Call Option Date, due to change in Applicable Laws or under the terms of the Trust Deed including on the occurrence of an Event of Default, the Company shall ensure that it shall obtain all requisite approvals, if any, of the RBI or any other applicable authorities and such redemption and payment shall be subject to receipt of such approvals, as applicable. |
| Issue Price | Rs. 10,00,000/- (Rs. Ten Lakh only) per PDI |
| Face Value | Rs. 10,00,000/- (Rs. Ten Lakh only) per PDI |
| Step Up Coupon Rate | 100 bps |
| Step-up Option | <p>The PDIs will have a step-up option which shall be exercised only once during the whole life of the instrument, in conjunction with the first Call Option date, after lapse of 10 years from the date of issue.</p> <p>The Step Up shall be 100 bps. In effect the coupon rate of PDIs shall be stepped up to 1% p.a. for subsequent years if Call Option is not exercised by the Issuer after the end of 10th year from the Deemed Date of Allotment.</p> <p>The Step-up Option shall be exercised on the business day immediately succeeding the expiry of 10 years from the Deemed Date of Allotment (i.e. on September 8, 2028)</p> |
| Lock-in clause | <p>a. The PDIs shall be subject to lock-in clause in terms of which the issuer may defer the payment of interest if:</p> <ol style="list-style-type: none"> the issuer's CRAR is below the minimum regulatory requirement prescribed by RBI the impact of such payment results in Issuer's CRAR falling or remaining below minimum regulatory requirement prescribed by RBI <p>b. However, the Issuer may pay interest with prior approval of RBI when the impact of such payment may result in net loss or increase in net loss, provided the CRAR remains above the minimum regulatory requirement prescribed by RBI</p> <p>c. The interest shall not be cumulative except in cases as in 'a.'</p> |
| Coupon Payment Frequency | Annual |
| Coupon Payment Dates | On anniversary of the Deemed Date of Allotment each year (i.e 7th of |



Series 2018 P/1/2_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
PERPETUAL DEBT INSTRUMENTS IN THE NATURE NON-
CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS**

SEPTEMBER 06, 2018

| | |
|-------------------------------|---|
| | September every year), subject to RBI Regulations (upto call option date, in case if call option is exercised by the Issuer) |
| Coupon Type | Fixed |
| Coupon Reset Process | Not Applicable |
| Day Count Basis | Actual/ Actual Also refer Shelf Disclosure Document dated July 31, 2018. |
| Interest on Application Money | Interest on application money will be paid to Investors at the Coupon Rate subject to deduction of tax at source, as applicable) from date of realisation of funds up to but not including the Deemed Date of Allotment. The Company shall not pay any interest on application money liable to be refunded in case of (a) invalid applications or applications liable to be rejected and (b) monies paid in excess of the amount of PDIs applied for in the application form. |
| Default Interest Rate | In case of default in payment of interest and/or principal redemption on the due dates, additional interest of 2% (Two Percent) per annum payable annually over and above the Coupon Rate from the date of the occurrence of the default until the default is cured or the Series 2018 P/1/2 PDIs are redeemed pursuant to such default, as applicable |
| Call Option Exercise Date | Call option shall be exercised by Issuer only after prior approval of RBI. A date falling on the day immediately succeeding the expiry of a period of 10 (Ten) Years from the Deemed Date of Allotment and any day thereafter, unless such a day is not a non Business Day, in which case the Call Option Exercise Date will be the preceding Business Day. Coupon shall be payable on actual day count basis till the date of exercise of such Call Option. |
| Call Option Price | At the face value |
| Call Notification Date | Any redemption of the PDIs on account of exercise of Call Option shall be subject to the Issuer giving not less than Fifteen (15) calendar days prior notice to the Trustee. Upon issuance of the notice, the Issuer shall compulsorily redeem the PDIs (or part thereof) identified in the notice on the relevant Call Option Date by making payment to the relevant PDI Holders; the outstanding principal amount in respect of the PDIs (or part thereof as identified in the notice) and accrued coupon in relation thereto. |



Series 2018 P/1/2_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
PERPETUAL DEBT INSTRUMENTS IN THE NATURE NON-
CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS**

SEPTEMBER 06, 2018

| | |
|---|--|
| 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) |
| Series Issue Timing | |
| 1. Series Issue Opening Date | September 6, 2018 |
| 2. Series Issue Closing Date | September 6, 2018 |
| 3. Series Pay-in Date | September 7, 2018 |
| 4. Series Deemed Date of Allotment | September 7, 2018 |
| 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 | means any day of the week (excluding non-working Saturdays, Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) (as may be amended/supplemented from time to time) and any other day on which banks are closed for customer business in Mumbai) on which the money market is functioning in Mumbai and and "Business Days" shall be construed accordingly; |
| Business Day Convention | Should any of the Due date(s), fall on a non-Business Day, the next Business Day shall be considered as the effective date for the purpose of Coupon payment and the previous Business Day shall be considered as the effective date for the purpose of payment of redemption proceeds. However, in case any such payment falls on a holiday, the amount of that payment and the amounts and dates of all future payments shall remain as originally stipulated at the time of issuing the security. Also refer to Shelf Disclosure Document. |
| Record Date | Any date falling atleast 15 (Fifteen) calendar days prior to any Due Date |
| Transaction Documents | Shelf Disclosure Document, Supplemental Disclosure Document, Trust Deed, Trustee Agreement and any other document that may be designated by the Trustee as a Transaction Document |
| Conditions Precedent to Disbursement | As set out in the Trust Deed |
| Condition Subsequent to Disbursement | As set out in the Trust Deed |



Series 2018 P/1/2_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
PERPETUAL DEBT INSTRUMENTS IN THE NATURE NON-
CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 06, 2018**

| | |
|--|---|
| Events of Default | As set out in the Trust Deed |
| Provisions related to Cross Default Clause | As set out in the Trust Deed |
| Covenants | As is customary for a transaction of this nature and as further provided for in the Transaction Documents. |
| Role and Responsibilities of Trustee | To oversee and monitor the overall transaction for and on behalf of the PDI Holder(s) as customary for transaction of a similar nature and size and as executed under the appropriate Transaction Documents. |
| Illustration of Bond Cashflows | As per Annexure I hereto |
| Governing Law and Jurisdiction | The Series 2018 P/1/2 PDIs are governed by and will be construed in accordance with the Indian Law. The Series 2018 P/1/2 PDI Holders, by purchasing the Series 2018 P/1/2 PDIs, agree that the courts in Mumbai, Maharashtra shall have exclusive jurisdiction with respect to any matters relating to the Series 2018 P/1/2 PDIs. |
| Arranger Name | Darashaw & Company Private Limited |

Note: The Company reserves the right to amend the Series timetable including the Deemed Date of Allotment.

**ANNEXURE I- ILLUSTRATION OF BOND CASH FLOWS ARISING FROM BONDS BEING ISSUED PURSUANT TO
THIS SHELF DISCLOSURE DOCUMENT**

| Disclosure of cash flows (pursuant to SEBI Circular no. CIR/IMD/DF/18/2013 dated 29 th October 2013) | |
|---|---|
| Company | HDB Financial Services Limited |
| Face Value (per security) | Rs.10,00,000/- |
| Issue Date/Date of Allotment | September 7, 2018 |
| Redemption | Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment. |
| Coupon Rate | 9.15% p.a. (shall be increased by 100 bps on exercise of Step-up Option after expiry of initial 10 years) |
| Frequency of the Interest Payment with specified dates | On September 7, every year until call option is exercised |
| Day Count Convention | Actual / Actual |
| Scenario 1 : If Call Option is exercised at the end of 10 years (Cash flows will change accordingly, if the Call Option is exercised at any future date through the life of the instrument) | |



Series 2018 P/1/2_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
PERPETUAL DEBT INSTRUMENTS IN THE NATURE NON-
CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS**

SEPTEMBER 06, 2018

| Cash Flows | Date | Day | No. of Days in Coupon Period | Amount in Rupees per debenture of Rs.10 lakhs |
|---------------------------------|--------------------------|-----------|------------------------------|---|
| 1 st Coupon Payment | September 07, 2019 | Saturday | 365 | Rs. 91,500/- |
| 2 nd Coupon Payment | September 07, 2020 | Monday | 366 | Rs. 91,500/- |
| 3 rd Coupon Payment | September 07, 2021 | Tuesday | 365 | Rs. 91,500/- |
| 4 th Coupon Payment | September 07, 2022 | Wednesday | 365 | Rs. 91,500/- |
| 5 th Coupon Payment | September 07, 2023 | Thursday | 365 | Rs. 91,500/- |
| 6 th Coupon Payment | September 07, 2024 | Saturday | 366 | Rs. 91,500/- |
| 7 th Coupon Payment | September 07, 2025** | Sunday | 365 | Rs. 91,500/- |
| 8 th Coupon Payment | September 07, 2026 | Monday | 365 | Rs. 91,500/- |
| 9 th Coupon Payment | September 07, 2027 | Tuesday | 365 | Rs. 91,500/- |
| 10 th Coupon Payment | September 07, 2028 | Thursday | 366 | Rs. 91,500/- |
| Principal Repayment | On call exercise date*** | | | Rs.10,00,000/- |

** Since September 07, 2025 would be falling on Sunday, interest payment due on that day may be made on the next working day.

*** After Step-up Option is exercised on September 8, 2028, interest payment will be done on actual day count basis at 10.15% p.a. till the life of the issue

Scenario 2: Call Not Exercised

| Cash Flows | Date | Day | No. of days in Coupon Period | Amount in Rupees per debenture of Rs.10 lakhs |
|--|-------------------------------------|-------------------------------------|--|--|
| Issue amount – Rs. 100,00,00,000/- with Green Shoe Option of Rs. 50,00,00,000/- to retain total subscription upto Rs. 150,00,00,000/- | September 7, of every calendar year | September 7, of every calendar year | 365 / 366 (in the case of a leap year) | Rs.91,500/- per debenture for initial 10 years Rs.1,01,500/- per debenture post initial 10 years till the life of the issue |



Series 2018 P/1/2_4

**SUPPLEMENTAL DISCLOSURE DOCUMENT FOR ISSUE OF
PERPETUAL DEBT INSTRUMENTS IN THE NATURE NON-
CONVERTIBLE DEBENTURES ON A PRIVATE PLACEMENT BASIS
SEPTEMBER 06, 2018**

| | |
|----------|--|
| Interest | For initial 10 years – 9.15% P.A. Post initial 10 years (after exercise of Step-up Option) – 10.15% P.A. for the actual day count, till the life of the issue |
|----------|--|

MODE OF PAYMENT

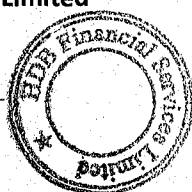
All transfers/RTGS must be made payable to "ICCL". Details for RTGS payments are mentioned herein below:

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

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

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

For HDB Financial Services Limited


**Authorised Signatory****Name: Haren Parekh****Title: Chief Financial Officer****Date: September 06, 2018**