

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

Website: www.hdfcbank.com E-Mail: investors.helpdesk@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 ₹ 1,000 crore for inclusion as Lower Tier II capital 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 details of the above rating definitions, the investors are advised to refer Section XXII on 'Credit Rating' (page 38) 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 WDM segment of National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

TRUSTEE TO THE BONDHOLDERS



IDBI Trusteeship Services Ltd

Regd Office:
Asian Building, Ground Floor,
17, R Kamani Marg, Ballard Estate,
Mumbai 400 001
Tel : 022- 4080 7000
Fax : 022- 66311776
Email address: itsl@idbitrustee.co.in

REGISTRAR TO THE ISSUE



Datamatics Financial Services Limited.
Plot No B 5, Part B,
Crosslane, MIDC, Marol,
Andheri (East), Mumbai 400093.
Tele No: - 022- 6671 2213-14
Fax No:- 022-28213404
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SOLE ARRANGER TO THE ISSUE



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

Issue Schedule (*)

Date of opening the Issue (*)	:	April 20, 2011
Date of closing the Issue (*)	:	May 11, 2011
Deemed date of Allotment (*)	:	May 12, 2011

() HDFC Bank reserves the right to change the issue schedule including the Deemed date of Allotment at its sole and absolute discretion without giving any reasons or prior notice*

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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 Non-Convertible Subordinated Lower Tier II 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 Lower Tier II 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 <u>dated April 19, 2011</u> for Private Placement of Unsecured Redeemable Non-Convertible Subordinated Lower Tier II Bonds to be issued by HDFC Bank Limited</i>
<i>Issue/ Offer/ Offering</i>	<i>Private Placement of Unsecured Redeemable Non-Convertible Subordinated Lower Tier II 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 Ltd.</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.

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 6652 1000
Website: www.hdfcbank.com
E-Mail: investors.helpdesk@hdfcbank.com

III NAMES AND ADDRESSES OF THE DIRECTORS ON THE BOARD AS ON APRIL 19, 2011

	Name	Designation	Address
1	Mr. C. M. Vasudev	Chairman	House No. B-44, Sector 44, NOIDA – 201301
2	Mr. Aditya Puri	Managing Director	1001/1002 Vinayak Angan , old Prabhadevi road Prabhadevi, Mumbai 400 025
3	Mr. Ashim Samantha	Director	13 Meera Baug, Santacruz (W) Mumbai 400 054
4	Mr. Partho Datta	Director	19/2,Dover Road,Ballygunge, Kolkata 700 019
5	Dr. Pandit Palande	Director	At and Post Mukhai, Tal- Shirur Dist: Thane
6	Mr Bobby Parikh	Director	4 Seven on the Hill, Auxilium Convent Road, Pali Hill, Bandra, Mumbai 400050
7	Mrs Renu Sud Karnad	Director	BB-14, Greater Kailash Enclave II, New Delhi 110048
8	Mr Anami Narayan Roy	Director	62 Sagar Tarang, Worli Sea Face, Khan Abdul Gaffar Khan Road, Mumbai 400030
9	Mr. Paresh Sukthankar	Executive Director	Flat No. 701 & 702, seventh floor, C Wing, Raheja Atlantis, G.K. Marg, Lower Parel, Mumbai 400 018
10	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 535 branches and 1,326 ATMs in 228 cities as on March 31, 2006 to 1,986 branches and 5,471 ATMs in 996 cities as on March 31, 2011. Additionally the Bank has a branch each in Bahrain and Hong kong and representative offices in the U.A.E and Kenya. During the same five years, our customer base grew from 9.6 million customers to 21.9 million customers. As our geographical reach and market penetration have expanded, so too have our assets, which grew from ₹ 73,506 crore as of March 31, 2006 to ₹ 277,353 crore as of March 31, 2011. Our net income has increased from ₹ 871 crores for the fiscal year ended March 31, 2006 to ₹ 3,926 crores for fiscal year 2011 at a compounded annual growth rate of 35.1%.

Notwithstanding our pace of growth, we have maintained a strong balance sheet and a low cost of funds. As of March 31, 2011 net non-performing assets constituted 0.2% of net advances. The core non-interest bearing current accounts and low-interest savings accounts represented about 51% of total deposits on March 31, 2011. These low-cost deposits, which include the cash float associated with our transactional services, led to an average cost of funds including equity of 3.8% for the financial year ended March 31, 2011.

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 23.4% of our outstanding equity shares as of March 31, 2011.

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 of Times Bank Limited

On February 26, 2000 Times Bank Limited was merged with HDFC Bank. 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.

Merger of Centurion Bank of Punjab Limited

The merger of Centurion Bank of Punjab Ltd. (CBoP) with HDFC Bank became effective on May 23, 2008. The shareholders of erstwhile Centurion Bank of Punjab Ltd. were allotted 6,98,83,956 equity shares of ₹ 10/- each pursuant to the share swap ratio of one (1) equity share of ₹ 10/- each of HDFC Bank Ltd. for every twenty nine (29) equity shares of ₹. 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 ₹ 16,181 crore and deposits outstanding of CBoP as of this same date were ₹ 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. On November 30, 2009 the said warrants were converted by HDFC limited and consequently the Bank issued them 26,200,220 shares. As a result, equity share capital increased by ₹ 26.2 crores and the share premium by ₹ 3,982.8 crores.

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 its inception, we have made substantial investments in our technology platform and systems, built multiple distribution channels, including an electronically linked branch network, automated telephone banking, internet banking and banking through mobile phones, to offer our customers convenient access to various products.

We have templated credit underwriting through automated customer data de-duplication and real-time scoring in our loan origination process. Having enhanced our cross selling and up-selling capabilities through data mining and analytical customer relationship management solutions, our technology enables us to have a 360⁰ view of our customers. We employ event detection technology based customer messaging and have deployed an enterprise wide data warehousing solution as a back bone to our business intelligence system.

With the various initiatives that the Bank has taken using technology, we have been successful in driving the development of innovative product features, reducing operating costs, enhancing customer service delivery and minimizing inherent risks.

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 1.1% as of March 31, 2011 and our net non-performing assets amounted to 0.2% 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 deposits for the year ended March 31, 2011 was 4.3%. 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 35.1% per year during the five-year period ending March 31, 2011 and our basic earnings per share grew from ₹ 27.9 for the fiscal year 2006 to ₹ 84.0 for the fiscal year 2011. 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 March 31, 2011, we had 1,986 branches, and 5,471 ATMs in 996 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 50% of our gross loans as of March 31, 2011. 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:

(₹ crore)		
Particulars	As at March 31, 2011	% of total value
Auto Loans	22,134	28%
Commercial Vehicle & Construction equipment	8,177	10%
Two Wheelers	1,992	2%
Personal Loans	10,276	13%
Business Banking	14,997	19%
Loans against shares	1,151	1%
Credit Cards	4,873	6%
Home loans	11,490	14%
Others	5,023	6%
Total Retail Advances	80,113	100%

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 ₹ 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 50.5 lac cards outstanding as of March 31, 2011 as against 24.1 lacs as of March 31, 2006.

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, microfinance and loans to self help groups.

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% 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 2011, we did not securitize any retail loans.

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 March 31, 2011. The following chart shows the value of our retail deposits by our various deposit products as of the same date:

Type of Deposit	Value (₹ crore)	% of Total
Savings	61,356	44%
Current	22,856	16%
Time	56,019	40%
Total	139,961	100%

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 450,000 merchant point-of-sale machines and over 50,000 ATMs in India and more than 2.7 crore merchant outlets and 16 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 HDFC ERGO 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 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 March 31, 2011, we had wholesale deposits totaling ₹ 68,625 crore, which represented 33% 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 ₹ 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 March 31, 2011, 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 2010 and fiscal 2011, we collected more than ₹ 81,000 crore and ₹ 99,000 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 2010 and fiscal 2011, we collected approximately ₹ 21,000 crore and ₹ 30,000 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.

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, 2011, we had an internal approved limit of ₹ 30 crore for secondary market purchases and ₹ 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 ₹ 1,000 crore for inclusion as Lower Tier II capital with an option to retain oversubscription on Private Placement basis.

Face Value of Each Bond is ₹ 10,00,000 (₹ 10 Lac) each.

A detailed term sheet for the proposed bond issue is given on page 39 of this Disclosure Document.

VII. ISSUE SIZE

₹ 1,000 crore 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 March 31, 2011 are given hereunder:

(₹ crore)

Borrowings		
1) Borrowings in India		1,752.10
i) RBI	120.00	
ii) Other Banks	705.06	
iii) GOI Borrowings	-	
iv) Others	927.04	
2) Borrowings outside India		5,248.92
3) Upper and Lower Tier II capital and Innovative Perpetual Debt*		7,393.05
4) Deposits		208,586.41
Total		222,980.47

*Includes Borrowings Outside India of ₹445.95 crs

Details of Bonds Issued and Outstanding as on March 31, 2011.

(₹ 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	446.35
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	04-Feb-04	04-May-17	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	Lower Tier	Unsecured non-	05-Dec-05	28-Jun-15	7.50%	91.00

Capital Instruments	Eligible for inclusion under	Nature of instrument	Date of allotment	Date of Maturity	Coupon rate	Amount O/S
debt instrument	II capital	convertible subordinated bonds				
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
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-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	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
Debt capital instrument	Upper Tier II capital	Unsecured non-convertible bonds	19-Feb-09	19-Feb-24	9.95%	200.00
Subordinated debt instrument	Lower Tier II capital	Unsecured non-convertible subordinated bonds	19-Feb-09	19-Feb-19	9.75%	150.00
Debt capital instrument	Upper Tier II capital	Unsecured non-convertible bond	17-Mar-09	17-Mar-24	9.85%	797.00
Debt capital instrument	Upper Tier II capital	Unsecured non-convertible bond	07-July-10	07-July-25	8.70%	1,105.00

XI RECENT MATERIAL EVENT/DEVELOPMENT

HDFC BANK LIMITED

FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2011

(₹ in lacs)

	Particulars	Quarter ended 31.03.2011	Quarter ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
		Unaudited	Unaudited	Audited	Audited
1	Interest Earned (a)+(b)+(c)+(d)	546855	405311	1992821	1617273
	a) Interest/discount on advances/bills	415093	303139	1508501	1209828
	b) Income on Investments	129658	100811	467544	398111
	c) Interest on balances with Reserve				
	Bank of India and other inter bank funds	1864	1231	14808	8096
	d) Others	240	130	1968	1238
2	Other Income	125576	95076	433515	398310
3	A) TOTAL INCOME (1) + (2)	672431	500387	2426336	2015583
4	Interest Expended	262908	170175	938508	778630
5	Operating Expenses (i) + (ii)	199837	160775	715292	593981
	i) Employees cost	73335	59716	283604	228918
	ii) Other operating expenses	126502	101059	431688	365063
6	B) TOTAL EXPENDITURE (4)+(5) (excluding Provisions & Contingencies)	462745	330950	1653800	1372611
7	Operating Profit before Provisions and Contingencies (3) - (6)	209686	169437	772536	642972
8	Provisions (Other than tax) and Contingencies	43134	43991	190671	214059
9	Exceptional Items	-	-	-	-
10	Profit / (Loss) from ordinary activities before tax (7- 8-9)	166552	125446	581865	428913
11	Tax Expense	55081	41784	189226	134044
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	111471	83662	392639	294869
13	Extraordinary items (net of tax expense)	-	-	-	-
14	Net Profit / (Loss) (12-13)	111471	83662	392639	294869
15	Paid up equity share capital (Face Value of ₹ 10/- each)	46523	45774	46523	45774

16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)			2491113	2106185
17	Analytical Ratios				
	(i) Percentage of shares held by Government of India	Nil	Nil	Nil	Nil
	(ii) Capital Adequacy Ratio	16.2%	17.4%	16.2%	17.4%
	(iii) Earnings per share (₹)				
	(a) Basic EPS before & after extraordinary items (net of tax expense) - not annualized	24.0	18.3	85.0	67.6
	(b) Diluted EPS before & after extraordinary items (net of tax expense) -not annualized	23.7	18.1	84.0	66.9
	(iv) NPA Ratios				
	(a) Gross NPAs	169434	181676	169434	181676
	(b) Net NPAs	29641	39205	29641	39205
	(c) % of Gross NPAs to Gross Advances	1.05%	1.43%	1.05%	1.43%
	(d) % of Net NPAs to Net Advances	0.2%	0.3%	0.2%	0.3%
	(v) Return on assets (average) - not annualized	0.4%	0.4%	1.6%	1.5%
18	Non Promoters Shareholding				
	(a) Public Shareholding				
	- No. of shares	275440073	267997650	275440073	267997650
	- Percentage of Shareholding	59.2%	58.6%	59.2%	58.6%
	(b) Shares underlying Depository Receipts (ADS and GDR)				
	- No. of shares	81142391	81102402	81142391	81102402
	- Percentage of Shareholding	17.4%	17.7%	17.4%	17.7%
19	Promoters and Promoter Group Shareholding				
	(a) Pledged / Encumbered				
	- No. of shares	-	-	-	-
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-
	- Percentage of Shares (as a % of the total share capital of the Company)	-	-	-	-
	(b) Non – encumbered				
	- No. of shares	108643220	108643220	108643220	108643220
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	100.0%	100.0%	100.0%	100.0%

- Percentage of Shares (as a % of the total share capital of the Company)	23.4%	23.7%	23.4%	23.7%
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Segment information in accordance with the Accounting Standard on Segment Reporting (AS 17) of the operating segments of the Bank is as under:

(₹ in lacs)

Particulars	Quarter ended 31.03.2011	Quarter ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
	Unaudited	Unaudited	Audited	Audited
1 Segment Revenue				
a) Treasury	162279	103932	539116	462282
b) Retail Banking	559135	405895	1950503	1573704
c) Wholesale Banking	313527	197368	1161289	816204
d) Other banking operations	70339	61865	248369	231993
e) Unallocated	-	-	-	-
Total	1105280	769060	3899277	3084183
Less: Inter Segmental Revenue	432849	268673	1472941	1068600
Income from Operations	672431	500387	2426336	2015583
2 Segment Results				
a) Treasury	10390	2572	9612	67348
b) Retail Banking	89520	62627	301457	159680
c) Wholesale Banking	52526	49952	242331	197862
d) Other banking operations	34354	24021	101836	60191
e) Unallocated	(20238)	(13726)	(73371)	(56168)
Total Profit Before Tax	166552	125446	581865	428913
3 Capital Employed (Segment Assets - Segment Liabilities)				
a) Treasury	7501909	6394476	7501909	6394476
b) Retail Banking	(5899586)	(4755502)	(5899586)	(4755502)
c) Wholesale Banking	966039	402003	966039	402003
d) Other banking operations	479097	385953	479097	385953

e) Unallocated	(509823)	(274971)	(509823)	(274971)
Total	2537636	2151959	2537636	2151959

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 :

- Statement of Assets and Liabilities as on March 31, 2011 is given below.

Particulars	₹ in lacs	
	As at 31.03.2011	As at 31.03.2010
CAPITAL AND LIABILITIES		
Capital	46523	45774
Reserves and Surplus	2491113	2106185
Employees' Stock Options (Grants) Outstanding	291	291
Deposits	20858641	16740444
Borrowings	1439406	1291569
Other Liabilities and Provisions	2899285	2061597
Total	27735259	22245860
ASSETS		
Cash and balances with Reserve Bank of India	2510081	1548329
Balances with Banks and Money at Call and Short notice	456802	1445912
Investments	7092936	5860763
Advances	15998267	12583060
Fixed Assets	217065	212281
Other Assets	1460108	595515
Total	27735259	22245860

- 2 The above results have been approved by the Board of Directors at its meeting held on April 18, 2011. There are no qualifications in the auditors' report for the year ended March 31, 2011. The information presented above is extracted from the audited financial statements as stated.
- 3 The Board of Directors at their meeting proposed a dividend of ₹ 16.5 per share, subject to the approval of the members at the ensuing Annual General Meeting.
- 4

The Board of Directors at its meeting held on April 18, 2011 considered and approved the sub-division (split) of one equity share of the Bank having a nominal value of ₹10/- each into five equity shares of nominal value of ₹2/- each and consequential alteration in the authorized share capital in the Capital Clause of the Memorandum of Association of the Bank. The sub-division of shares will be subject to approval of the shareholders and any other statutory and regulatory approvals, as applicable.
- 5 During the year ended March 31, 2011, the Bank granted 65,93,500 stock options under plan E - scheme ESOS XVI to its employees. The grant price of these options is ₹ 2,200.80, being the closing market price as on the working day immediately preceding the date of grant of options.
- 6 During the quarter and year ended March 31, 2011, the Bank allotted 8,95,723 and 74,82,412 shares pursuant to the exercise of stock options by certain employees.
- 7 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.
- 8 Effective April 1, 2010, the Bank has classified fees paid relating to transactions done by the Bank's customers on other banks' ATMs, which hitherto were netted from fees and commissions, under operating expenses. Figures for the previous periods have been regrouped/reclassified to conform to current period's classification.
- 9 Floating provisions have been classified as Tier 2 capital and reflected under Other Liabilities with effect from the current financial year. These provisions were hitherto netted from Advances and from Gross NPAs in arriving at Net NPAs.
- 10 In accordance with RBI guidelines under reference RBI/2009-2010/356 IDMD/4135/11.08.43/2009-10 dated March 23, 2010, effective April 1, 2010, Repo and Reverse Repo transactions in government securities and corporate debt securities (excluding transactions conducted under Liquidity Adjustment Facility with RBI) are reflected as borrowing and lending transactions respectively. These transactions were hitherto recorded under investments as sales and purchases respectively.
- 11 As on March 31, 2011, the total number of branches (including extension counters) and the ATM network stood at 1,986 branches and 5,471 ATMs respectively.
- 12 Information on investor complaints pursuant to Clause 41 of the listing agreement for the quarter ended March 31, 2011:
Opening : Nil ; Additions : 299 ; Disposals : 299 ; Closing position : Nil.
- 13 Figures of the previous period have been regrouped/reclassified wherever necessary to conform to current period's classification.
- 14 10 lac = 1 million
10 million = 1 crore

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

Particulars	Quarter ended 30.09.2010	Quarter ended 30.09.2009	Half year ended 30.09.2010	Half year ended 30.09.2009	Year ended 31.03.2010
	Unaudited	Unaudited	Audited	Unaudited	Audited
1 Segment Revenue					
a) Treasury	117752	118341	235101	255910	462282
b) Retail Banking	459541	387513	878317	775437	1573704
c) Wholesale Banking	285014	203756	527048	415264	816204
d) Other banking operations e)	60995	56384	117336	110630	231993
Unallocated	-	-	-	-	-
Total	923302	765994	1757802	1557241	3084183
Less: Inter Segmental Revenue	346232	261451	639675	535433	1068600
Income from Operations	577070	504543	1118127	1021808	2015583
2 Segment Results					
a) Treasury	(5174)	25047	(257)	65462	67348
b) Retail Banking	71033	29459	136200	43838	159680
c) Wholesale Banking	61937	48577	111636	86547	197862
d) Other banking operations e)	23676	10928	43798	18357	60191
Unallocated	(16210)	(14125)	(36746)	(28335)	(56168)
Total Profit Before Tax	135262	99886	254631	185869	428913
3 Capital Employed (Segment Assets - Segment Liabilities)					
a) Treasury	6333717	5023680	6333717	5023680	6386126
b) Retail Banking	(6109482)	(4929029)	(6109482)	(4929029)	(4641435)
c) Wholesale Banking	2514930	1188504	2514930	1188504	353096
d) Other banking operations e)	418575	382880	418575	382880	394537
Unallocated	(781703)	(16249)	(781703)	(16249)	(340365)
Total	2376037	1649786	2376037	1649786	2151959

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.

(₹ in lacs)

Particulars	As at	As at
	30.09.2010	30.09.2009
	Audited	Unaudited
CAPITAL AND LIABILITIES		
Capital	46260	42736
Equity Share Warrants	-	40092
Reserves and Surplus	2329777	1566958
Employees' Stock Options (Grants) Outstanding	291	291
Deposits	19532092	14980532
Borrowings	1334975	1148681
Other Liabilities and Provisions	1754859	1614781
Total	24998254	19394071
ASSETS		
Cash and balances with Reserve Bank of India	1656532	1366452
Balances with Banks and Money at Call and Short notice	433210	136952
Investments	6369491	5717003
Advances	15709060	11367202
Fixed Assets	213397	198787
Other Assets	616564	607675
Total	24998254	19394071

- 2 The above results have been approved by the Board of Directors at its meeting held on October 19, 2010.
- 3 These results for the half year ended September 30, 2010, have been subject to an "Audit" and results for the quarter ended September 30, 2010, have been subject to a "Limited Review" by the Statutory Auditors of the Bank.
- 4 During the quarter and half-year ended September 30, 2010, the Bank allotted 2914147 and 4861578 shares pursuant to the exercise of stock options by certain employees.
- 5 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.
- 6 Effective April 1, 2010, the Bank has classified fees paid relating to transactions done by the bank's customers on other banks' ATMs, which hitherto were netted from fees and commissions, under operating expenses. Figures for the previous periods have been regrouped/reclassified to conform to current period's classification.
- 7 Floating provisions have been classified as Tier 2 capital and reflected under Other Liabilities with effect from the current financial year. These provisions were hitherto netted from Advances and from Gross NPAs in arriving at Net NPAs.
- 8 In accordance with RBI guidelines under reference RBI/2009-2010/356 IDMD/4135/11.08.43/2009-10 dated March 23, 2010, effective April 1, 2010 Repo and Reverse Repo transactions in government securities and corporate debt securities (excluding transactions conducted under Liquidity Adjustment Facility with RBI) are reflected as borrowing and lending transactions respectively. These transactions were hitherto recorded under investments as sales and purchases respectively.
- 9 As on September 30, 2010, the total number of branches (including extension counters) and the ATM network stood at 1765 branches and 4721 ATMs respectively.
- 10 Information on investor complaints pursuant to Clause 41 of the listing agreement for the quarter ended September 30, 2010: Opening : Nil ; Additions : 244 ; Disposals : 244 ; Closing position : Nil.
- 11 Figures of the previous period have been regrouped/reclassified wherever necessary to conform to current period's classification.
- 12 10 lac = 1 million
10 million =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 April 08, 2011)

Sr. No.	Shareholder	Address	No. of Shares	% Holding
1	JP Morgan Chase Bank (Depository to the Bank's ADSs)	JP Morgan Chase Bank N.A., India sub custody, 6 th floor, paradigm B, mindspace, Malad W, Mumbai 400064	78,698,694	16.92%
2	Housing Development Finance Corporation Limited	HDFC Bank Ltd. Custody Services, Lodha – I Think Techno Campus, Off Floor 8, Next to Kanjurmarg Station, Kanjurmarg East, Mumbai 400042.	78,642,220	16.9%
3	HDFC Investments Limited	Ramon House, 169 Backbay reclamation, Mumbai 400020	30,000,000	6.45%
4	Life Insurance Corporation of India	Investment Department, 6 th floor, West wing, central office, Yogakshema, Jeevan Bima marg, Mumbai, 400021	14,671,249	3.15%
5	ICICI Prudential Life Insurance Co. Ltd.	Deutsche Bank AG, DB House, Hazarimal Somani Marg, Post Box No. 1142 Fort, Mumbai 400001	13,801,622	3.06%
6	Europacific Growth Fund	JP Morgan Chase Bank N.A., India sub custody, 6 th floor, paradigm B, mindspace, Malad W, Mumbai 400064	8,031,258	2.17%
7	The Growth Fund Of America, Inc	Deutsche Bank AG, DB House, Hazarimal Somani Marg, Post Box No 1142, Fort, Mumbai 400001	5,000,000	1.1%
8	Abu Dhabi Investment Authority- Gulab	JP Morgan Chase Bank N.A., India sub custody, 6 th floor, paradigm B, mindspace, Malad W, Mumbai 400064	4,525,816	0.97%
9	FLAGSHIP Indian Investment Company (Mauritius) Ltd.	JP Morgan Chase Bank N.A., India sub custody, 6 th floor, paradigm B, mindspace, Malad W, Mumbai 400064	4,523,134	0.89%
10	SBI Life Insurance Co. Ltd	2 nd Floor, Turner Morrison Building, G.N Vaidya Marg, Mumbai 400023	4,443,179	0.87%

B: Debt securities (as on March 31, 2011)

Sr. No	Name of Bond Holder	Address	No. of Bonds
1	CBT EPF EPF A/c ICICI Prudential AMC Ltd.	HDFC Bank Ltd. Custody services, Lodha – I Think Techno Campus, Off Floor 8, Next to Kanjurmarg Station, Kanjurmarg East, Mumbai 400042.	10,810
2	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	10,560
3	CBT EPF EPS A/c HSBC AMC Ltd.	HDFC Bank Ltd. Custody services, Lodha – I Think Techno Campus, Off Floor 8, Next to Kanjurmarg Station, Kanjurmarg East, Mumbai 400042.	10,158
4	Life Insurance Corporation of India	Investment Department 6 th Floor, West Wing, Central Office, Yogakshema, Jeevan Bima Marg, Mumbai 400021	7,210
5	CBT EPF EPF A/c Reliance Capital AMC Ltd.	HDFC Bank Ltd. Custody services, Lodha – I Think Techno Campus, Off Floor 8, Next to Kanjurmarg Station, Kanjurmarg East, Mumbai 400042.	6,600
6	Coal Mines Provident Fund	C/O ICICI Securities Primary Dealership Limited, ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400020	3,535
7	Central Bank of India	Central Bank of India, treasury department, Chandramukhi building, Nariman Point, Mumbai 400021	1,680
8	Army Group Insurance Fund	AGI Bagwanrao Tula Ram Marg, GBP 14, PO Vasant Vihar, New Delhi 110057	1,300
9	ICICI Prudential Life Insurance Company Limited	Deutsche Bank AG, DB House, Hazarimal Somani Marg, Fort, P.O Box no. 1142, Mumbai 400 001	1,200
10	The Life Insurance Corporation Of India Provident Fund No. 1	3 rd Floor, Finance and Accounts Dept, Central Office, Yogakshema West Wing, Jeevan Bima Marg, Nariman Point Mumbai 400021	700

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

Each Bond would be redeemed at the face value of ₹ 1,000,000/- (Rupees Ten Lacs) per Bond.

Period of Maturity

Fifteen years from the date of allotment.

Yield on Redemption:

Annualized yield on redemption (assuming maturity of 15 years) is 9.48% (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 Disclosure Document, 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 Lower Tier II 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

The Bonds will be issued in the form of Unsecured Redeemable Non-Convertible Subordinated (Lower Tier II) Bonds in the nature of Debentures. Lower Tier II Bonds are subordinated to the claims of other creditors, free of restrictive clauses and should not be redeemable at the initiative of the holder or without the consent of the Reserve Bank of India.

Depository Arrangements

The Bank has appointed **Datamatics Financial Services Limited.**, Plot No B 5, Part B, Crosslane, MIDC, Marol, 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 of the issue 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.

With reference to the RBI Master Circular on Prudential Guidelines on Capital Adequacy and Market Discipline- New Capital Adequacy Framework (NCAF) circular No: DBOD.No.BP.BC. 15/21.06.001/2010-11 July 1, 2010, regarding "Terms and conditions applicable to Subordinated debt to qualify for inclusion as Lower Tier II Capital", Lower Tier II Bonds are subordinated to the claims of other creditors, free of restrictive clauses and shall not be redeemable at the initiative of the holder or without the consent of Reserve Bank of India.

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

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 after 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 Lower Tier II bonds shall not be redeemable at the initiative of the holder. All redemptions shall be made with the consent of Reserve Bank of India.

Unless previously redeemed or purchased or cancelled, each bond will be redeemed at par on Maturity date subject to consent from RBI.

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

No Step up Option.

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.

The Bank's Register of Bondholders will be closed for the purpose of payment of interest, redemption or exercise of the call option of Bonds, as the case may be, 15 days (Fifteen days) prior to the respective due date.

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 Ltd** 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 Disclosure Document 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 as per the instructions provided in Application form for the and crossed 'Account Payee Only' or should be accompanied by with the details of delectrnic transfer of funds as stated in the Application form. 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 in the Bonds and securities issued by private sector organisation as per their respective investment guidelines.

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 Disclosure Document 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)

(₹ crore)

Capitalization Statement	Before Issue	Adjusted for Issue
Borrowings		
- Short Term Debt	6,912.03	6,912.03
- Long Term Debt	7,482.04	8,482.04
Total Debt (A)	14,394.07	15,394.07
Shareholders Funds		
- Share Capital	465.23	465.23
- Reserves	24,911.12	24,911.12
Total Shareholders Funds (B)	25,376.35	25,376.35
Total Capitalisation (A) + (B)	39,770.42	40,770.42
Long Term Debt/Equity Ratio	0.29	0.33

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 Ltd** to act as Trustees for the Bondholders ("Trustees") and **IDBI Trusteeship Services Ltd** 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 Ltd

Regd Office:

Asian Building, Ground Floor,
17, R Kamani Marg, Ballard Estate,
Mumbai 400 001

Tel : 022- 4080 7000 Fax : 022- 66311776

Emailed: itsl@idbitrustee.co.in

XXII CREDIT RATINGS

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

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 has not applied for an in-principle approval to Stock Exchange(s). The bank shall make the necessary applications to the NSE and the BSE to list the bonds to be issued and allotted under this Disclosure Document and complete all the formalities relating to listing of the Bonds within a reasonable time. In connection with the listing of the Bonds on the NSE and the BSE, the bank hereby undertakes that

- a. It shall comply with the conditions of listing as may be specified in the Listing Agreements with the NSE and the BSE.
- b. Ratings obtained by the Bank shall be periodically reviewed by the credit rating agencies and any revisions in rating shall be promptly disclosed by the bank to the NSE and the BSE.
- c. Any change in the rating shall be promptly disseminated to the bond holders in such manner as the NSE and the BSE may determine from time to time.
- d. The Bank, the Trustees, NSE and BSE shall disseminate all information and reports on Bonds including compliance reports submitted by the Bank and the Trustees regarding the bonds to the bondholders and the general public by placing them on their websites.

XXIV TERM SHEET

Issuer	HDFC BANK LTD.
Issue Size	₹ 1000 crore with an option to retain 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	₹ 10,00,000/- (₹ Ten lacs only) per Bond
Minimum Application Size	10 (Ten) Bonds (₹1,00,00,000/-) and in multiples of 1 (One) Bonds (₹ 10,00,000/-) thereafter.
Tenure	15 Years from the date of allotment
Redemption	Bullet Redemption at par at the end of 15th Year from the date of Allotment with the consent of the Reserve Bank of India.
Coupon Rate	9.48% p.a. (subject to TDS as applicable).
Put Option	None
Call Option	At Par at the end of 10 th Year from the date of allotment with the prior Approval of Reserve Bank of India (Department of Banking Operations & Development).
Trustee	IDBI Trusteeship Services Ltd.
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 4, 2012.
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 National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE).
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, redemption or exercise of the call option of Bonds, as the case may be, 15 days (Fifteen days) prior to the respective due date.

Issue Schedule

Issue Opening Date	(*)	April 20, 2011
Issue Closing Date	(*)	May 11, 2011
Deemed Date of Allotment	(*)	May 12, 2011

(*) *HDFC Bank reserves the right to change the issue schedule including the Deemed date of Allotment at its sole and absolute discretion without giving any reasons or prior notice*

DECLARATION

It is hereby declared that this Disclosure Document 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 Disclosure Document 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 Disclosure Document also does not contain any false or misleading statement.

The Issuer accepts no responsibility for the statements made otherwise than in this Disclosure Document 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.

Ashish Parthasarthy
Treasurer

Place : Mumbai
Date : April 19, 2011

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