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Independent Auditor's Report on the half yearly and year to date financial results of HDFC Credila Financial Services Private Limited pursuant to Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of

HDFC Credila Financial Services Private Limited

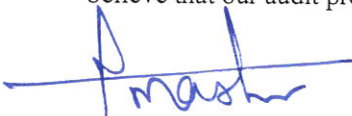
(formerly known as Credila Financial Services Private Limited)

We have audited the accompanying Statement of half yearly financial results of HDFC Credila Financial Services Private Limited *(formerly known as Credila Financial Services Private Limited)* (the 'Company') for the half year ended 31 March 2018 and the year to date financial results for the period from 1 April 2017 to 31 March 2018 ('the Financial Results'), being submitted by the Company pursuant to the requirement of Regulation 52 of the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the half year ended 31 March 2018 and the corresponding half year ended 31 March 2017 represent the difference between the audited figures in respect of the full financial years and the published figures for the half year ended 30 September 2017 and 30 September 2016 respectively.

These Financial Results, which are the responsibility of the Company's management and approved by the Board of Directors, have been prepared on the basis of the related financial statements which are in accordance with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 ('the Act'), read with the relevant rules issued thereunder and other accounting principles generally accepted in India.

Our responsibility is to express an opinion on these Financial Results based on our audit of such financial statements, which have been prepared and presented in accordance with the with the recognition and measurement principles laid down in applicable accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, relevant circulars and guidelines issued by the Reserve Bank of India from time to time as applicable to a Non Banking Financial (Non-Deposit Accepting or Holding) Company and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as Financial Results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



HDFC Credila Financial Services Private Limited

(formerly known as Credila Financial Services Private Limited)

Independent Auditor's Report on the Half Yearly and Year to Date Financial Results of HDFC Credila Financial Services Private Limited pursuant to Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)

Attention is drawn to the fact that the figures for the half year and year ended 31 March 2017 as reported in the Financial Results were audited by another auditor who expressed an unmodified opinion on those financial results dated 18 April 2017.

In our opinion and to the best of our information and according to the explanations given to us, these Financial Results:

- i. are presented in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended in this regard; and
- ii. give a true and fair view of the net profit and other financial information for the half year ended 31 March 2018 as well as the year to date financial results for the period from 1 April 2017 to 31 March 2018.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Akeel Master

Partner

Membership No: 046768

Mumbai
25 April 2018

HDFC CREDILA FINANCIAL SERVICES PRIVATE LIMITED
(formerly known as CREDILA FINANCIAL SERVICES PRIVATE LIMITED)
(CIN: U67190MH2006PTC159411)

Regd. Office: B-301, Citi Point, Andheri-Kurla Road,
Andheri (East), Mumbai 400 059

Tel No: 022-28266636 Website: www.hdfccredila.com Email: investor@credila.com

Statement of profit and loss
for the half year and year ended 31 March 2018

| Particulars | (₹ in lakhs) | | | |
|--|-------------------------------|--|--------------------------|---------------------------------------|
| | Half Year ended 31/03/2018 | Half Year ended 31/03/2017 ⁴ | Year ended 31/03/2018 | Year ended 31/03/2017 ⁴ |
| | Audited | Audited | Audited | Audited |
| I Revenue from operations | 25,337.60 | 20,842.69 | 48,857.78 | 39,173.78 |
| II Other income | 0.02 | 2.71 | 0.05 | 6.92 |
| III Total Revenue (I+II) | 25,337.62 | 20,845.40 | 48,857.83 | 39,180.70 |
| IV Expenses | | | | |
| Employee benefits expense | 1,410.81 | 1,264.81 | 2,619.64 | 2,186.21 |
| Finance costs | 15,008.60 | 12,560.49 | 28,320.99 | 23,724.40 |
| Depreciation and amortization | 33.88 | 24.91 | 63.70 | 45.17 |
| Other expenses | 1,919.86 | 1,535.18 | 3,732.83 | 2,812.10 |
| Provisions and write offs | 168.79 | 157.19 | 545.50 | 443.58 |
| Total expenses | 18,541.94 | 15,542.58 | 35,282.66 | 29,211.46 |
| V Profit before tax (III-IV) | 6,795.68 | 5,302.82 | 13,575.17 | 9,969.24 |
| VI Tax expense: | | | | |
| a. Current tax | 2,475.00 | 1,882.00 | 4,906.00 | 3,582.00 |
| b. Deferred tax | (72.00) | (65.00) | (217.00) | (155.00) |
| c. Provisions for tax relating to prior years charged/ (released) | 178.98 | 0.40 | 178.98 | (5.23) |
| Net Tax Expense | 2,581.98 | 1,817.40 | 4,867.98 | 3,421.77 |
| VII Profit for the year (V-VI) | 4,213.70 | 3,485.42 | 8,707.19 | 6,547.47 |
| VIII Earnings per equity share: | | | | |
| a. Basic (in ₹) (Not annualised) | 6.77 | 6.25 | 14.11 | 11.89 |
| b. Diluted (in ₹) (Not annualised) | 3.59 | 3.15 | 7.46 | 5.95 |
| Face Value per share (in ₹) | 10.00 | 10.00 | 10.00 | 10.00 |



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Balance Sheet
As at 31 March 2018

(₹ in lakhs)

| Particulars | As at | As at |
|---|--------------------|-------------------------|
| | 31/03/2018 | 31/03/2017 ⁴ |
| | Audited | Audited |
| I EQUITY AND LIABILITIES | | |
| 1 Shareholders' funds | | |
| (a) Share capital | 13,152.64 | 12,774.20 |
| (b) Reserves and surplus | 32,391.43 | 19,151.80 |
| | 45,544.07 | 31,926.00 |
| 2 Non-current liabilities | | |
| (a) Long-term borrowings | 2,49,488.63 | 2,17,252.27 |
| (b) Other long term liabilities | 118.24 | 117.61 |
| (c) Long-term provisions | 1,868.00 | 1,274.94 |
| | 2,51,474.87 | 2,18,644.82 |
| 3 Current liabilities | | |
| (a) Short-term borrowings | 51,860.43 | 27,201.42 |
| (b) Trade payables | | |
| (i) Total outstanding dues of micro and small enterprises | - | - |
| (ii) Total outstanding dues of creditors other than micro and small enterprises | 873.65 | 682.39 |
| (c) Other current liabilities | 79,287.44 | 56,080.88 |
| (d) Short-term provisions | 233.31 | 32.69 |
| | 1,32,254.83 | 83,997.38 |
| TOTAL | 4,29,273.77 | 3,34,568.20 |
| II ASSETS | | |
| 1 Non-current assets | | |
| (a) Fixed assets | | |
| (i) Tangible assets | 226.51 | 185.19 |
| (ii) Intangible assets | 57.81 | 11.53 |
| (iii) Capital work-in-progress | 2.00 | 3.82 |
| (b) Deferred tax assets (net) | 682.00 | 465.00 |
| (c) Long - term loans and advance | 4,01,847.81 | 3,12,465.69 |
| | 4,02,816.13 | 3,13,131.23 |
| 2 Current assets | | |
| (a) Trade receivables | 35.84 | 19.68 |
| (b) Cash and bank balances | 1,423.48 | 1,148.35 |
| (c) Short-term loans and advances | 23,882.67 | 19,160.12 |
| (d) Other current assets | 1,115.65 | 1,108.82 |
| | 26,457.64 | 21,436.97 |
| TOTAL | 4,29,273.77 | 3,34,568.20 |



(Handwritten signatures)



Notes:

- 1 The Company is a Non-Banking Finance Company registered with the Reserve Bank of India.
- 2 The results for the half year ended 31 March 2018 has been audited by the Audit Committee and approved by the Board of Directors at its meeting held on 25 April 2018.
- 3 Figures for the half year ended 31 March 2018 and the corresponding half year ended 31 March 2017, represent the difference between the audited figures in respect of full financial years and the published figures for the half year ended 30 September 2017 and 30 September 2016 respectively.
- 4 The financial results of the Company for the corresponding six months ended and year ended 31 March 2017 were reviewed and audited by another auditor who expressed an unmodified opinion on those results on 18 April 2017.
- 5 Earnings per share for the half year ended 31 March 2018 and 31 March 2017 have been calculated for six months and not annualised.
- 6 Revenue from operations includes origination fees of ₹ 2,328 lakhs (₹ 874 lakhs for the half year ended 31 March 2018), which is net of amounts incurred towards commission to direct selling agents amounting to ₹ 558 lakhs (₹ 201 lakhs for the half year ended 31 March 2018).
- 7 The Company has recognised an additional standard asset provision of ₹ 213 lakhs for year ended 31 March, 2018. As specified in RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1 September, 2016, the Company has made provision @ 0.40% of the standard assets as compared to the provision made @ 0.35% of the standard assets during last year.
- 8 The Company has utilised ₹127 lakhs (previous year ₹ 121 lakhs) (Net of tax ₹ 83 lakhs) in accordance with section 52 of the Companies Act 2013, towards issue expenses in respect of Non-convertible debentures and consequently the charge on the income statement is lower by the aforesaid amount.
- 9 With effect from 1 April 2017, the Company changed the nature of agreement with one of its outsourcing agency to direct selling agent. In the financial results for the half year ended 30 September 2017, expenses relating to the said agency were presented as commission to direct selling agents and netted off from front end origination fees. As at the year end, the agreement with the said agency was revised to the original terms with effect from 1 April 2017. Consequently, the entire amount of expenses relating to the said agency are presented as outsourcing charges in financial results for the year ended 31 March 2018.
- 10 The Company is primarily engaged in providing education loans in India. As such, there are no separate reportable segments, as per Accounting Standard on "Segment Reporting" (AS-17).
- 11 During the year ended 31 March 2018, Company has issued 13,70,600 right shares of ₹ 10 per share at a premium of ₹ 99.44 per share amounting to ₹ 1,500 lakhs as on 31 July 2017 and 24,13,800 right shares of ₹ 10 per share at a premium of ₹ 135 per share amounting to ₹ 3,500 lakhs as on 28 March 2018 to HDFC Ltd.
- 12 For a better presentation of accounts alignment with industry practices the Company has made the following regroupings/ reclassifications to previous year amounts:
 - In line with NBFC Master Directions, the loan balance has been presented on a gross basis without netting provisions against the value of loans and advances. Such provisions are shown under non-current liabilities.
 - Split of Compensated absences and gratuity into long term and short term liability.
- 13 The Secured listed Non-Convertible Debentures of the Company are secured by pari passu charge with other existing lenders on the loan receivables of the Company's underlying portfolio of loans having minimum asset cover of 1.05 times of the principal outstanding and interest accrued but not paid, to be maintained throughout the tenure of the Debentures.


14 Ratios:

| Sr. No. | Particulars | Half Year ended 30 September 2017 | Year ended 31 March 2018 |
|---------|------------------------------|-----------------------------------|--------------------------|
| 1 | Capital to Risk Asset Ratio* | 17.35% | 18.02% |
| 2 | Gross NPA Ratio | 0.08% | 0.04% |
| 3 | Net NPA Ratio | 0.05% | 0.02% |

*Pursuant to RBI inspection, from this financial year, the Company has considered undisbursed commitments for partially disbursed cases for the purpose of calculation of capital adequacy ratio.

For and on behalf of Board of Directors
HDFC Credila Financial Services Private Limited
 (formerly known as Credila Financial Services Private Limited)


Anil Bohora
 Managing Director
 DIN : 00694396


Ajay Bohora
 Managing Director & CEO
 DIN : 00694444



Date : 25 April 2018
 Place : Mumbai

Disclosures in terms of Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year and half-year ended 31 March 2018.

Annexure 1

- a) The Company has paid interest and principal on Non Convertible Debentures on due dates. Details of payment of interest / principal and Credit Rating as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in Annexure A.
- b) Asset cover available as on 31 March 2018, in case of Secured NCDs issued by the Company is 2.04 (as on 30 September 2017 is 1.97 and as on 31 March 2017 is 1.64).
- c) Debt-Equity ratio as on 31 March 2018 is 8.36 (as on 30 September 2017 is 9.50 and as on 31 March 2017 is 9.24).
- d) Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.
- e) Net worth as on 31 March 2018 is ₹ 44,804.26 lakhs (as on 30 September 2017 is ₹ 37,215.07 lakhs and as on 31 March 2017 is ₹ 31,914.47 lakhs)
- f) Net profit after tax for the year ended on 31 March 2018 is ₹ 8,707.19 (on March 31 2017 is ₹ 6,547.47 lakhs) and for the half year ended on 31 March 2018 is ₹ 4,213.70 lakhs (on 30 September 2017 is ₹ 4,493.49 lakhs).
- g) Earnings per share as on 31 March 2018: Basic ₹ 14.11 and Diluted ₹ 7.46.
- h) Debt service coverage ratio: Not Applicable
- i) Interest service coverage ratio: Not Applicable
- j) Outstanding redeemable preference shares: Not Applicable

* Net worth = Share Capital + Reserves - Deferred Tax Assets - Intangible Assets.



**Details of payment of interest / principal and Credit Rating of the Non-Convertible Debentures in accordance with the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

Annexure A

| Name of Debt Instruments | ISIN & Scrip Code | Credit Rating | Previous Due Date (October 1, 2017 to March 31, 2018) | | Interest (April 1, 2018 to September 30, 2018) | | Principal (April 1, 2018 to September 30, 2018) | |
|---|-------------------------|--------------------------|---|-----------|---|-----------------------|--|-----------------------|
| | | | Interest | Principal | Next Due Date | Amount ₹. In lakhs | Next Due Date | Amount ₹. In lakhs |
| 11.75% HDFC | INE539K08112, | CARE AA+ & | 43,290.00 | - | 9-Jul-18 | 585.89 | - | - |
| 10.50% HDFC Credila PDI January | INE539K08120, 951612 | CARE AA+ & ICRA AA+ | 29-Jan-18 | - | - | - | - | - |
| 10.50% HDFC Credila PDI June 17, 2025 | INE539K08138, 952267 | CARE AA+ & ICRA AA+ | - | - | 18-Jun-18 | 526.44 | - | - |
| 9.30% HDFC Credila October 9, 2025 | INE539K08146, 952850 | CARE AAA & CRISIL AAA | 9-Oct-17 | - | - | - | - | - |
| 9.00% HDFC Credila February 26, 2019 | INE539K07023, 953505 | CRISIL AAA | 26-Feb-18 | - | - | - | - | - |
| 9.00% HDFC Credila June 28, 2019 | INE539K07031, 954280 | CRISIL AAA | - | - | 28-Jun-18 | 1,800.00 | - | - |
| 8.25% HDFC Credila November 25, 2021 | INE539K07056, 955181 | CARE AAA & CRISIL AAA | 27-Nov-17 | - | - | - | - | - |
| 8.00% HDFC Credila February 25, 2022 | INE539K07064, 955821 | CARE AAA & CRISIL AAA | 27-Feb-18 | - | - | - | - | - |
| 7.65% HDFC Credila March 26, 2019 | INE539K07072, 956647 | CRISIL AAA | 28-Mar-18 | - | - | - | - | - |
| 8.20% HDFC Credila July 23, 2027 | INE539K08153, 956752 | ICRA AAA & CRISIL AAA | - | - | 24-Jul-18 | 410.00 | - | - |
| 7.50% HDFC Credila August 7, 2019 | INE539K07080, 956788 | CRISIL AAA | - | - | 7-Aug-18 | 1,500.00 | - | - |
| 8.10% HDFC Credila, November 16, 2027 | INE539K08161, 957172 | ICRA AAA & CRISIL AAA | - | - | - | - | - | - |
| 8.75% HDFC Credila PDI, 2017 December 8 | INE539K08179, 957228 | CARE AA+ & ICRA AA+ | - | - | - | - | - | - |

AP *ASL*

