

May 02, 2023

BSE Limited
P.J Tower,
Dalal Street,
Mumbai 400 001

Sub: Intimation under Regulation 51(1) & 51 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Rating Action -Placed on Rating Watch with Developing Implications

Dear Sir/ Madam,

Pursuant to Regulation 51(1) & 51 (2) read with Part B of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that CARE Ratings Limited has placed its ratings of the Company`s Non-Convertible Debentures - CARE AAA, PDIs - CARE AAA and Subordinated Debt - CARE AAA to CARE AAA (RWD) (Placed on Rating Watch with Developing Implications).

Thanking You,

Yours Faithfully,


For HDFC Credila Financial Services Limited

Akanksha Kandoi
Company Secretary & Compliance Officer

HDFC CREDILA FINANCIAL SERVICES LIMITED

Corporate Identity Number: U67190MH2006PLC159411

 **Regd. Office:** B-301, Citi Point, Andheri-Kurla Road, Next To Kohinoor Continental, Andheri (East), Mumbai 400 059, India

 **Tel:** +91-22-28266636

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HDFC Credila Financial Services Limited

May 02, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Perpetual debt	575.00	CARE AAA (RWD)	Placed on Rating Watch with Developing Implications
Subordinate debt	475.00	CARE AAA (RWD)	Placed on Rating Watch with Developing Implications
Non-convertible debentures	3,900.00	CARE AAA (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Housing Development Finance Corporation Limited (HDFC Limited), parent company of HDFC Credila Financial Services Limited (HDFC Credila) and HDFC Bank Limited (HDFC Bank), vide announcement to the stock exchanges on April 04, 2022, informed that their respective Boards of Directors have approved a 'composite scheme of amalgamation'. Post the transaction being consummated, HDFC Credila would become a subsidiary of HDFC Bank, subject to regulatory approvals.

HDFC Bank, in its exchange filing on April 21, 2023, has stated that the bank has received some clarifications on the scheme of amalgamation from the Reserve Bank of India (RBI), wherein the RBI has permitted the HDFC Bank to continue holding HDFC's stake in HDFC Credila, *subject to the shareholding being brought down to 10% within two years from the effective date of amalgamation and not onboarding new customers till then.*

HDFC Limited's ownership, operational, financial and management support extended by the group to HDFC Credila were the key factors driving the ratings assigned to various instruments of HDFC Credila. With the directive issued by the RBI, HDFC Limited will be required to reduce its shareholding in due course of time. There is uncertainty with regards to the ownership of the company. Resolution of the uncertainty would depend on market conditions and regulatory approvals. The various options include change/dilution in ownership of HDFC Credila, acquisition of the book of HDFC Credila, merger of its business operations with the bank, etc.

Additionally, the restriction on on-boarding new customers may impact business growth and fresh mobilisation of funds, and CARE Ratings Limited (CARE Ratings) expects the HDFC group to provide necessary financial/cash flow support to HDFC Credila. It is noteworthy that the group may seek further clarity from the regulator in respect of disbursements of the existing sanctions/on boarding new customers by HDFC Credila.

CARE Ratings will continue to monitor the developments in this regard including business operations of HDFC Credila, change of ownership, and impact of the same on credit profile of HDFC Credila.

The ratings assigned to the various debt instruments of HDFC Credila Financial Services Limited (HDFC Credila) continue to derive strength from its strong parentage of the HDFC Limited (rated 'CARE AAA; Stable/CARE A1+'), benefits derived from it being part of the HDFC group, including the common brand name, managerial and operational support, HDFC Credila's experienced management team, the relatively stable profitability, the strong asset quality supported by prudent credit underwriting norms, and a strong liquidity profile.

The rating strengths are, however, partially offset by the exposure to a single asset class and the moderate gearing levels.

In view of the above developments, CARE Ratings has placed the ratings of HDFC Credila under rating watch with developing implication and will take appropriate action once the clarity emerges on the above events.

The detailed press release on HDFC Credila Financial Services Limited is available here: [click here](#)

Detailed rating rationale is available on www.careratings.com

Rating sensitivities: Factors likely to lead to rating actions

Positive factors- Factors that could, individually or collectively, lead to positive rating action/upgrade

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

- Not applicable

Negative factors- Factors that could, individually or collectively, lead to negative rating action/downgrade

- Weakening of the parent's credit profile and/or any major dilution in the shareholding.
- Material deterioration in the asset quality on a sustained basis.
- Increase in the gearing level beyond 8x on a sustained basis.

Analytical approach:

CARE Ratings has analysed the standalone credit profile of HDFC Credila along with the strong linkages with its parent, HDFC, in the form of ownership, management and financial support.

Outlook: Not applicable

Environment, social, and governance (ESG) risks

Not applicable

Applicable criteria

[Policy on Default Recognition](#)

[Notching by Factoring Linkages in Ratings](#)

[Financial ratios – Financial sector](#)

[Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Rating Methodology - Non-Banking Finance Companies](#)

About the company and industry

Industry classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Non-Banking Financial Company (NBFC)

HDFC Credila (formerly known as HDFC Credila Financial Services Private Limited), a Reserve Bank of India (RBI)-registered non-banking financial company (NBFC) engaged in education loans, was established in February 2006. The company provides education loans to Indian students to pursue higher education in India and abroad. HDFC Credila is registered as a non-deposit-taking non-banking financial institution (NBFI-ND) with the RBI. The company is classified as a Systemically Important Non-Deposit-taking Non-Banking Financial Institution (NBFC-ND-SI) as per the RBI regulations. Ajay Bohora was the co-founder and CEO, along with Anil Bohora as the founder and COO of HDFC Credila. Up to FY19, Anil Bohora and Ajay Bohora held 8.31% stake each in the company, while HDFC held an 83.38% stake. On December 12, 2019, HDFC bought the balance stakes from the company's other shareholders, Ajay Bohora and Anil Bohora, making it a wholly-owned subsidiary of HDFC. Arijit Sanyal has been appointed as the MD & CEO of the company. The company has been converted to a public limited company with effect from October 8, 2020. HDFC Credila provides education loans pan-India through its network at eight major locations, ie, Mumbai, Hyderabad, Pune, Kolkata, Ahmedabad, Chennai, Bengaluru, and Delhi. The company has its registered office in Mumbai along with a back-end office in Nashik, which carries out tele-calling and other operational work. It has a total of 26 branches (including small branches) as on March 31, 2023, for business sourcing. The company also uses various channels for sourcing and marketing, which include the Internet, the branch network of HDFC, and a few private sector banks, partnering with colleges, education consultants, and test preparation centres, advertising, and direct marketing.

Brief Financials (₹ crore)	31-03-2021 (A)	31-03-2022 (A)	31-03-2023 (UA)
Total income	713	824	1352
PAT	155	206	276
Pre-provisioning operating profit	217	294	380
Total assets	6,586	9,087	16,403
Net stage-III assets (%)	0.40	0.38	0.10
ROTA (%)	2.28	2.63	2.16

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA:

Not applicable

Any other information:

Not applicable

Rating history for last three years: Please refer Annexure-2**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3**Complexity level of various instruments rated:** Annexure-4**Lender details:** Annexure-5**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debt-Perpetual debt	INE539K08112	09-Jul-14	11.75%	09-Jul-24	50.00	CARE AAA; (RWD)
Debt-Perpetual debt	INE539K08120	27-Jan-15	10.50%	27-Jan-25	50.00	CARE AAA; (RWD)
Debt-Perpetual debt	INE539K08138	17-Jun-15	10.50%	17-Jun-25	50.00	CARE AAA; (RWD)
Debt-Perpetual debt	INE539K08179	08-Dec-17	8.75%	08-Dec-27	50.00	CARE AAA; (RWD)
Debt-Perpetual debt	INE539K08187	06-Jun-18	9.35%	06-Jun-28	75.00	CARE AAA; (RWD)
Debt-Perpetual debt	INE539K08229	30-Aug-22	8.36%	30-Aug-32	100.00	CARE AAA; (RWD)
Debt-Subordinate debt	INE539K08146	09-Oct-15	9.30%	09-Oct-25	100.00	CARE AAA; (RWD)
Debt-Subordinate debt	INE539K08203	04-Jul-22	8.40%	30-Jun-32	200.00	CARE AAA; (RWD)
Debt-Subordinate debt	INE539K08211	25-Jul-22	8.25%	23-Jul-32	175.00	CARE AAA; (RWD)
Debentures-Non-convertible debentures	INE539K07189	02-Aug-21	7.23%	01-Aug-31	250.00	CARE AAA; (RWD)
Debentures-Non-convertible debentures	INE539K07197	25-Nov-21	5.13%	25-Nov-24	300.00	CARE AAA; (RWD)
Debentures-Non-convertible debentures	INE539K07205	01-Feb-22	7.50%	30-Jan-32	200.00	CARE AAA; (RWD)
Debentures-Non-convertible debentures	INE539K07213	25-Feb-22	7.30%	23-Feb-29	200.00	CARE AAA; (RWD)
Debentures-Non-convertible debentures	INE539K07221	07-Jul-22	8.15%	07-Jul-32	300.00	CARE AAA; (RWD)
Debentures-Non-convertible debentures	INE539K07239	14-Oct-22	8.17%	14-Oct-32	500.00	CARE AAA; (RWD)
Debentures-Non-convertible debentures	INE539K07247	24-Nov-22	7.95%	24-Nov-32	150.00	CARE AAA; (RWD)
Debentures-Non-convertible debentures	INE539K07254	29-Mar-23	8.25%	29-Mar-28	300.00	CARE AAA; (RWD)
Debentures-Non-convertible debentures	Proposed	-	-	-	1700.00	CARE AAA; (RWD)
Debt-Perpetual debt	INE539K08237	31-Jan-23	8.15%	Perpetual	200.00	CARE AAA; (RWD)

Annexure-2: Rating history of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned

					in 2023-2024		in 2020-2021
1	Debt-Perpetual Debt	LT	50.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23) 2)CARE AAA; Stable (29-Nov-22) 3)CARE AAA; Stable (30-Aug-22) 4)CARE AA+; Stable (19-Aug-22) 5)CARE AA+; Stable (20-Jul-22) 6)CARE AA+; Stable (29-Jun-22)	1)CARE AA+; Stable (24-Nov-21) 1)CARE AA+; Stable (25-Nov-20)
2	Debt-Perpetual Debt	LT	50.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23) 2)CARE AAA; Stable (29-Nov-22) 3)CARE AAA; Stable (30-Aug-22) 4)CARE AA+; Stable (19-Aug-22) 5)CARE AA+; Stable (20-Jul-22) 6)CARE AA+; Stable (29-Jun-22)	1)CARE AA+; Stable (24-Nov-21) 1)CARE AA+; Stable (25-Nov-20)
3	Debt-Perpetual Debt	LT	50.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23) 2)CARE AAA; Stable (29-Nov-22)	1)CARE AA+; Stable (24-Nov-21) 1)CARE AA+; Stable (25-Nov-20)

						<p>3)CARE AAA; Stable (30-Aug-22)</p> <p>4)CARE AA+; Stable (19-Aug-22)</p> <p>5)CARE AA+; Stable (20-Jul-22)</p> <p>6)CARE AA+; Stable (29-Jun-22)</p>		
4	Debt-Subordinate Debt	LT	100.00	CARE AAA (RWD)	-	<p>1)CARE AAA; Stable (10-Jan-23)</p> <p>2)CARE AAA; Stable (29-Nov-22)</p> <p>3)CARE AAA; Stable (30-Aug-22)</p> <p>4)CARE AAA; Stable (19-Aug-22)</p> <p>5)CARE AAA; Stable (20-Jul-22)</p> <p>6)CARE AAA; Stable (29-Jun-22)</p>	1)CARE AAA; Stable (24-Nov-21)	1)CARE AAA; Stable (25-Nov-20)
5	Debentures-Non Convertible Debentures	LT	-	-	-	-	<p>1)Withdrawn (14-Jan-22)</p> <p>2)CARE AAA; Stable (24-Nov-21)</p>	1)CARE AAA; Stable (25-Nov-20)
6	Debentures-Non Convertible Debentures	LT	-	-	-	<p>1)Withdrawn (29-Nov-22)</p> <p>2)CARE AAA; Stable (30-Aug-22)</p> <p>3)CARE AAA; Stable (19-Aug-22)</p>	1)CARE AAA; Stable (24-Nov-21)	1)CARE AAA; Stable (25-Nov-20)

						4)CARE AAA; Stable (20-Jul-22) 5)CARE AAA; Stable (29-Jun-22)		
7	Debt-Perpetual Debt	LT	50.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23) 2)CARE AAA; Stable (29-Nov-22) 3)CARE AAA; Stable (30-Aug-22) 4)CARE AA+; Stable (19-Aug-22) 5)CARE AA+; Stable (20-Jul-22) 6)CARE AA+; Stable (29-Jun-22)	1)CARE AA+; Stable (24-Nov-21)	1)CARE AA+; Stable (25-Nov-20)
8	Debt-Perpetual Debt	LT	75.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23) 2)CARE AAA; Stable (29-Nov-22) 3)CARE AAA; Stable (30-Aug-22) 4)CARE AA+; Stable (19-Aug-22) 5)CARE AA+; Stable (20-Jul-22) 6)CARE AA+; Stable (29-Jun-22)	1)CARE AA+; Stable (24-Nov-21)	1)CARE AA+; Stable (25-Nov-20)

9	Debentures-Non Convertible Debentures	LT	250.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23) 2)CARE AAA; Stable (29-Nov-22) 3)CARE AAA; Stable (30-Aug-22) 4)CARE AAA; Stable (19-Aug-22) 5)CARE AAA; Stable (20-Jul-22) 6)CARE AAA; Stable (29-Jun-22)	1)CARE AAA; Stable (24-Nov-21) 2)CARE AAA; Stable (16-Jul-21)	-
10	Debentures-Non Convertible Debentures	LT	500.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23) 2)CARE AAA; Stable (29-Nov-22) 3)CARE AAA; Stable (30-Aug-22) 4)CARE AAA; Stable (19-Aug-22) 5)CARE AAA; Stable (20-Jul-22) 6)CARE AAA; Stable (29-Jun-22)	1)CARE AAA; Stable (24-Nov-21) 2)CARE AAA; Stable (25-Aug-21)	-
11	Debentures-Non Convertible Debentures	LT	500.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23) 2)CARE AAA; Stable (29-Nov-22)	1)CARE AAA; Stable (22-Feb-22)	-

						<p>3)CARE AAA; Stable (30-Aug-22)</p> <p>4)CARE AAA; Stable (19-Aug-22)</p> <p>5)CARE AAA; Stable (20-Jul-22)</p> <p>6)CARE AAA; Stable (29-Jun-22)</p>		
12	Debt-Subordinate Debt	LT	200.00	CARE AAA (RWD)	-	<p>1)CARE AAA; Stable (10-Jan-23)</p> <p>2)CARE AAA; Stable (29-Nov-22)</p> <p>3)CARE AAA; Stable (30-Aug-22)</p> <p>4)CARE AAA; Stable (19-Aug-22)</p> <p>5)CARE AAA; Stable (20-Jul-22)</p> <p>6)CARE AAA; Stable (29-Jun-22)</p>	-	-
13	Debt-Subordinate Debt	LT	175.00	CARE AAA (RWD)	-	<p>1)CARE AAA; Stable (10-Jan-23)</p> <p>2)CARE AAA; Stable (29-Nov-22)</p> <p>3)CARE AAA; Stable (30-Aug-22)</p> <p>4)CARE AAA; Stable (19-Aug-22)</p>	-	-

						5)CARE AAA; Stable (20-Jul-22)		
14	Debt-Perpetual Debt	LT	100.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23) 2)CARE AAA; Stable (29-Nov-22) 3)CARE AAA; Stable (30-Aug-22)	-	-
15	Debentures-Non Convertible Debentures	LT	650.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23) 2)CARE AAA; Stable (29-Nov-22) 3)CARE AAA; Stable (30-Aug-22) 4)CARE AAA; Stable (19-Aug-22)	-	-
16	Debentures-Non Convertible Debentures	LT	2000.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23)	-	-
17	Bonds-Perpetual Bonds	LT	200.00	CARE AAA (RWD)	-	1)CARE AAA; Stable (10-Jan-23)	-	-

*Long term / Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of various instruments rated

Sr. No.	Name of Instrument	Complexity Level
1.	Debentures-Non-convertible debentures	Simple
2.	Debt-Perpetual debt	Highly complex
3.	Debt-Subordinate debt	Complex

Annexure-5: Lender details: Not applicable

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

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