

SUMMARY TERM SHEET

Security Name	Series 2018 P/1/1
Issuer	HDB Financial Services Limited
Type of Instrument	Unsecured, Subordinated, Rated, Listed, Redeemable, Non-convertible Perpetual Debt Instruments in the nature of Debentures (“PDIs”)
Nature of Instrument	Unsecured (Tier I Capital)
Seniority	<p>i. Superior to the claims of investors in Equity Shares of the Company; and</p> <p>ii. Subordinated to the claims of all other creditors of the Company (but <i>pari-passu inter se</i> the holders of the PDIs)</p>
Mode of Issue	Private placement
Eligible Investors	<p>(a) Banks;</p> <p>(b) Financial Institutions;</p> <p>(c) Non-Banking Financial Companies;</p> <p>(d) Companies;</p> <p>(e) Mutual Funds;</p> <p>(f) Insurance Companies;</p> <p>(g) Provident Funds, Gratuity, Superannuation and Pension Funds, subject to their investment guidelines; and</p> <p>(h) Individuals</p> <p>(i) Foreign Portfolio Investors (FPIs)</p> <p>(j) Qualified Foreign Investors (QFIs)</p> <p>(k) Hindu Undivided Family (HUF)</p> <p>(l) Any other eligible investor authorized to invest in the PDIs.</p> <p>Note: FII/NRI investors would be eligible subject to RBI's approval on the same.</p>
Listing	<p>The Series 2018 P/1/1 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/1/1 PDIs.</p> <p>In case of delay in listing of the Series 2018 P/1/1, PDIs 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</p>

	Date of Allotment till the listing of such Series 2018 P/1/1 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. 200,00,00,000/- (Rupees Two Hundred Crores Only)
Option to retain oversubscription	Not Applicable
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	9.40% 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. 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 August 7, 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> <p>i. the issuer's CRAR is below the minimum regulatory requirement prescribed by RBI</p> <p>ii. the impact of such payment results in Issuer's CRAR falling or remaining below minimum regulatory requirement prescribed by RBI</p> <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 6 of August 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/1/1 PDIs are redeemed pursuant to such default, as applicable
Call Option Exercise Date	<p>Call option shall be exercised by Issuer only after prior approval of RBI.</p> <p>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.</p> <p>Coupon shall be payable on actual day count basis till the date of exercise of such Call Option.</p>
Call Option Price	At the face value
Call Notification Date	<p>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.</p> <p>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.</p>
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	August 3, 2018
2. Series Issue Closing Date	August 3, 2018
3. Series Pay-in Date	August 6, 2018
4. Series Deemed Date of Allotment	August 6, 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
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/1/1 PDIs are governed by and will be construed in accordance with the Indian Law. The Series 2018 P/1/1 PDI Holders, by purchasing the Series 2018 P/1/1 PDIs, agree that the courts in Mumbai, Maharashtra shall have exclusive jurisdiction with respect to any matters relating to the Series 2018 P/1/1 PDIs.
Arranger Name	HDFC Bank Limited and 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 29th October 2013)				
Company	HDB Financial Services Limited			
Face Value (per security)	Rs.10,00,000/-			
Issue Date/Date of Allotment	August 6, 2018			
Redemption	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment.			
Coupon Rate	9.40% 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 August 6, 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 (Cashflows will change accordingly if the Call Option is exercised at any future date through the life of the instrument)				
Cash Flows	Date	Day	No. of Days in Coupon Period	Amount in Rupees per debenture of Rs.10 lakhs
1 st Coupon Payment	August 06, 2019	Tuesday	365	Rs. 94,000/-
2 nd Coupon Payment	August 06, 2020	Thursday	366	Rs. 94,000/
3 rd Coupon Payment	August 06, 2021	Friday	365	Rs. 94,000/
4 th Coupon Payment	August 06, 2022	Saturday	365	Rs. 94,000/
5 th Coupon Payment	August 06, 2023**	Sunday	365	Rs. 94,000/
6 th Coupon Payment	August 06, 2024	Tuesday	366	Rs. 94,000/
7 th Coupon Payment	August 06, 2025	Wednesday	365	Rs. 94,000/
8 th Coupon Payment	August 06, 2026	Thursday	365	Rs. 94,000/
9 th Coupon Payment	August 06, 2027	Friday	365	Rs. 94,000/
10 th Coupon Payment	August 06, 2028**	Sunday	366	Rs. 94,000/
Principal Repayment	On call exercise date***			Rs.10,00,000/-
** Since August 06, 2023 would be falling on Sunday, interest payment due on that day may be made on the				

next working day and repayment of principal and interest payment falling on Sunday, August 06, 2028 would be made on previous working day.

*** After Step-up Option is exercised on August 7, 2028, interest payment will be done on actual day count basis at 10.40% 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. 200,00,00,000/-	August 6, of every calendar year	August 6, of every calendar year	365 / 366 (in the case of a leap year)	Rs.94,000/- per debenture for initial 10 years Rs.1,04,000/- per debenture post initial 10 years till the life of the issue
Interest	For initial 10 years – 9.40% P.A. Post initial 10 years (after exercise of Step-up Option) – 10.40% 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	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: August 01, 2018