

Disclosure Document

This Disclosure Document has been prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

Private & Confidential – For Private Circulation Only

(This Disclosure Document is neither a Prospectus nor a Statement in Lieu of Prospectus. This is only an information brochure intended for private use and should not be construed to be a prospectus and/or an invitation to the public for subscription to bonds.)



HDFC BANK LIMITED

Registered Office: HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013

Tel.: +91 22 6652 1000 Fax: +91 22 2496 0696 / 2460 0973

Website: www.hdfcbank.com E-Mail: investorhelpdesk@hdfcbank.com

(A Banking Company incorporated under the Companies Act, 1956 and also governed by the Banking Regulation Act, 1949)

Private Placement of Unsecured Redeemable Non-Convertible Subordinated Bonds in the nature of Debentures aggregating Rs 100 crore for inclusion as Lower Tier II Capital with an option to retain oversubscription. Rs 100 crore for inclusion as Upper Tier II with an option to retain oversubscription.

GENERAL RISK: For taking an investment decision, the investors must rely on their own examination of the Issuer and the Offer including the risks involved. This Offer/ Issue is being made on a private placement basis. The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document.

ISSUER'S ABSOLUTE RESPONSIBILITY: The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Disclosure Document contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the Disclosure Document is true and correct 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 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:

FOR LOWER TIER II BONDS - CARE 'CARE AAA'; FITCH 'AAA(ind)'

FOR UPPER TIER II BONDS - CARE 'CARE AAA'; CRISIL 'AAA/Stable'

For details of the above rating definitions, the investors are advised to refer Section XXII on 'Credit Rating' (page 34) of this Disclosure Document.

The above ratings are not recommendations to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

LISTING: The Unsecured Redeemable Subordinated Bonds are proposed to be listed on The National Stock Exchange of India Limited (NSE) and The Bombay Stock Exchange Limited (BSE).

TRUSTEE TO THE BONDHOLDERS



IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17 R Kamani Marg,
Ballard Estate Fort, Mumbai - 400 001.
Tel: (022) 40807000
Fax: (022) 66311776

REGISTRAR TO THE ISSUE



Datamatics Financial Services Limited.
Plot No A.16 & 17, MIDC, Part B Crosslane,
Andheri (East), Mumbai 400093.
Tele No: - 28213383 to 90, Ext- 207 and 264.
Fax No. 28350217
Email address:- hdinvestors@dfssl.com

Issue Schedule

Date of opening the Issue: February 16, 2009
Date of closing the Issue: February 18, 2009
Deemed date of Allotment: February 19., 2009

HDFC Bank reserves the right to change the issue closing date and in such an event, the Deemed date of allotment may also be revised by the Bank at its sole and absolute discretion. In the event of any change in the above issue dates, the investors shall be intimated of the revised schedule by the Bank.

TABLE OF CONTENTS

Sr. No.	Title	Pg. No.
I	Definitions	4
II	Name and Address of the Registered Office	5
III	Names and Addresses of The Directors on the Board	5
IV	Brief History and Background	6
V	Brief Summary of the Business / Activities of HDFC Bank Ltd	8
VI	Details of Bonds Sought To Be Issued and Listed	16
VII	Issue Size	16
VIII	Utilisation of Issue Proceeds	16
IX	Material Contracts and Agreements Involving Financial Obligations	16
X	Details of Past Borrowings Including Debt Securities	16
XI	Recent Material Event / Development	19
XII	Particulars of Debt Securities Issued	22
XIII	Details of Top Ten Holders of each kind of Securities	22
XIV	Undertaking to use a Common Form of Transfer	23
XV	Redemption Amount, Period of Maturity, Yield on Redemption	23
XVI	Terms of the Offer	24
XVII	Discount at which the Offer is being made and effective price for the Investor	33
XVIII	Debt Equity Ratio (Before & after the proposed Issue)	33
XIX	Servicing Behaviour on Existing Debt Securities	33
XX	Permission and Consent from the Creditors	33
XXI	Debenture Trustee to the Issue	33
XXII	Credit Rating	34
XXIII	Listing of Bonds	34
XXIV	Term Sheet	35
	Annexure: Rating Rationales	

I DEFINITIONS

<i>Act</i>	<i>The Act shall mean the Companies Act, 1956 as amended from time to time till date.</i>
<i>Application Form</i>	<i>The Application Form means the form in terms of which, the investors shall apply for the Unsecured Redeemable Subordinated Bonds of the Bank</i>
<i>Articles</i>	<i>Articles mean the Articles of Association of the Bank.</i>
<i>The Bank/ The Issuer Company/ the Issuer/ HDFC Bank/ We / Us</i>	<i>The Bank / the Issuer Company / the Issuer / HDFC Bank / We / Us shall mean HDFC Bank Limited, a Banking Company incorporated under the Companies Act, 1956 and also governed by the Banking Regulation Act, 1949, and having its Registered Office at HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013</i>
<i>Board</i>	<i>The Board means the Board of Directors of the Bank or a Committee thereof.</i>
<i>Bond(s)</i>	<i>The Bonds means Unsecured Redeemable Non-Convertible Subordinated Bonds offered through private placement route under the terms of this Disclosure document</i>
<i>Bondholder(s)</i>	<i>Bondholder(s) shall mean the Holder(s) of the Bond(s) in dematerialised form</i>
<i>Beneficial Owner(s)</i>	<i>Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996)</i>
<i>Offer Document/Disclosure Document</i>	<i>Disclosure Document dated February 14, 2009, for Private Placement of Unsecured Redeemable Subordinated Bonds to be issued by HDFC Bank Limited</i>
<i>Issue/ Offer/ Offering</i>	<i>Private Placement of Unsecured Redeemable Non-Convertible Subordinated Bonds offered under the terms of this Disclosure Document</i>
<i>Memorandum</i>	<i>Memorandum of Association of the bank</i>
<i>Bombay Stock Exchange, Mumbai / BSE</i>	<i>Bombay Stock Exchange Limited</i>
<i>The National Stock Exchange / NSE</i>	<i>The National Stock Exchange of India Limited</i>
<i>Registrars TO the Issue/ Registrar and Transfer Agents</i>	<i>Datamatics Financial Services Limited.</i>
<i>Trustees / Trustee to the Bondholder(s)</i>	<i>IDBI Trusteeship Services Limited</i>

Note :

- All Financial Information included in this Disclosure Document relating to periods prior to May 23, 2008 refer to that of HDFC Bank or Centurion Bank of Punjab on a standalone basis.
- Financial Information for the Quarter and Nine Months ended December 31, 2008 has been subject to a limited review by our Auditors.

II. NAME AND ADDRESS OF REGISTERED OFFICE

Name of the Issuer: HDFC Bank Limited

Registered office: HDFC Bank House,
Senapati Bapat Marg,
Lower Parel, Mumbai 400013
Tel.: +91 22 5652 1000
Website: www.hdfcbank.com
E-Mail: investorhelpdesk@hdfcbank.com

III NAMES AND ADDRESSES OF THE DIRECTORS ON BOARD AS ON DECEMBER 31, 2008

	Name	Designation	Address
1	Mr. Jagadish Capoor	Chairman	42 Abhilasha Apt; 43 Pali Hill Bandra (W), Mumbai 400 050
2	Mr. Aditya Puri	Managing Director	1001/1002 Vinayak Angan Old Prabhadevi Road Worli, Mumbai 400 025
3	Mrs. Renu Karnad	Director	BB/14 Greater Kailash Enclave Part II New Delhi 110 048
4	Mr. Arvind Pande	Director	E/148 (FF) East of Kailash New Delhi 110 065
5	Mr. Keki Mistry	Director	Hasmukh Mansion Flat No. 702/703, 39, Chitrakar Dhurandar Marg 14 th Road Junction Khar (W) Mumbai 400 052
6	Mr. Ashim Samantha	Director	13 Meera Baug, Santacruz (W) Mumbai 400 054
7	Mr. C. M. Vasudev	Director	26, Sector 15A, NOIDA – 201301
8	Mr. Gautam Divan	Director	95 C, Kalewar Mansion, 22, Babulnath Road, Mumbai – 400 007.
9	Dr. Pandit Palande	Director	At and Post Mukhai, Tal- Shirur Dist: Thane
10	Mr. Paresh Sukthankar	Executive Director	“Priya” Flat No. 5, 9, A. G. Khan Road, Worli Sea Face, Mumbai – 400 030.
11	Mr. Harish Engineer	Executive Director	B-11, Sea Face Park, 50, B. Desai road, Mumbai – 400026.

IV BRIEF HISTORY AND BACKGROUND

We are a leading private sector bank and financial services company in India. Our goal is to be the preferred provider of financial services to upper- and middle-income individuals and leading corporations in India. Our strategy is to provide a comprehensive range of financial products and services for our customers through multiple distribution channels, with high quality service and superior execution. We have three principal business activities: retail banking, wholesale banking and treasury operations.

We have grown rapidly since commencing operations in January 1995. Over the last five years we expanded our operations from 231 branches and 732 ATMs in 122 cities to 1,412 branches and 2,890 ATMs in 527 cities in India as on December 31, 2008. Additionally the Bank has a branch in Bahrain and representative offices in the U.A.E and Kenya. During the same five years, our customer base grew from 3.40 million customers to over 17 million customers. As our geographical reach and market penetration have expanded, so too have our assets, which grew from Rs. 30,424 crore as of March 31, 2003 to Rs. 183,185 crore as of December 31, 2008. Our net income has increased from Rs. 388 crore for the fiscal year 2003 to Rs. 1,590 crore for the fiscal year 2008 at a compounded annual growth rate of 32.60%.

Notwithstanding our pace of growth, we have maintained a strong balance sheet and a low cost of funds. As of December 31, 2008 net non-performing assets constituted 0.6% of net advances. The average non-interest bearing current accounts and low-interest savings accounts represented 51.70% of total deposits for fiscal 2008. These low-cost deposits, which include the cash float associated with our transactional services, led to an average cost of funds including equity for fiscal 2008 of 4.10%.

We are part of the HDFC group of companies founded by our principal shareholder, Housing Development Finance Corporation Limited (“HDFC Limited”), a public limited company established under the laws of India. HDFC Limited and its subsidiaries owned 19.38% of our outstanding equity shares as of February 06, 2009.

The Bank has two subsidiaries: HDFC Securities Limited (“HSL”) and HDB Financial Services Limited (“HDBFS”). HSL is primarily in the business of providing brokerage services through the internet and other channels. HDBFS is a non-deposit taking non-bank finance company (“NBFC”), for the establishment of which the Bank received Reserve Bank of India (“RBI”) approval during the fiscal year 2008.

Merger with Times Bank Limited

On February 26, 2000 we merged with Times Bank Limited. The merger was a stock for stock transaction where we issued one share for every 5.75 shares of Times Bank Limited resulting in 23,478,261 of our shares being issued. Our legal name is HDFC Bank Limited, though we also known commercially as HDFC Bank.

Merger of Centurion Bank of Punjab Limited

Our merger with Centurion Bank of Punjab Ltd. (CBoP) became effective on May 23, 2008. The shareholders of erstwhile Centurion Bank of Punjab Ltd. were allotted 6,98,83,956 equity shares of Rs. 10/- each pursuant to the share swap ratio of one (1) equity share of Rs. 10/- each of HDFC Bank Ltd. for every twenty nine (29) equity shares of Re. 1/- each held in Centurion Bank of Punjab Ltd. by them as on June 16, 2008. The merger has been accounted for as per the pooling of interest method of accounting in accordance with the scheme of amalgamation. The Scheme of Amalgamation pursuant to which the merger became effective is publicly available on our website.

CBoP had around 400 branches operating out of about 180 locations supported by an employee base of over 7,500 employees. Loans outstanding of CBoP as of March 31, 2008 were Rs. 16,181 crore and deposits outstanding of CBoP as of this same date were Rs. 21,809 crore.

To maintain the promoter group shareholding in the Bank, the shareholders, on March 27, 2008, accorded their consent to issue equity shares and/or warrants convertible into equity shares to HDFC Limited and/or other promoter group companies. Pursuant to the said consent of the shareholders accorded on March 27, 2008, the Bank issued 26,200,220 warrants to HDFC Limited on a preferential basis during the quarter ended June 30, 2008.

Our Competitive Strengths

We attribute our growth and continuing success to the following competitive strengths:

We are a leader among Indian banks in our use of technology

Since our inception, we have made substantial investments in our technology platform and systems. We have built multiple distribution channels, including an electronically linked branch network, automated telephone banking, Internet banking and banking by mobile phone, to offer customers convenient access to our products. Our technology platform has also driven the development of innovative products and reduced our operating costs.

We deliver high quality service with superior execution

Through intensive training of our staff and the use of our technology platform, we deliver efficient service with rapid response time. Our focus on knowledgeable and personalized service draws customers to our products and increases existing customer loyalty.

We offer a wide range of products to our clients in order to service their banking needs

Whether in retail or wholesale banking, we consider ourselves a “one-stop shop” for our customers’ banking needs. Our wide range of products creates multiple cross-selling opportunities for us and improves our customer retention rates.

We have an experienced management team

Many of the members of our senior management team have been with us since inception. They have substantial experience in multinational banking and share our common vision of excellence in execution. We believe this team is well suited to leverage the competitive strengths we have already developed as well as to create new opportunities for our business.

Our Business Strategy

Our business strategy emphasizes the following elements:

Increase our market share of India’s expanding banking and financial services industry

In addition to benefiting from the overall growth in India’s economy and financial services industry, we believe we can increase our market share by continuing to focus on our competitive strengths. We also aim to increase geographic and market penetration by expanding our branch and ATM networks and increasing our efforts to cross-sell our products.

Maintain strong asset quality through disciplined credit risk management

We have maintained high quality loan and investment portfolios through careful targeting of our customer base, a comprehensive risk assessment process and diligent risk monitoring and remediation procedures. Our ratio of gross non-performing assets to gross advances was 1.9% as of December 31, 2008 and our net non-performing assets amounted to 0.6% of net advances. We believe we can maintain strong asset quality appropriate to the loan portfolio composition, while achieving growth.

Maintain a low cost of funds

Our average cost of funds for the half year ended September 30, 2008 was 4.73%. We believe we can maintain a relatively low-cost funding base as compared to our competitors, by expanding our base of retail savings and current deposits and increasing the free float generated by transaction services, such as cash management and stock exchange clearing.

Focus on high earnings growth with low volatility

Our aggregate earnings have grown at a compound average rate of 32.60% per year during the five-year period ending March 31, 2008 and our basic earnings per share grew from Rs. 36.29 for the fiscal year 2007 to Rs. 46.22 for the fiscal year 2008. We intend to maintain our focus on steady earnings growth through conservative risk management techniques and low cost funding. In addition, we aim not to rely heavily on revenue derived from trading so as to limit earnings volatility.

V. BRIEF SUMMARY OF OUR BUSINESS / ACTIVITIES

Our principal banking activities consist of retail banking, wholesale banking and treasury operations.

Retail Banking

Overview

We consider ourselves a one-stop shop for the financial needs of upper- and middle-income individuals. We provide a comprehensive range of financial products including deposit products, loans, credit cards, debit cards, third-party mutual funds and insurance products, investment advice, bill payment services and other services. We offer high quality service and greater convenience by leveraging our technology platforms and multiple distribution channels. Our goal is to provide banking and financial services to our retail customers on an “anytime, anywhere, anyhow” basis.

We market our services aggressively through our branches and direct sales associates, as well as through our relationships with automobile dealers and corporate clients. We seek to establish a relationship with a retail customer and then expand it by offering more products and expanding our distribution channels so as to make it easier for the customer to do business with us. We believe this strategy, together with the general growth of the Indian economy and the Indian upper and middle classes, affords us significant opportunities for growth.

As of December 31, 2008, we had 1,412 branches, including 17 extension counters, and 2,890 ATMs in 527 cities. We also provide telephone banking as well as Internet and mobile banking. We plan to continue to expand our branch and ATM network as well as our other distribution channels, subject to receiving regulatory approvals.

Retail Loans and Other Asset Products

We offer a wide range of retail loans, including loans for the purchase of automobiles, personal loans, retail business banking loans, loans for the purchase of commercial vehicles and construction equipment finance, two-wheeler loans, credit cards and loans against securities. Our retail loans were 59.6% of our gross loans as of December 31, 2008. Apart from our branches we use our ATM screens and the Internet to promote our loan products and we employ additional sales methods depending on the type of products. We perform our own credit analyses of the borrowers and the value of the collateral. We also buy mortgage and other asset-backed securities and invest in retail loan portfolios through assignments. In addition to taking collateral in many cases, we generally obtain post-dated checks covering all payments at the time a retail loan is made. It is a criminal offense in India to issue a bad check. We also sometimes obtain irrevocable instructions to debit the customer’s account directly for the making of payments.

The following table shows the value and share of our retail loan products (net of loans securitised out):

Particulars	(Rs. crore)	
	As at December 31, 2008	% of total value
Auto Loans	15,124	25.4%
Commercial Vehicle and Construction Equipment	8,321	13.9%
Personal Loans	8,917	14.9%
Loans Against Securities	699	1.2%
Two Wheeler Loans	2,092	3.5%
Retail Business Banking	13,561	22.7%
Credit Cards	4,053	6.8%
Other Retail Loans	6,881	11.5%
Total Retail Loans	59,647	100.00%

Auto Loans

We offer secured loans at fixed interest rates for financing new and used automobile purchases. In addition to our general marketing efforts for retail loans, we market this product through our relationships with car dealers, corporate packages and joint promotion programs with automobile manufacturers.

Commercial Vehicles and Construction Equipment Finance

We provide secured financing for commercial vehicles and provide working capital, bank guarantees and trade advances to customers who are transportation operators. In addition to funding domestic assets, we also finance imported assets for which we open foreign letters of credit and offer treasury services such as forward exchange cover. We coordinate with manufacturers to jointly promote our financing options to their clients.

Personal Loans

We offer unsecured personal loans at fixed rates to specific customer segments, including salaried individuals and self-employed professionals. In addition, we offer unsecured personal loans to small businesses and individuals.

Loans against Securities

We offer loans against equity shares, mutual fund units, bonds issued by the RBI and other securities that are on our approved list. We limit our loans against equity shares to Rs. 20 lacs per retail customer in line with regulatory guidelines and limit the amount of our total exposure secured by particular securities. We lend only against shares in book-entry (dematerialized) form, which ensures that we obtain perfected and first-priority security interests. The minimum margin for lending against shares is prescribed by the RBI.

Two Wheeler Loans

We offer loans for financing the purchase of scooters or motorcycles. We market this product in ways similar to our marketing of auto loans.

Retail Business Banking

We address the borrowing needs of the community of small businessmen near our bank branches by offering facilities such as credit lines, term loans for expansion or addition of facilities and discounting of credit card receivables. We classify these business banking loans as a retail product. Such lending is typically secured with current assets as well as immovable property and fixed assets in some cases. We also offer letters of credit, guarantees and other basic trade finance products and cash management services to such businesses.

Credit Cards

We offer credit cards from the VISA and MasterCard stable including gold, silver, corporate, platinum and titanium credit cards. We had approximately 45 lacs cards outstanding as of December 31, 2008 as against 38 lacs as of March 31, 2008.

Other Retail Loans

Such loans primarily include overdrafts against time deposits, health care equipment financing loans, tractor loans, loans against gold and ornaments and small loans to farmers. Currently other loans also include home loans disbursed by the erstwhile Centurion Bank of Punjab Ltd.

Mortgage-backed Securities

In the fiscal year 2003 we entered the home loan business through an arrangement with HDFC Limited. Under this arrangement, we sell home loans provided by HDFC Limited, which approves and disburses the loans. The loans are booked in the books of HDFC Limited, and we are paid a sourcing fee. Under the arrangement, HDFC Limited is obligated to offer us up to 70.00% of the fully disbursed home loans sourced under the arrangement through the issue of mortgage-backed pass-through certificates ("PTCs"). We have the option to purchase the mortgage-backed PTCs at the underlying home loan yields less a spread of 1.25% payable towards the administration and servicing of the loans. A part of the home loans also qualifies for our directed lending requirement.

We also invest in mortgage-backed securities of other originators. These mortgages are generally in India. Most of these securities also qualify toward our directed lending obligations.

Sale/Transfer of Receivables

We securitize our retail loan receivables through independent special purpose vehicles (“SPVs”) from time to time. In respect of these transactions, we provide credit enhancements generally in the form of cash collaterals/guarantees/interest spreads and/or by subordination of cash flows to senior PTCs. We also enter into sale transactions, which are similar to asset-backed securitization transactions through the SPV structure, except that such portfolios of retail loan receivables are assigned directly to the purchaser and are not represented by PTCs. During fiscal 2007 and 2008, we securitized retail loans with carrying values of Rs. 649 crore and Rs. 290 crore respectively.

Retail Deposit Products

Retail deposits provide us with a low cost, stable funding base and have been a key focus area for us since commencing operations. Retail deposits represented 67% of our total deposits as of December 31, 2008. The following chart shows the value of our retail deposits by our various deposit products as of the same date :

Type of Deposit	Value (Rs. crore)	% of Total
Savings	30,761	31.67%
Current	14,001	14.41%
Time	52,372	53.92%
Total	97,135	100.00%

Our individual retail account holders have access to the benefits of a wide range of direct banking services, including debit and ATM cards, access to our growing branch and ATM network, access to our other distribution channels and eligibility for utility bill payments and other services. Our retail deposit products include the following:

- Savings accounts, which are demand deposits in checking accounts designed primarily for individuals and trusts. These accrue interest at a fixed rate set by the RBI (currently 3.50% per annum).
- Current accounts, which are non-interest bearing checking accounts designed primarily for small businesses. Customers have a choice of regular and premium product offerings with different minimum average quarterly account balance requirements.
- Time deposits, which pay a fixed return over a predetermined time period.

We also offer special value-added accounts, which offer our customers added value and convenience. These include a time deposit account that allows for automatic transfers from a time deposit account to a savings account, as well as a time deposit account with an automatic overdraft facility. E-Broking accounts are offered as current accounts to customers of stock brokers where all transactions are routed electronically between the broker and beneficiaries.

Other Retail Services and Products

Debit Cards

Our debit cards may be used with more than 400,000 merchant point-of-sale machines and over 30,000 ATMs in India and more than 2.90 crore merchant outlets and 10 lacs ATMs worldwide. We were the first in India to issue international Visa Electron debit cards on a nationwide basis and currently issue both Visa and MasterCard debit cards.

Individual Depository Accounts

We provide depository accounts to individual retail customers for holding debt and equity instruments. Securities traded on the Indian exchanges are generally not held through a broker’s account or in street name. Instead, an individual will have his own account with a depository participant for the particular exchange. Depository participants, including us, provide services through the major depositories established by the two major stock exchanges. Depository participants record ownership details and

effectuate transfers in book-entry form on behalf of the buyers and sellers of securities. We provide a complete package of services, including account opening, registration of transfers and other transactions and information reporting.

Mutual Fund Sales

We offer our retail customers units in most of the large and reputable mutual funds in India. We earn front-end commissions for new sales and in some cases additional fees in subsequent years. We distribute mutual fund products primarily through our branches and our private banking advisors.

Insurance

We have arrangements with HDFC Standard Life Insurance Company and Bajaj Allianz General Insurance Company to distribute their life insurance products and general insurance products to our customers. We earn upfront commissions on new premiums collected as well as some trailing income in subsequent years while the policy is still in force.

Precious Metals

We import gold bars for sale to our retail customers through our branch network.

Investment Advice

We offer our customers a broad range of investment advice including advice regarding the purchase of Indian debt, equity shares, and mutual funds. We provide our high net worth private banking customers with a personal investment advisor who can consult with them on their individual investment needs.

Bill Payment Services

We offer our customers utility bill payment services for leading utility companies including electricity, telephone, mobile telephone and Internet service providers. Customers can also review and access their bill details through our direct banking channels. This service is valuable to customers because utility bills must otherwise be paid in person in India. We offer these services to customers through multiple distribution channels—ATMs, telephone banking, Internet banking and mobile telephone banking.

Corporate Salary Accounts

We offer Corporate Salary Accounts, which allow employers to make salary payments to a group of employees with a single transfer. We then transfer the funds into the employees' individual accounts, and offer them preferred services, such as preferential loan rates, and in some cases lower minimum balance requirements.

Non-Resident Indian Services

Non-resident Indians are an important target market segment for us given their relative affluence and strong ties with family members in India.

Retail Foreign Exchange

We purchase foreign currency from and sell foreign currency to retail customers in the form of cash, traveler's checks, demand drafts and other remittances. We also carry out foreign currency check collections.

Customers and Marketing

Our target market for our retail services comprises upper- and middle-income persons and high net worth customers. We also target small businesses, trusts and non-profit corporations. We market our products through our branches, telemarketing and a dedicated sales staff for niche market segments. We also use third-party agents and direct sales associates to market certain products and to identify prospective new customers. Additionally, we obtain new customers through joint marketing efforts with our wholesale banking department, such as our Corporate Salary Account package. We cross-sell many of our retail products to our customers. We also market our auto loan and two-wheeler loan products through joint efforts with relevant manufacturers and distributors.

We have programs that target other particular segments of the retail market. For example, our private and preferred banking programs provide customized financial planning to high net worth individuals in order to preserve and enhance their wealth. Private banking customers receive a personal investment advisor who serves as their single-point HDFC Bank contact, and who compiles personalized portfolio tracking products, including mutual fund and equity tracking statements. Our private banking program also offers equity investment advisory products. While not as service-intensive as our private banking program, preferred banking offers similar services to a slightly broader target segment. Top revenue-generating customers of our preferred banking program are channeled into our private banking program.

Wholesale Banking

Overview

We provide our corporate and institutional clients a wide array of commercial banking products and transactional services with an emphasis on high quality customer service and relationship management.

Our principal commercial banking products include a range of financing products, documentary credits (primarily letters of credit) and bank guarantees, foreign exchange and derivative products and corporate deposit products. Our financing products include loans, bill discounting and credit substitutes, such as commercial papers, debentures, preference shares and other funded products. Our foreign exchange and derivatives products assist corporations in managing their currency and interest rate exposures.

For our commercial banking products, we target the top end of the Indian corporate sector, including companies that are part of private sector business houses, public sector enterprises and multinational corporations, as well as leading small and mid-sized businesses. We also target suppliers and distributors of top-end corporations as part of a supply chain initiative for both our commercial banking products and transactional services whereby we provide credit facilities to these suppliers and distributors and thereby establish relationships with them. We aim to provide our corporate customers with high quality customized service. We have relationship managers who focus on particular clients and who work with teams that specialize in providing specific products and services, such as cash management and treasury advisory services.

Wholesale banking also includes microfinance lending to very small businesses in rural India. Toward this end, we have partnered with micro-finance institutions and non-governmental organizations involved in rural lending.

Our principal transactional services include cash management services, capital markets transactional services and correspondent banking services. We provide physical and electronic payment and collection mechanisms to a range of corporations, financial institutions and government entities. Our capital markets transactional services include custodial services for mutual funds and clearing bank services for the major Indian stock exchanges and commodity exchanges. In addition, we provide correspondent banking services, including cash management services and funds transfers, to foreign banks and cooperative banks.

Commercial Banking Products

Commercial Loan Products and Credit Substitutes

Our principal financing products are working capital facilities and term loans. Working capital facilities primarily consist of cash credit facilities and bill discounting. Cash credit facilities are revolving credits provided to our customers that are secured by working capital such as inventory and accounts receivable. Bill discounting consists of short-term loans which are secured by bills of exchange that have been accepted by our customers or drawn on another bank. In many cases, we provide a package of working capital financing that may consist of loans and a cash credit facility as well as documentary credits or bank guarantees. Term loans consist of short- and medium-term loans which are typically loans of up to five years in duration. More than 90% of our loans are denominated in rupees with the balance being denominated in various foreign currencies, principally the U.S. dollar. All of our commercial loans have been made to customers in India.

We also purchase credit substitutes, which are typically comprised of commercial paper, debentures and preference shares issued by the same customers with whom we have a lending relationship in our wholesale banking business. Investment decisions for credit substitute securities are subject to the

same credit approval processes as loans, and we bear the same customer risk as we do for loans extended to these customers. Additionally, the yield and maturity terms are generally directly negotiated by us with the issuer. Our credit substitutes have declined over the last three years primarily due to our customers' increased preference for loans which may have resulted from regulations that require the listing and rating of corporate paper.

While we generally lend on a cash-flow basis, we also require collateral from a large number of our borrowers. All borrowers must meet our internal credit assessment procedures, regardless of whether the loan is secured.

We price our loans based on a combination of our own cost of funds, market rates, our rating of the customer and the overall revenues from the customer. An individual loan is priced on a fixed or floating rate based on a margin that depends on the credit assessment of the borrower.

Bill Collection, Documentary Credits and Bank Guarantees

We provide bill collection, documentary credit facilities and bank guarantees for our corporate customers. Documentary credits and bank guarantees are typically provided on a revolving basis.

Bill collection. We provide bill collection services for our corporate clients in which we collect bills on behalf of a corporate client from the bank of our client's customer. We do not advance funds to our client until receipt of payment.

Documentary credits. We issue documentary credit facilities on behalf of our customers for trade financing, sourcing of raw materials and capital equipment purchases.

Bank guarantees. We provide bank guarantees on behalf of our customers to guarantee their payment or performance obligations. A large part of our guarantee portfolio consists of margin guarantees to brokers issued in favor of stock exchanges.

Foreign Exchange and Derivatives

We offer our corporate customers foreign exchange and derivative products including spot and forward foreign exchange contracts, interest rate swaps, currency swaps, currency options and other derivatives. We are a leading participant in many of these markets in India and believe we are among a few Indian banks with significant expertise in derivatives, a market currently dominated by foreign banks.

Precious Metals

We are in the business of importing gold and silver bullion to leverage our distribution and servicing strengths and cater to the domestic bullion trader segment. We generally import bullion on a consignment basis so as to minimize price risk.

Wholesale Deposit Products

As of December 31, 2008, we had wholesale deposits totaling Rs. 47,728 crore, which represented 32.9% of our total deposits. We offer both non-interest bearing current accounts and time deposits. We are allowed to vary the interest rates on our wholesale deposits based on the size of the deposit (for deposits greater than Rs. 15 lacs) so long as the rates booked on a day are the same for all customers of that deposit size for that maturity.

Transactional Services

Cash Management Services

We are a leading provider of cash management services in India. Our services make it easier for our corporate customers to expedite inter-city check collections, make payments to their suppliers more efficiently, optimize liquidity and reduce interest costs. In addition to benefiting from the cash float, which reduces our overall cost of funds, we also earn commissions for these services.

Our primary cash management service is check collection and payment. Through our electronically linked branch network, correspondent bank arrangements and centralized processing, we can effectively provide nationwide collection and disbursement systems for our corporate clients. This is

especially important because there is no nationwide payment system in India, and checks must generally be returned to the city from which written, in order to be cleared. Because of mail delivery delays and the variations in city-based inter-bank clearing practices, check collections can be slow and unpredictable, and can lead to uncertainty and inefficiencies in cash management. We believe we have a strong position in this area relative to most other participants in this market. Although the public sector banks have extensive branch networks, many of their branches typically are still not electronically linked. The foreign banks are also restricted in their ability to expand their branch network.

As of December 31, 2008, over 10,000 wholesale banking clients used our cash management services. These clients include leading Indian private sector companies, public sector undertakings and multinational companies. We also provide these services to most Indian insurance companies, many mutual funds, brokers, financial institutions and various government entities.

We have also implemented a straight-through processing solution to link our wholesale banking and retail banking systems. This has led to reduced manual intervention in transferring funds between the corporate accounts which are in the wholesale banking system and beneficiary accounts residing in retail banking systems. This initiative will help reduce transaction costs.

We have a large number of commercial clients using our corporate Internet banking for financial transactions with their vendors, dealers and employees who bank with us.

In 2005, the RBI introduced an inter-bank settlement system called the Real Time Gross Settlement (“RTGS”) system. The RTGS system facilitates real time settlements primarily between banks and therefore could have an adverse impact on our cash management services. However, we believe our cash management services offer certain advantages not present in RTGS, including the provision of greater information to our clients regarding the source and identity of payments. In addition, through our cash management services our clients receive checks from their customers, which we believe many of our clients prefer because the issuance of a bad check is a criminal offense in India.

Clearing Bank Services for Stock and Commodity Exchanges

We serve as a cash-clearing bank for major stock exchanges in India, including the National Stock Exchange of India Limited (“National Stock Exchange”) and the Bombay Stock Exchange Limited. As a clearing bank, we provide the exchanges or their clearing corporations with a means for collecting cash payments due to them from their members or custodians and a means of making payments to these institutions. We make payments once the broker or custodian deposits the funds with us. In addition to benefiting from the cash float, which reduces our cost of funds, in certain cases we also earn commissions on such services.

Custodial Services

We provide custodial services principally to Indian mutual funds, as well as to domestic and international financial institutions. These services include safekeeping of securities and collection of dividend and interest payments on securities. Most of the securities under our custody are in book-entry (dematerialized) form, although we provide custody for securities in physical form as well for our wholesale banking clients. We earn revenue from these services based on the value of assets under safekeeping and the value of transactions handled.

Correspondent Banking Services

We act as a correspondent bank for cooperative banks, cooperative societies and foreign banks. We provide cash management services, funds transfers and services such as letters of credit, foreign exchange transactions and foreign check collection. We earn revenue on a fee-for-service basis and benefit from the cash float, which reduces our cost of funds.

We are well positioned to offer this service to cooperative banks and foreign banks in light of the structure of the Indian banking industry and our position within it. Cooperative banks are generally restricted to a particular state, and foreign banks have limited branch networks. The customers of these banks frequently need services in other areas of the country that their own banks cannot provide. Because of our technology platforms, geographical reach and the electronic connectivity of our branch network, we can provide these banks with the ability to provide such services to their customers. By contrast, although the public sector banks have extensive branch networks and also provide correspondent banking services,

many of them have not yet created electronically connected networks and their branches typically operate independently of one another.

Tax Collections

We were the first private sector bank to be appointed by the government of India to collect direct taxes. In fiscal 2007 and fiscal 2008, we collected more than Rs. 36,550 crore and Rs. 61,030 crore respectively, of direct taxes for the government of India. We are also appointed to collect sales, excise and service tax within certain jurisdictions in India. In fiscal 2007 and fiscal 2008, we collected more than Rs. 7,350 crore and Rs. 12,700 crore, respectively, of such indirect taxes for the government of India and relevant state governments. We earn a fee from each tax collection and benefit from the cash float. We hope to expand our range of transactional services by providing more services to government entities.

Treasury

Our Treasury Group manages our balance sheet, including our maintenance of reserve requirements and our management of market and liquidity risk. Our Treasury Group also provides advice and execution services to our corporate and institutional customers with respect to their foreign exchange and derivatives transactions. In addition, our Treasury Group seeks to optimize profits from our proprietary trading, which is principally concentrated on Indian government securities.

Our client-based activities consist primarily of advising corporate and institutional customers and transacting spot and forward foreign exchange contracts and derivatives. Our primary customers are multinational corporations, large- and medium-sized domestic corporations, financial institutions, banks and public sector undertakings. We also advise and enter into foreign exchange contracts with some small companies and non-resident Indians.

The following describes our activities in the foreign exchange and derivatives markets, domestic money markets and debt securities desk and equities market.

Foreign Exchange

We trade spot and forward foreign exchange contracts, primarily with maturities of up to three years, with our customers. To support our clients' activities, we are an active participant in the Indian inter-bank foreign exchange market. We also trade, to a more limited extent, for our own account. We believe we are a market maker in the dollar-rupee segments. Although spreads are very narrow, our total volume of trading is significant with US\$ 671.30 billion in foreign exchange traded in fiscal 2008.

Derivatives

We believe we are among the few Indian banks that are significant participants in the derivatives market, which is dominated by foreign banks. We offer rupee-based interest rate swaps, cross-currency swaps, forward rate agreements, options and other products. We also engage in proprietary trades of rupee-based interest rate swaps and use them as part of our asset liability management.

Domestic Money Market and Debt Securities Desk

Our principal activity in the domestic money market and debt securities market is to ensure that we comply with our reserve requirements. These consist of a cash reserve ratio, which we meet by maintaining balances with the RBI, and a statutory liquidity ratio, which we meet by purchasing Indian government securities. Our local currency desk primarily trades Indian government securities for our own account. We also participate in the inter-bank call deposit market and engage in limited trading of other debt instruments.

Equities Market

We trade a limited amount of equities of Indian companies for our own account. As of March 31, 2008, we had an internal approved limit of Rs. 30 crore for secondary market purchases and Rs. 10 crore for primary purchases of equity investments for proprietary trading. We set limits on the amount invested in any individual company as well as stop-loss limits.

VI. DETAILS OF BONDS SOUGHT TO BE ISSUED AND LISTED

The Bonds sought to be issued and listed are Unsecured Redeemable Non-Convertible Subordinated Bonds in the nature of Debentures aggregating Rs 100 crore for inclusion as Lower Tier II Capital and Rs 100 crore for inclusion as Upper Tier II both with an option to retain oversubscription on Private Placement basis.

Face Value of Each Bond is Rs 10,00,000 each.

A detailed term sheet for the proposed bond issue is given on pages 35 and 36 of this Disclosure Document

VII. ISSUE SIZE

Aggregate amount of Rs. 200 crore, comprising Lower Tier II bonds of Rs. 100 crore and Upper Tier II Bonds of Rs. 100 crore both with an option to retain oversubscription.

VIII. UTILISATION OF ISSUE PROCEEDS:

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

IX. MATERIAL CONTRACTS AND AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS

Currently there are no material contracts or agreements involving financial obligations of the issuer.

X. DETAILS OF PAST BORROWINGS INCLUDING DEBT SECURITIES

The details of borrowings and deposits as on December 31, 2008 are given hereunder:

(Rs. crore)		
Borrowings		
1) Borrowings in India		1,101.17
i) RBI		-
ii) Other Banks	1,101.17	
iii) GOI Borrowings		-
iv) Others	0.07	
2) Borrowings outside India		3,409.84
3) Subordinated Tier II Bonds		5,310.70
4) Deposits		144,862.47
Total		154,684.18

Details of Bonds Issued and Outstanding as on December 31, 2008.

(Rs. crore)

Capital Instruments	Eligible for inclusion under	Nature of instrument	Date of allotment	Date of Maturity	Coupon rate	Amount O/S
Perpetual debt instrument	Tier I capital	Innovative perpetual debt instrument	08-Sep-06	Perpetual (call option after 10 years)	9.92%	200.00
Debt capital instrument	Upper Tier II capital	Unsecured non-convertible bonds	05-Jun-06	05-Jun-21	8.80%	300.00
Debt capital instrument	Upper Tier II capital	Unsecured non-convertible bonds	05-Sep-06	05-Sep-21	9.20%	300.00
Debt capital instrument	Upper Tier II capital	Unsecured non-convertible bonds	20-Oct-06	20-Oct-21	8.95%	35.90
Debt capital instrument	Upper Tier II capital	Foreign currency borrowing of USD 100 million	21-Nov-06	15-Dec-21	LIBOR + 120 bps	469.65
Debt capital instrument	Upper Tier II capital	Unsecured non-convertible bonds	24-May-07	23-May-22	10.84%	100.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	29-Jan-04	04-May-16	6.00%	5.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	04-Feb-04	04-May-13	5.90%	395.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	27-Oct-05	27-Apr-15	7.50%	253.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	28-Nov-05	28-Jun-15	7.50%	70.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	05-Dec-05	28-Jun-15	7.50%	91.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	20-Jan-06	20-Apr-15	7.75%	231.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	24-Feb-06	24-Oct-15	8.25%	257.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	28-Mar-06	04-Feb-16	8.60%	300.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	19-May-06	19-May-16	8.45%	169.00

Capital Instruments	Eligible for inclusion under	Nature of instrument	Date of allotment	Date of Maturity	Coupon rate	Amount O/S
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	08-Sep-06	05-Sep-16	9.10%	241.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	16-Jun-04	16-May-10	6.85%	28.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	25-Jan-05	25-May-10	11.21%	2.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	25-Jan-05	25-May-10	8.50%	29.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	16-Jun-04	16-May-14	7.05%	15.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	25-Jan-05	25-May-14	8.75%	4.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	23-Mar-02	23-Jun-09	9.60%	16.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	31-Mar-03	30-Jun-10	8.30%	3.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	31-Mar-04	30-Jun-11	7.00%	50.50
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	31-Mar-04	30-Jun-11	7.10%	0.20
Debt capital instrument	Upper Tier II capital	Unsecured non-convertible bonds	26-Dec-08	26-Dec-23	10.85%	578.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	26-Dec-08	26-Dec-18	10.70%	1,150.00

XI. RECENT MATERIAL EVENT/ DEVELOPMENT

Results for the Quarter and Nine Months ended December 31, 2008.

(Rs. lacs)

	Particulars	Quarter Ended	Quarter Ended	Nine Months ended	Nine Months ended	Year ended
		31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.03.2008
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Interest Earned (a)+(b)+(c)+(d)	446850	272690	1208144	715882	1011500
	a) Interest/discount on advances/bills	333796	186725	903958	495779	696673
	b) Income on Investments	102821	77019	288157	199441	287204
	c) Interest on balances with Reserve					
	Bank of India and other inter bank funds	10052	8806	15777	20290	27239
	d) Others	181	140	252	372	384
2	Other Income	93939	67889	217592	173381	228315
3	A) TOTAL INCOME (1) + (2)	540789	340579	1425736	889263	1239815
4	Interest Expended	248925	128932	651227	357304	488712
5	Operating Expenses (i) + (ii)	146056	105012	413665	264288	374562
	i) Employees cost	58214	35283	173435	95575	130135
	ii) Other operating expenses	87842	69729	240230	168713	244427
6	B) TOTAL EXPENDITURE (4)+(5) (excluding Provisions & Contingencies)	394981	233944	1064892	621592	863274
7	Operating Profit before Provisions and Contingencies (3) -(6)	145808	106635	360844	267671	376541
8	Provisions (Other than tax) and Contingencies	53179	42313	122229	101964	148478
9	Exceptional Items	-	-	-	-	-
10	Profit / (Loss) from ordinary activities before tax (7-8-9)	92629	64322	238615	165707	228063
11	Tax Expense	30455	21386	77208	53800	69045
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	62174	42936	161407	111907	159018
13	Extraordinary items (net of tax expense)	-	-	-	-	-
14	Net Profit / (Loss) (12-13)	62174	42936	161407	111907	159018
15	Paid up equity share capital (Face Value of Rs.10/- each)	42514	35408	42514	35408	35443
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)					1114280

17	Analytical Ratios					
	(i) Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
	(ii) Capital Adequacy Ratio	13.7%	13.8%	13.7%	13.8%	13.6%
	(iii) Earnings per share (Rs.)					
	(a) Basic EPS before & after extraordinary items (net of tax expense) -not annualized	14.6	12.1	38.0	32.9	46.2
	(b) Diluted EPS before & after extraordinary items (net of tax expense) -not annualized	14.6	11.9	37.8	32.4	45.6
	(iv) NPA Ratios					
	(a) Gross NPA	191141	86697	191141	86697	90697
	(b) Net NPA	61433	27978	61433	27978	29852
	(c) % of Gross NPA to Gross Advances	1.9%	1.2%	1.9%	1.2%	1.3%
	(d) % of Net NPA to Net Advances	0.6%	0.4%	0.6%	0.4%	0.5%
	(v) Return on assets (average) - not annualized	0.3%	0.3%	0.9%	1.0%	1.3%
18	Public Shareholding					
	- No. of shares	342701428	271632320	342701428	271632320	271989920
	- Percentage of Shareholding	80.6%	76.7%	80.6%	76.7%	76.7%

Segment information in accordance with the Accounting Standard on Segment Reporting (AS 17) of the operating segments of the Bank is as under:

Particulars	(Rs. lacs)				
	Quarter Ended 31.12.2008	Quarter Ended 31.12.2007	Nine Months ended 31.12.2008	Nine Months ended 31.12.2007	Year ended 31.03.2008
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Segment Revenue					
a) Treasury	138440	101092	344638	250623	353373
b) Retail Banking	381597	245009	1105223	659200	909649
c) Wholesale Banking	315935	180914	823337	474343	673731
d) Other banking operations	58614	35574	146769	86734	127942
e) Unallocated	-	-	351	-	-
Total	894586	562589	2420318	1470900	2064695
Less: Inter Segmental Revenue	353,797	222010	994582	581637	824880
Income from Operations	540789	340579	1425736	889263	1239815
2 Segment Results					
a) Treasury	18404	15913	6501	39701	48832
b) Retail Banking	27858	4984	111342	33879	54015
c) Wholesale Banking	36000	40481	103679	90398	119796
d) Other banking operations	17975	9294	38442	20879	30987
e) Unallocated	(7608)	(6350)	(21349)	(19150)	(25567)
Total Profit Before Tax	92629	64322	238615	165707	228063
3 Capital Employed (Segment Assets - Segment Liabilities)					
a) Treasury	6007445	4214011	6007445	4214011	5056093
b) Retail Banking	(3359638)	(2303055)	(3359638)	(2303055)	(1903697)
c) Wholesale Banking	(1323325)	(900786)	(1323325)	(900786)	(2109915)
d) Other banking operations	405449	280513	405449	280513	325401

e) Unallocated	(1729931)	(1290683)	(1729931)	(1290683)	(1367882)
Total	-	-	-	-	-

Business Segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organization structure, the internal business reporting system and the guidelines prescribed by RBI.

Geographic Segments

Since the Bank does not have material earnings emanating outside India, the Bank is considered to operate in only the domestic segment.

Notes :

- 1 The above results have been approved by the Board at its meeting held on October 16, 2008.
- 2 The results for the quarter and half-year ended September 30, 2008 includes operations of erstwhile Centurion Bank of Punjab Ltd. (eCBoP) for the same period, on amalgamation of eCBoP with HDFC Bank Ltd. with effect from the appointed date of April 1, 2008 as per the Scheme of Amalgamation (Scheme). Hence the results for the quarter and half-year ended September 30, 2008 are not comparable with that of the corresponding period of the previous year.
- 3 During the quarter and half-year ended September 30, 2008, the Bank allotted 412,700 shares and 712,600 shares respectively pursuant to the exercise of stock options by certain employees.
- 4 Other income relates to income from non-fund based banking activities including commission, fees, foreign exchange earnings, earnings from derivative transactions and profit and loss (including revaluation) from investments.
- 5 Provision for taxes includes Rs.6.10 crore and Rs.13.10 crore towards provision for Fringe Benefit Tax for the quarter and half-year ended September 30, 2008.
- 6 As on September 30, 2008, the total number of branches (including extension counters) and the ATM network stood at 1,412 branches and 2890 ATMs respectively.
- 7 Information on investor complaints pursuant to Clause 41 of the listing agreement for the quarter ended September 30, 2008: Opening : nil ; Additions : 62 ; Disposals : 62 ; Closing position : nil.
- 8 The results for the quarter ended September 30, 2008, have been subjected to a "Limited Review" by the Statutory Auditors of the Bank.
- 9 Figures of the previous period have been regrouped /reclassified wherever necessary to conform to current period's classification.
- 10 Rs. 10 lac = Rs. 1 million
Rs. 10 million = Rs. 1 crore

XII. DEBT SECURITIES ISSUED

- (I) For consideration other than cash - None
- (II) At a premium or discount - None
- (III) In pursuance of an option - None

XIII. DETAILS OF HIGHEST TEN HOLDERS OF EACH KIND OF SECURITIES OF THE ISSUER

A : Equity Shares (as on February 06, 2009)

Sr. No.	Shareholder	Address	No. of Shares	% Holding
1	JP Morgan Chase Bank (Depository to the Bank's ADSs)	C/o ICICI Bank, SMS, Empire House, 1 st Floor, Senapati Bapat Marg, Lower Parel Mumbai 400013	70,772,037	16.64%
2	Housing Development Finance Corporation Limited	HDFC Bank Ltd. Custody Services, Tradeworld A Wing Gr Floor, Kamala Mills compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013	52,442,000	12.33%
3	HDFC Investments Limited	Ramon House, 169 Backbay reclamation, Mumbai 400020	30,000,000	7.05%
4	Life Insurance Corporation of India	Investment Department, 6 th floor, West wing, central office, Yogakshema, Jeevan Bima marg, Mumbai, 400021	21,251,694	6.41%
5	ICICI Prudential Life Insurance Co. Ltd.	Deutsche Bank AG, DB House, Hazarimal Somani Marg, Fort, Mumbai 400001	13,576,724	3.19%
6	DBS Bank Ltd.	DBS Bank Ltd. custody department, 3 rd floor, Fort house, 221 Dr. DN Road, Fort, Mumbai 400001	11,620,886	2.73%
7	Bank Muscat SAOG	P.O Box 134, PC 112 Ruwi, Oman 112	9,051,724	2.13%
8	Europacific Growth Fund	HSBC securities services, 2 nd floor 'Shiv' plot no 139-140 B, western express highway, Sahar road junction, Vile Parle Mumbai 400057	5,921,258	1.38%
9	Deutsche Bank Trust Co. Americas (Depository to the Bank's GDRs)	C/o ICICI Bank, SMS, Empire House, 1 st Floor, Senapati Bapat Marg, Lower Parel Mumbai 400013	5,815,069	1.37%
10	JP Morgan Asset Management (Europe) S.A.R.L.A/C Flagship Indian investment company (Mauritius) Limit	HSBC Securities, 2 nd floor 'Shiv', plot no. 139-140 B western express highway, sahar road junction, vile parle E, Mumbai 400057	4,484,653	1.05%

B: Debt securities (as on January 16, 2009)

(Rs. Crore)

Sr. No	Name of Bond Holder	Address	Amount
1	Life Insurance Corporation of India	Investment Department 6 th Floor, West Wing, Central Office, Yogakshema, Jeevan Bima Marg, Mumbai 400021	745.00
2	CBT EPF EPS A/c HSBC AMC Ltd.	HDFC Bank Ltd. Custody services, Trade World A Wing, Ground floor, Kamala mills compound S.B Marg Lower Parel, Mumbai 400013	503.00
3	CBT EPF EPF A/c ICICI Prudential AMC Ltd.	HDFC Bank Ltd. Custody services, Trade World A Wing, Ground floor, Kamala mills compound S.B Marg Lower Parel, Mumbai 400013	400.00
4	CBT EPF EPF A/c Reliance Capital AMC Ltd.	HDFC Bank Ltd. Custody services, Trade World A Wing, Ground floor, Kamala mills compound S.B Marg Lower Parel, Mumbai 400013	350.00
5	Coal Mines Provident Fund	C/O ICICI Securities Primary Dealership Limited, ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400020	303.50
6	Central Board of Trustees Employees Provident Fund	State Bank of India, EPFO Securities services Branch 2 nd floor, Mumbai Main branch, Samachar Marg, Mumbai 400023	260.00
7	ICICI Prudential Life Insurance Company Limited	Deutsche Bank AG, DB House, Hazarimal Somani Marg, Fort, P.O Box no. 1142, Mumbai 400 001	185.00
8	ICICI Prudential Income Plan	HDFC Bank Ltd. Custody services, Trade World A Wing, Ground floor, Kamala mills compound S.B Marg Lower Parel, Mumbai 400013	150.00
9	Army Group Insurance Fund	AGI Bagwanrao Tula Ram Marg, GBP 14, PO Vasant Vihar, New Delhi 110057	130.00
10	Infrastructure Development Finance Company Limited	C/o Standard Chartered Bank Securities services, 23-25 MG Road, Fort, Mumbai 400001	105.90

XIV UNDERTAKING TO USE A COMMON FORM OF TRANSFER

The Bonds of the Bank would be issued and traded only in dematerialised form. Therefore the bonds issued under this issue would be only in dematerialised form and there would be no physical certificate of the Bonds issued.

Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSE/Depositories/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof.

XV REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION

Redemption Amount

Lower Tier II Each Bonds would be redeemed at the face value of Rs.1,000,000/- (Rupees Ten Lacs) per Bond.

Upper Tier II Each Bonds would be redeemed at the face value of Rs.1,000,000/- (Rupees Ten Lacs) per Bond.

Period of Maturity

Lower Tier II: Ten years from the deemed date of allotment.

Upper Tier II: Fifteen years from the deemed date of allotment.

Yield on Redemption:

Lower Tier II: Annualized yield on redemption is 9.75% (XIRR)

Upper Tier II: Annualized yield on redemption (assuming maturity of 15 years) is 10.04% (XIRR)

XVI TERMS OF OFFER

The Bonds offered are subject to provisions of the Companies Act, 1956, Securities Contract Regulation Act, 1956, Memorandum and Articles of Association of the Bank, Terms of this Information Memorandum, Instructions contained in the Application Form and other terms and conditions as may be incorporated in the Trustee Agreement and Bond Trust Deed. Over and above such terms and conditions, the Bonds shall also be subject to the applicable provisions of the Depositories Act 1996 and the laws as applicable, guidelines, notifications and regulations relating to the allotment & issue of capital and listing of securities issued from time to time by the Government of India (GoI), Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), concerned Stock Exchange(s) or any other authorities and other documents that may be executed in respect of the Bonds.

HDFC Bank Ltd. 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 debentures in a Company, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Insurance Companies, Provident Funds, Pension 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 Disclosure document 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 Disclosure document comes is required to inform himself about and to observe any such restrictions

Nature and status of Bonds

Upper Tier II

The Bonds will be issued in the form of Unsecured Redeemable Non-Convertible Subordinated (Upper Tier II) Bonds in the nature of Debentures. The claims of the investors in Upper Tier II instruments shall be superior to the claims of investors in instruments eligible for inclusion in Tier 1 capital and subordinate 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. Also these bonds are subject to lock-in-provisions and HDFC Bank shall not be liable to pay either interest or principal, even at maturity, if the bank's CRAR is below the minimum regulatory requirement prescribed by RBI; **OR** the impact of such payment results in bank's capital to risk assets ratio (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by Reserve Bank of India. However, banks may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss provided CRAR remains above the regulatory norm. The interest amount due and remaining unpaid may be allowed to be paid in the later years in cash/ cheque subject to the bank complying with the above regulatory requirement. (RBI circular **DBOD.No.BP.BC. 11 /21.06.001/2008-09** dated July 1, 2008)

Lower Tier II

The Bonds will be issued in the form of Unsecured Redeemable Non-Convertible Subordinated Bonds (Lower Tier II) in the nature of Debentures. The Bonds will constitute direct, unsecured and subordinated obligations of the Bank, ranking pari-passu with the existing/ future subordinated debt of the Bank and subordinated to the claims of all other creditors and depositors of the Bank as regards repayment of principal and interest by the bank. The bank proposes to issue Unsecured Subordinated Debentures in the nature of Non-convertible Redeemable Debentures. The Bonds shall be free of any restrictive clauses and shall not be redeemable at the initiative of the holder or without the consent of the Reserve Bank of India (RBI).

Depository Arrangements

The Bank has appointed Datamatics Financial Services Limited, Plot No A.16 & 17, MIDC, Part B Crosslane, Andheri (East), Mumbai, as Registrars & Transfer Agent for the present bond issue. The Bank has made necessary depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the issue and holding of Bonds in dematerialized form. Investors shall hold the bonds only in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

Procedure for applying in demat form

- The applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.
- The applicant must necessarily fill in the details (including the beneficiary account number and Depository Participant's ID) appearing in the Application Form under the heading 'Details for Issue of Bonds in Electronic/ Dematerialised Form'.
- Bonds allotted to an applicant will be credited directly to the applicant's respective Beneficiary Account(s) with the DP.
- For subscribing the bonds, names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
- Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrars to the Issue.
- If incomplete/incorrect details are given under the heading 'Details for Issue of Bonds in Electronic/ Dematerialised Form' in the application form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Bank.
- For allotment of Bonds, the address, nomination details and other details of the applicant as registered with his/her/its DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her/its demographic details given in the application form vis-à-vis those with his/her/its DP. In case the information is incorrect or insufficient, the Issuer would not be liable for losses, if any.
- It may be noted that Bonds being issued in electronic form, the same can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. The National Stock Exchange and the Bombay Stock Exchange where the Bonds of the Bank are proposed to be listed have connectivity with NSDL and CDSL.
- Interest or other benefits would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to the Bank as on Record Date/ Book Closure Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date/ Book Closure Date, the Bank would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to the Bank, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- Investors may note that pursuant to circular no. SEBI/MRD/SE/AT/36/2003/30/09 dated September 30, 2003 issued by SEBI, the Bonds of the Bank would be issued and traded only in dematerialised form.

Market Lot

The market lot will be one Bond ("Market Lot"). Since the bonds are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of bonds.

Letter(s) of Allotment/ Bond Certificate(s)/ Refund Order(s)

Issue of Letter(s) of Allotment

The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within 15 days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of all statutory formalities, such credit in the account will be akin to a Bond Certificate.

Despatch of Refund Orders

The Bank shall ensure dispatch of Refund Order(s) by registered post/speed post/courier/hand delivery and adequate funds for the purpose shall be made available to the Registrar to the Issue by the Issuer Company.

Terms of Payment

The full face value of the Bonds applied for is to be paid along with the Application Form. Investor(s) need to send in the Application Form and the cheque(s)/ demand draft(s) for the full face value of the Bonds applied for along with the necessary supporting documents.

Payment of Interest

The interest will be payable as per the terms set out in the term sheet for the respective tranche to the Bondholder(s) whose names appear in the List of Beneficial Owners given by the Depository to the Bank on the Record Date. Payment of interest will be made either electronically or through RTGS (if indicated in the application form) or by way of cheque(s)/ interest warrant(s)/ demand draft(s), which will be dispatched to the sole/ first applicant, 7 days before the due date(s) by registered post/speed post/courier/hand delivery at the sole risk of the applicant. The warrants shall be payable at par at all locations where HDFC Bank has a branch presence.

For Upper Tier II

With reference to the RBI circular no. RBI circular **DBOD.No.BP.BC. 11 /21.06.001/2008-09** dated July 1, 2008 regarding Terms and conditions applicable Debt capital instrument to qualify for inclusion as Upper Tier II Capital, these Bonds are free of any restrictive clauses and shall not be redeemable at the initiative of the holder. Redemption of these Bonds shall be made only with the prior approval of the RBI.

Further these Bonds shall be subjected to a **lock-in clause** in terms of which the Bank shall not be liable to pay principal even at maturity if

- (a) The bank's CRAR is below the minimum regulatory requirement prescribed by RBI; **or**
- (b) The impact of such payment results in bank's capital to risk assets ratio (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by Reserve Bank of India.

- However, banks may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss provided CRAR remains above the regulatory norm.
- The interest amount due and remaining unpaid may be allowed to be paid in the later years in cash/cheque subject to the bank complying with the above regulatory requirement.

Seniority of claim

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

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

Tax Deduction at Source (TDS)

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/ lower rate of TDS, relevant certificate(s)/ document(s) must be lodged 30 days before the coupon date or 31st March whichever is earlier, each financial year with the Company Secretary, HDFC Bank Ltd., 2nd Floor, Process House, Kamala Mills Compound, Lower Parel (West), Mumbai - 400 013, or to such other person(s) at such other address (es) as the Bank may specify from time to time through suitable communication. Tax exemption certificate on interest on application money, should be submitted along with the Application Form. Where any deduction of Income Tax is made at source, the Bank shall send to the Bondholder(s) a Certificate of Tax Deduction at Source. Bondholder(s) should also consult their own tax advisers on the tax implications of the acquisition, ownership and sale of Bonds, and income arising thereon.

Put & Call Option***Lower Tier II***

No Put option and Call Option

Upper Tier II

Put option: Put Option is not available to the Bondholder(s).

Call Option: HDFC Bank shall retain a call Option at par on these Bonds subject to strict compliance with each of the following conditions:

- Call option may be exercised only if the Bond has run for at least ten years
- Call option shall be exercised only with the prior approval of RBI (Department of Banking Operations and Development).

Redemption

The bonds shall not be redeemable at the initiative of the holder or without the consent of the RBI. Unless previously redeemed or purchased and cancelled, each bond will be redeemed at par on Maturity date subject to permission from RBI and subject to the events as specified in the Master circular – Prudential Guidelines on Capital Adequacy and market Discipline – Implementation of the new Capital Adequacy Framework (NCAF) dated June 30, 2008.

In case if the principal redemption date falls on a day which is not a Business Day ('Business Day' being a day on which Commercial Banks are open for Business in the city of Mumbai, Maharashtra), then the payment due shall be made on the next Business Day together with additional interest for the intervening period.

Step-up Option

Lower Tier 2:

Not applicable as there is no put call option

Upper Tier 2:

The Step up option shall be exercised only once during the life of the bond, in conjunction with the call option, at the end of the tenth year from the deemed date of allotment, if the call option is not exercised. The step up shall be 50 bps over original coupon of the Bond.

Payment on Redemption

Payment on redemption will be made electronically or through RTGS (if indicated in the application form) or by cheque(s)/ warrants(s) in the name of the Bondholder whose name appears on the List of Beneficial owners given by Depository to the Bank as on the Record Date. On the Bank dispatching the redemption warrants to such Beneficiary (ies) by registered post/speed post/courier/hand delivery, the liability of the Bank shall stand extinguished. The Bonds shall be taken as discharged on dispatch of redemption warrants by the Bank on maturity to the list of Beneficial Owners as provided by NSDL/ CDSL/ Depository Participant. The Bank will inform NSDL/ CDSL/ Depository Participant about the redemption and the necessary corporate action would be taken. The Bank's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further the Bank will not be liable to pay any interest or compensation from the date of redemption. On the Bank dispatching the warrants or crediting the beneficiary's account by relevant amount as specified above in respect of the Bonds, the liability of the Bank shall stand extinguished.

Record Date and Beneficial Owners

The Bank shall be at liberty to fix the record date to facilitate payment of interest and / or for redemption of Bonds. The Bank shall request the Depository(ies) to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

Effect of Holidays

Should any of dates defined above or elsewhere in the Disclosure Document, excepting the Deemed Date of Allotment, fall on a Sunday or a Public Holiday, the next working day shall be considered as the effective date(s).

Mode of Transfer of Bonds

Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSE/Depositories/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof.

Trustees for the Bondholders

The Bank has appointed IDBI Trusteeship Services Limited to act as Trustees for the Bondholders ("Trustees"). The Bank and the Trustees will enter into a Trustee Agreement, inter alia, specifying the powers, authorities and obligations of the Trustees and the Bank. The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the Bondholder(s). Any payment made by the Bank to the Trustees on behalf of the Bondholder(s) shall discharge the Bank pro tanto to the Bondholder(s).

The Trustees will protect the interest of the Bondholders in the event of default by the Bank in regard to timely payment of interest and repayment of principal and they will take necessary action at the cost of the Bank.

Right to Accept or Reject Applications

The Bank reserves the right at its sole and absolute discretion to accept subscription amount(s). The Board of Directors/ Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. The Application Forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of bonds applied for is less than the minimum application size;
- Applications exceeding the issue size;
- Bank account details not given;
- Details for issue of bonds in electronic/ dematerialised form not given;
- PAN/GIR and IT Circle/Ward/District not given;
- In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;
- In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

Disposal of Applications and Application Money

The Board of Directors/ Committee of Directors of the bank reserves its full unqualified and absolute discretion without giving any reason, the right to accept or reject any application in whole or in part. If any application is rejected in full, the whole of the application money received, and if the application is rejected in part, the excess application money, after adjustment of allotment money if any, will be refunded to the applicants by registered post/speed post/courier/hand delivery. Adequate funds for the purpose shall be made available by the bank to the Registrar to the Issue.

No receipt will be issued by the bank. However, the nominated branches of the bank receiving the application will acknowledge the receipt of the application by stamping and returning the detachable acknowledgement slip appended to each application form. Refund (if any) will be made by cheque/ demand draft drawn on the bank at Mumbai and payable at par at all the places where applications are accepted.

Procedure and Time Schedule for Allotment/ Refund

The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within 15 days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Bond Certificate.

Letter(s) of Regret along with Refund Order(s), as the case may be, will be dispatched by registered post/ speed post/courier/hand delivery, at the sole risk of the applicant to the sole/ first applicant within 15 days of close of the Issue. The Bank will provide adequate funds to the Registrars to the Issue, for the purpose of dispatch of Letter(s) of Regret/ Refund Order(s).

Subject to the completion of all legal formalities within 3 months from the Deemed Date of Allotment, or such extended period as may be approved by the Appropriate Authorities, the initial credit akin to a Letter of Allotment in the Beneficiary Account of the investor would be replaced with the number of Bonds allotted which will be akin to a Bond Certificate.

In case of joint applications, refund/ pay orders, if any, will be made out in the first name and all communications will be addressed to the person whose name appears first in the application form.

Over-subscription and Basis of Allotment

The Board of Directors/ Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. Interest on application money will be paid from the date of realisation of the cheque(s)/ demand drafts(s) till one day prior to the date of refund. The Application Forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money.

Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of bonds applied for is less than the minimum application size;
- Applications exceeding the issue size;

- Bank account details not given;
- Details for issue of bonds in electronic/ dematerialised form not given;
- PAN/GIR and IT Circle/Ward/District not given;
- In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

In the event of issue being oversubscribed, the Bank reserves its full, unqualified and absolute right of allotment/ rejection in full or prorata at its discretion without assigning any reason thereof.

Interest on Application Money

Interest on application money will be the same as the Coupon rate (subject to deduction of Tax at Source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modifications or re-enactment thereof) will be paid on application money to the applicants from the date of realisation of but excluding the deemed date of allotment. Such interest shall be paid on all the valid applications, computed on an Actual/365 day basis as per the following table:

Portion of Application Money	Interest	
	From	To
Allotted portion	Date of realisation of Cheque/Demand Draft	One day prior to deemed date of allotment
Refunded portion	Date of realisation of Cheque/Demand Draft	One day prior to date of refund

Where the entire subscription amount has been refunded, the interest on application money will be payable along with the Refund Orders. Where an applicant is allotted lesser number of bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on application money. The interest cheque(s)/ demand draft(s) for interest on application money (along with Refund Orders, in case of refund of application money, if any) shall be dispatched by the Bank within 15 days from the Deemed Date of Allotment and the relative interest warrant(s) along with the Refund Order(s), as the case may be, will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant.

HOW TO APPLY

General

This Information Memorandum is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the Bonds issued by the Bank. The document is for the exclusive use of the person(s) to whom it is delivered and it should not be circulated or distributed to third parties. The document would be sent specifically addressed to such persons by the Issuer Bank.

The Issue/Offer/Book will open for subscription at the commencement of banking hours and close at the close of banking hours on the dates indicated under the head "Issue Schedule" above or earlier or on such extended date as may be decided by the Bank at its sole and absolute discretion without giving any reasons or prior notice. In such a case, investors will be intimated about the revised time schedule by the Bank. The Bank also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice.

Only eligible investors as given hereunder may apply for bonds through the procedure detailed hereunder. Applications not completed in the said manner are liable to be rejected. Application Form duly completed in all respects must be submitted with the designated branch of the Bankers to the Issue. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

The Application Forms must be completed in the prescribed format in BLOCK LETTERS in English as per the instructions contained therein. The applicant or in the case of an application in joint names, each of the applicants, should mention his/her/it's Permanent Account Number (PAN) allotted

under the Income-tax Act, 1961 or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District No. As per the provision of Section 139A(5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention "Applied for" and in case the applicant is not assessed to income tax, the applicant shall mention 'Not Applicable' (stating reasons for non applicability) in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected.

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form at the address mentioned therein.

Unless the Issuer specifically agrees in writing with or without such terms or conditions it deems fit, a separate single cheque/ demand draft must accompany each Application Form. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are made.

Application Form must be accompanied by either demand draft(s) or cheque(s) drawn or made payable in favour of 'HDFC Bank Limited' and crossed 'Account Payee Only'. Cheque(s)/ demand draft(s) may be drawn on any bank including a co-operative bank, which is a member or a sub-member of the Bankers Clearing House located at Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, or New Delhi.

Investors in centres which do not have any bank, including a co-operative bank, which is a member or sub-member of the Banker's Clearing House located at any of the centres mentioned above, will be required to make payments only through demand drafts payable at any one of the above centres. Cash, outstation cheques, money orders, postal orders and stockinvest shall not be accepted. The Bank assumes no responsibility for any applications/ cheques/ demand drafts lost in mail.

No separate receipts shall be issued for the application money. However, Bankers to the Issue at their Designated Branch receiving the duly completed Application Forms will acknowledge the receipt of the applications by stamping and returning the acknowledgment slip to the applicant. Applications shall be deemed to have been received by the Issuer only when submitted to Bankers to the Issue at their designated branch and not otherwise.

Further instructions, will be provided in the Term Sheet at the time of issuance

Who Can Apply

The following categories of investors may apply for the bonds, subject to fulfilling their respective investment norms/ rules by submitting all the relevant documents along with the application form.

- Scheduled Commercial Banks;
- Financial Institutions;
- Insurance Companies;
- Primary/ State/ District/ Central Co-operative Banks (subject to permission from RBI);
- Provident, Gratuity, Pension and Superannuation Funds;
- Regional Rural Banks;
- Mutual Funds;
- Companies, Bodies Corporate authorised to invest in bonds;
- Trusts, Association of Persons, Societies registered under the applicable laws in India which are duly authorized to invest in bonds.

Applications not to be made by

- Partnership Firms or their nominees;
- Overseas Corporate Bodies (OCBs);

Applications 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 signature(s) of all the authorized signatories and the tax exemption

certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Bank or to its Registrars or to such other person(s) at such other address (es) as may be specified by the Bank from time to time through a suitable communication.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Funds

The Government of India has permitted Provident, Pension, Superannuation and Gratuity Funds, subject to their assessment of the risk-return prospects, to invest up to 10 per cent in the Bonds and securities issued by private sector organisation including banks provided that the bonds or securities have an investment grade rating from at least two credit rating agencies. Accordingly, provident, superannuation and gratuity funds can invest up to 10 per cent of their corpus in these bonds.

Application by Mutual Funds

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

Future Borrowings

The Bank shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue Bonds/ Debentures/ Notes other securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as the Bank may think appropriate, without the consent of, or intimation to, the Bondholder(s) or the Trustees in this connection.

Bondholder not a Shareholder

The Bondholders shall not be entitled to any of the rights and privileges available to the Shareholders.

Rights of Bondholders

The Bonds shall not, except as provided in the Companies Act, 1956 confer upon the holders thereof any rights or privileges available to the members of the Bank including the right to receive Notices or Annual Reports of, or to attend and/or vote, at the General Meeting of the Bank. However, if any resolution affecting the rights attached to the Bonds is to be placed before the shareholders, the said resolution will first be placed before the concerned registered Bondholders for their consideration. In terms of Section 219(2) of the Act, holders of Bonds shall be entitled to a copy of the Balance Sheet on a specific request made to the Bank.

The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of Special Resolution passed at a meeting of the concerned Bondholders, provided that nothing in such consent or resolution shall be operative against the Bank, where such consent or resolution modifies or varies the terms and conditions governing the Bonds, if the same are not acceptable to the Bank.

The registered Bondholder or in case of joint-holders, the one whose name stands first in the Register of Bondholders shall be entitled to vote in respect of such Bonds, either in person or by proxy, at any meeting of the concerned Bondholders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her/it's voting rights shall be in proportion to the outstanding nominal value of Bonds held by him/her/it on every resolution placed before such meeting of the Bondholders.

The quorum for such meetings shall be at least five Bondholders present in person or as may be prescribed by law from time to time.

The Bonds are subject to the provisions of the Companies Act, 1956, the Memorandum and Articles, the terms of this Information Memorandum and Application Form. Over and above such terms and conditions, the Bonds shall also be subject to other terms and conditions as may be incorporated in the Trustee Agreement/ Letters of Allotment/ Bond Certificates, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Bonds.

Save as otherwise provided in this Disclosure Document, the provisions contained in Annexure C and/ or Annexure D to the Companies (Central Government's) General Rules and Forms, 1956 as

prevailing and to the extent applicable, will apply to any meeting of the Bondholders, in relation to matters not otherwise provided for in terms of the Issue of the Bonds.

A register of Bondholders will be maintained in accordance with Section 152 of the Act and all interest and principal sums becoming due and payable in respect of the Bonds will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of Bondholders. The Bondholders will be entitled to their Bonds free from equities and/or cross claims by the Bank against the original or any intermediate holders thereof.

Succession

In the event of winding-up of the holder of the Bond(s), the Bank will recognize the executor or administrator of the concerned Bondholder(s), or the other legal representative as having title to the Bond(s). The Bank shall not be bound to recognize such executor or administrator or other legal representative as having title to the Bond(s), unless such executor or administrator obtains probate or letter of administration or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter.

The Bank may, in their absolute discretion, where they think fit, dispense with production of probate or letter of administration or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the concerned Bondholder on production of sufficient documentary proof or indemnity.

Notices

All notices to the Bondholder(s) required to be given by the Bank or the Trustees shall be published in one English and one regional language daily newspaper in Mumbai and/ or, will be sent by post/courier/hand delivery to the sole/ first allottee or sole/ first Beneficial Owner of the Bonds, as the case may be from time to time.

All notice(s) to be given by the Bondholder(s) shall be sent by registered post/speed post/courier/hand delivery to the Bank or to such persons at such address as may be notified by the Bank from time to time through suitable communication.

Joint-Holders

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to other provisions contained in the Articles.

Sharing of Information

The Bank may, at its option, use on its own, as well as exchange, share or part with any financial or other information about the Bondholders available with the Bank, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Bank or its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

Debenture/ Bond Redemption Reserve

The Government of India, Ministry of Company Affairs has vide General Circular No. 9/2002 No.6/3/2001-CL.V dated April 18, 2002 clarified that banks need not create Debenture Redemption Reserve as specified under section 117C of the Companies Act, 1956.

Undertaking by the Issuer

The Issuer Company undertakes that:

- The complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily;
- It shall take all steps for timely completion of formalities for listing and commencement of trading at all the concerned stock exchange(s) where securities are to be listed.
- The funds required for dispatch of refund orders shall be made available to the Registrar to the Issue by the Issuer Company;
- Necessary co-operation to the credit rating agency(ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

XVII. DISCOUNT AT WHICH THE OFFER IS BEING MADE AND EFFECTIVE PRICE FOR THE INVESTOR

The Bonds are being issued at face value and without any discount to the Offer Price.

XVIII DEBT EQUITY RATIO (BEFORE & AFTER THE PROPOSED ISSUE)

(Rs. crore)

Capitalization Statement	Before Issue	Adjusted for Issue
Borrowings		
- Short Term Debt	4,489.32	4,489.32
- Long Term Debt	5,332.39	5,532.39
Total Debt (A)	9,821.71	10,021.71
Shareholders Funds		
- Share Capital	425.14	425.14
- Reserves	14,074.93	14,074.93
Total Shareholders Funds (B)	14,500.07	14,500.07
Total Capitalisation (A) + (B)	24,321.78	24,521.78
Long Term Debt/Equity Ratio	0.37	0.38

Notes:

- Borrowings exclude deposits but include Upper and Lower Tier II capital and Innovative perpetual debt
- Short Term debt is debt maturing within the next one year from the date of the above statement
- Long term debt /Equity ratio is calculated by dividing the long term debt by total shareholders' funds

XIX SERVICING BEHAVIOUR ON EXISTING DEBT SECURITIES :

HDFC Bank has a consistent record of paying principal and interest of its existing liabilities (including debt securities issued by HDFC Bank and any term loans) on respective due dates.

XX. PERMISSION AND CONSENT FROM THE CREDITOR

The Bank is not required to obtain consent of the creditors for any issue to be made under this document.

XXI DEBENTURE TRUSTEE TO THE ISSUE

The Bank has appointed IDBI Trusteeship Services Limited to act as Trustees for the Bondholders ("Trustees") and IDBI Trusteeship Services Limited has given its consent for the same

The Bank and the Trustees will enter into a Trustee Agreement, inter alia, specifying the powers, authorities and obligations of the Trustees and the Bank. The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the Bondholder(s). Any payment made by the Bank to the Trustees on behalf of the Bondholder(s) shall discharge the Bank pro tanto to the Bondholder(s).

The Trustees will protect the interest of the Bondholders in the event of default by the Bank in regard to timely payment of interest and repayment of principal and they will take necessary action at the cost of the Bank.

The address of the Trustee is as follows:

IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17 R Kamani Marg,
Ballard Estate Fort, Mumbai - 400 001.
Tel: (022) 40807000 ; Fax: (022) 66311776

XXII CREDIT RATINGS

For Lower Tier II Bonds

CARE ‘CARE AAA’ – Instruments with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such instruments carry minimum credit risk.

FITCH ‘AAA(ind)’ – This rating denotes the highest rating assigned in the agency’s national rating scale for India. This rating is assigned to the ‘best’ credit risk relative to all other issuers or issues in India.

For Upper Tier II Bonds

CARE ‘CARE AAA’ – Instruments with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such instruments carry minimum credit risk.

CRISIL ‘AAA/Stable’ – Instruments with this rating are judged to offer the highest degree of safety with regard to timely payment of financial obligations. Any adverse changes in circumstances are most unlikely to affect the payments on the instruments

The above ratings are not recommendations to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

XXIII. LISTING OF BONDS

The bank proposes to seek listing of the Bonds to be issued and allotted under this Disclosure Document on the Wholesale Debt Market Segment of The National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange, Mumbai (BSE). The bank shall complete all the formalities relating to listing of the Bonds within 70 days from the date of closure of each tranche/issue. If such permission is not granted within 70 days from the Date of Closure of the Issue or where such permission is refused before the expiry of the 70 days the bank shall forthwith repay without interest, all monies received from the applicants in pursuance of the Disclosure document, and if such money is not repaid within 8 days after the bank becomes liable to repay it (i.e. from the date of refusal or 70 days from the date of closing of the subscription list, whichever is earlier), then the bank and every director of the bank who is an officer in default shall, on and from expiry of 8 days, will be liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under Section 73 of the Companies Act, 1956.

XXIII TERM SHEET

For Upper Tier II Bonds

Issuer	HDFC BANK LTD.
Issue Size	Rs. 100 crore with an option to retain any oversubscription
Credit Rating	“CARE AAA” by CARE & “AAA/Stable” by CRISIL
Nature of Instrument	Unsecured, Redeemable, Non-convertible Subordinated (Upper Tier- II) Bonds in the nature of debentures.
Face Value	Rs. 10,00,000/- per Bond (Rs ten lacs only)
Minimum Application Size	10 (Ten) Bonds (Rs.1,00,00,000/-) and in multiples of 1 (One) Bonds (Rs. 10,00,000/-) thereafter.
Tenure	15 Years
Redemption	Bullet Redemption at par at the end of 15th Year from the date of Allotment with the prior approval of RBI. (February 19, 2024)
Coupon Rate	9.95% p.a. for the first Ten Years (subject to TDS as applicable). Step-up- coupon rate of 10.45% p.a for the last 5 years if call option is not exercised at the end of 10 year from the date of allotment.
Put Option	None
Call Option	At Par at the end of 10 th Year from the date of allotment with the prior Approval of RBI. (February 19, 2019)
Trustee	IDBI Trusteeship Services Limited
Interest Payment	The Bonds shall carry interest at coupon rate (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 Bank) on the outstanding amount of the principal till final redemption. The Interest on the Bonds shall be calculated on basis of actual / 365 days and actual / 366 days in the case of leap years. Interest will be paid annually on February 04, each year till final redemption. First interest payment shall be made on February 04, 2010.
Interest on Subscription 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 cheques(s)/ Demand Draft(s) upto but not including the date of allotment.
Listing	The Bank proposes to list the Bonds on the Wholesale Debt Market (WDM) Segment of the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).
Issuance and Trading	Demat Mode
Depository	NSDL & CDSL
Record Date	The Bank’s Register of Bondholders will be closed for the purpose of payment of interest or redemption or exercise of the call option of Bonds, as the case may be, 15 days prior to the respective due date.

For Lower Tier II Bonds

Issuer	HDFC BANK LTD.
Issue Size	Rs. 100 crore with an option to retain any oversubscription
Credit Rating	“CARE AAA” by CARE & “AAA(ind)” by FITCH
Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated (Lower Tier- II) Bonds in the nature of debentures.
Face Value	Rs. 10,00,000/- per Bond (Rs ten lacs only)
Minimum Application Size	10 (Ten) Bonds (Rs.1,00,00,000/-) and in multiples of 1 (One) Bonds (Rs. 10,00,000/-) thereafter.
Tenure	10 Years
Redemption	Bullet Redemption at par at the end of 10th Year from the date of Allotment. (February 19, 2019)
Coupon Rate	9.75% p.a. (subject to TDS as applicable).
Put Option	None
Call Option	None
Trustee	IDBI Trusteeship Services Limited
Interest Payment	The Bonds shall carry interest at coupon rate (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 Bank) on the outstanding amount of the principal till final redemption. The Interest on the Bonds shall be calculated on basis of actual / 365 days and actual / 366 days in the case of leap years. Interest will be paid annually on February 04, each year till final redemption. First interest payment shall be made on February 04, 2010.
Interest on Subscription 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 cheques(s)/ Demand Draft(s) upto but not including the date of allotment.
Listing	The Bank proposes to list the Bonds on the Wholesale Debt Market (WDM) Segment of the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).
Issuance and Trading	Demat Mode
Depository	NSDL & CDSL
Record Date	The Bank’s Register of Bondholders will be closed for the purpose of payment of interest or redemption of Bonds, as the case may be, 15 days prior to the respective due date.

ISSUE OPENS ON:	February 16, 2009
ISSUE CLOSES ON	February 18, 2009
DEEMED DATE OF ALLOTMENT	February 19, 2009

HDFC Bank reserves the right to change the issue closing date and in such an event, the Deemed date of allotment may also be revised by the Bank at its sole and absolute discretion. In the event of any change in the above issue dates, the investors shall be intimated of the revised schedule by the Bank.

DECLARATION

It is hereby declared that this Information Memorandum contains full disclosure 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.

The Issuer also confirms that this Information Memorandum does not omit disclosure of any material fact which may make the statements made therein, in the light of the circumstances under which they are made, misleading. The Information Memorandum also does not contain any false or misleading statement.

The Issuer accepts no responsibility for the statements made otherwise than in this Information Memorandum or in any other material issued by or at the instance of the Issuer and that any one placing reliance on any other source of information would be doing so at his own risk.

Aditya Puri
Managing Director

Place: Mumbai
Date: February 14, 2009

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