

PRIVATE AND CONFIDENTIAL (FOR ADDRESSEE ONLY)

DISCLOSURE DOCUMENT HAS BEEN PREPARED AS PER SCHEDULE I OF SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED FROM TIME TO TIME.

INFORMATION MEMORANDUM

HDFC CREDILA FINANCIAL SERVICES PRIVATE LIMITED

A private limited company incorporated under the Companies Act, 1956 with

CIN: U67190MH2006PTC159411

Date of Incorporation: February 1, 2006

Registered Office: B 301, Citi Point, Next to Kohinoor Continental,

Andheri - Kurla Road, Andheri (East), Mumbai 400 059

Telephone No: +91-22-2826 6636; Fax: +91-22-2471 2447

Website: www.hdfcredila.com

Information Memorandum for issue of Debentures on a private placement basis on August 01, 2019

Issue of 2,000 (Two Thousand) Secured, Rated, Listed, Redeemable, Non-convertible Debentures (Debentures) of face value of ₹ 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to ₹ 200,00,00,000/- (Rupees Two Hundred Crores only) on a private placement basis (the "Issue")

Background

This Information Memorandum is related to the Debentures to be issued by HDFC Credila Financial Services Private Limited (the "Issuer" or "Company" or "HDFC Credila") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Information Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on August 06, 2018 and the Board of Directors of the Issuer on August 04, 2018 and the Memorandum and Articles of Association of the Company. In terms of the authority granted by the shareholders of the Company under Section 180(1)(c) of the Companies Act, 2013 at the Extra Ordinary General Meeting dated held on August 06, 2018 in accordance with provisions of the Companies Act, 2013, the Board has been authorised to borrow, upon such terms and conditions as the Board may think fit, amounts up to Rs. 10,000,00,00,000/- (Rupees Ten Thousand Crores only). The present issue of Debentures in terms of this Information Memorandum is within the overall powers of the Company and the Board as per the above shareholder resolution(s).

Credit Rating

The proposed issue of Debentures have been rated by CRISIL Limited ("CRISIL") and ICRA Limited ("ICRA"). However, the 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 concerned rating agency and should be evaluated independently of any other ratings.

CRISIL has vide its letter dated June 27, 2019 assigned a rating of "CRISIL AAA" in respect of the Debentures. Please refer to Annexure II of this Information Memorandum for the letter from CRISIL assigning the credit rating above mentioned.



ICRA has vide its letters dated June 28, 2019 assigned a rating of "ICRA AAA" in respect of the Debentures. Please refer to Annexure II of this Information Memorandum for the letters dated June 28, 2019 from ICRA assigning the credit rating abovementioned

Issue Schedule

Bidding / Issue Opens on: July 31, 2019 at 09:00 AM
 Bidding / Issue Closing on: July 31, 2019 at 10:00 AM
 Pay-in Date to the Exchange: August 01, 2019 upto 10:30 AM
 Pay-out Date to the Issuer: August 01, 2019
 Deemed Date of Allotment: August 01, 2019

The Issuer reserves the right to change the Issue Schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

The Debentures are proposed to be listed on the wholesale debt market of the BSE Limited ("BSE").




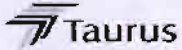

ISSUER	DEBENTURE TRUSTEE	REGISTRAR TO THE ISSUE	ARRANGERS TO THE ISSUE
 HDFC CREDILA <small>HDFC Education & Personal Services</small> HDFC Credila Financial Services Private Limited Registered Office: B 301, Citi Point, Next to Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai 400 059 Tel No: +91 22 2826 6636 Fax No: +91 22 2471 2447 Contact Person: Sebastian Fernandez Email Id: sebastian@hdfccredila.com Website: www.hdfccredila.com	 IDBI Trusteeship Services Ltd. IDBI Trusteeship Services Limited. Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate Mumbai - 400 001 Tel. No : +91 22 40807001 Fax No : +91 22 22882312 Contact Person: Ajit Guruji E-Mail : ajit.guruji@idbitrustee.com Website : www.idbitrustee.com	 adroit <small>CORPORATE SERVICES PVT. LTD.</small> Adroit Corporate Services Private Limited, 18/19/20 Jaferbhoy Industrial Estate, Makwana Road, Marol Naka Andheri (East), Mumbai - 400 059 Tel. No : +91 22 28590942 Fax No : +91 22 2850 3748 Contact Person: Sadashiv S Shetty E-Mail : sshetty@adroitcorporate.com Website : www.adroit.com	 Taurus Taurus Corporate Advisory Services Limited, 203, Cosmos Court, Opp IOCL Petrol Pump, S.V. Road, Vile-Parle (w), Mumbai-56 Tel: +91 22 61471100 Fax: +91 22 26104920/25 Contact Person: Prabhanand Padwal Email ID: prabhanand.padwal@taurusgrp.com Website: www.taurusgrp.com  ICICI Bank ICICI BANK LTD Treasury Control And Service Group, G Mnt Settal Ment, 3rd Floor, Mafatal chambers, c-wing, n m joshi marg, Lower parel, Mumbai 400013 Tel No: + 022-26538980 Fax No: +91 Contact Person: Sanket Jain e-Mail: sanket.jain@icicibank.com Website: www.icicibank.com



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SECTION 1: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Disclosure Document/Information Memorandum.

ALCO	Asset Liability Management Committee of the Company
Allot/Allotment/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue.
ALM	Asset Liability Management
Application Form	The form used by the recipient of this Information Memorandum and/or the Private Placement Offer Letter, to apply for subscription to the Debentures, which is in the form annexed to this Information Memorandum and marked as Annexure IV.
Arranger / Sole Arranger	i) Taurus Corporate Advisory Services Limited ii) ICICI Bank Limited
Board/Board of Directors	The Board of Directors of the Issuer and includes any Committee thereof
Business Day	Shall mean a day (other than a public holiday or a Sunday) on which banks are normally open for business in Mumbai.
Capital to Risk-weighted Assets Ratio	The minimum capital adequacy ratio prescribed by Reserve Bank of India for any NBFC-ND-SI, from time to time.
CDSL	Central Depository Services (India) Limited
Deemed Date of Allotment	August 01, 2019
Debenture Trustee	IDBI Trusteeship Services Limited
Debenture Trustee Agreement	Agreement to be executed by and between the Debenture Trustee and the Company for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Demat	Refers to dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and /or CDSL.
Depository Participant / DP	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of the Issuer.
Disclosure Document / Information Memorandum	This document which sets out the information regarding the Debentures being issued on a private placement basis.
DP ID	Depository Participant Identification Number.
Due Date	Any date on which the holders of the Debentures are entitled to any payments, either upon exercise of the Call Option or otherwise in respect of any coupon.



EFT	Electronic Fund Transfer
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year.
GAAP	Generally Accepted Accounting Principles
Issue	Private Placement of the Debentures.
Issue Opening Date	July 31, 2019
Issue Closing Date	July 31, 2019
Issuer/ Company	HDFC Credila Financial Services Private Limited
Majority Debenture Holders	Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to more than 75% (Seventy Five per cent) of the value of the nominal amount of the Debentures for the time being outstanding.
Material Adverse Effect	The effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, a material and adverse effect on (i) the financial condition, business or operation of the Issuer; (ii) the ability of the Issuer to perform their obligations under the Transaction Documents; or (iii) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).
N.A.	Not Applicable
NBFC-ND-SI	Shall mean a 'Systemically Important Non-Deposit taking Non-Banking Financial Company' as notified by the RBI, from time to time.
NPA	Non-Performing Asset
NSDL	National Securities Depository Limited.
PAN	Permanent Account Number.
Debentures	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures bearing a face value of Rs. 10,00,000/- (Rupees Ten lakhs only) each
Debenture Holders / Investors	The holders of the Debentures issued by the Issuer and shall include the registered transferees of the Debentures from time to time
Private Placement Offer Letter	Shall mean the offer letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014.
Promoters	Mr. Anil Bohora Mr. Ajay Bohora Housing Development Finance Corporation Limited
RBI	Reserve Bank of India
Rating Agency	CRISIL Limited ("CRISIL") and ICRA Limited ("ICRA") Collectively, and individually as a Rating Agency.
Record Date	The date which will be used for determining the Debenture holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date.
R&T Agent / Registrar	Registrar and Transfer Agent to the Issue, in this case being Adroit Corporate Services Private Limited
ROC	Registrar of Companies



Rs. / INR / Rupees/	The lawful currency of the Republic of India
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 issued by SEBI, as amended from time to time.
TDS	Tax Deducted at Source
The Companies Act/ the Act	Companies Act, 2013 , to the extent notified
Terms & Conditions	Shall mean the terms and conditions pertaining to the Issue as outlined in the Transaction Documents
Transaction Documents	Shall mean the documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in Annexure I.
WDM	Wholesale Debt Market.
ICCL	Indian Clearing Corporation Limited



SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the BSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Information Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general. The Issuer has mandated Taurus Corporate Advisory Services Limited and ICICI Bank Limited to act as arrangers for the Debentures and to distribute either itself and/or through its affiliates this Information Memorandum to identified potential investors.

As per the applicable provisions, it is not necessary for a copy of this Information Memorandum/ Disclosure Document to be filed or submitted to the SEBI for its review and/or approval. However the copy of this Information Memorandum and/or Private Placement Offer Letter shall be filed with SEBI within 30 days of its issue.

This Information Memorandum has been prepared in conformity with the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time and applicable RBI Guidelines and Circulars including those governing private placements by NBFCs. This Information Memorandum has been prepared solely to provide general information about the Issuer to the Eligible Investors (as defined in 9.14) to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Information Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Information Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Information Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyse such investment and the suitability of such investment to such Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Information Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having being authorized by the Issuer. The Issuer certifies that the disclosures made in this Information Memorandum and/or the Private Placement Offer Letter are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Information Memorandum and/or the Private Placement Offer Letter or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of



information other than this Information Memorandum and/or the Private Placement Offer Letter would be doing so at its own risk.

This Information Memorandum, the Private Placement Offer Letter and the respective contents hereof are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Information Memorandum and/or the Private Placement Offer Letter are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with this Information Memorandum and/or the Private Placement Offer Letter being issued have been sent. Any application by a person to whom the Information Memorandum and/or the Private Placement Offer Letter has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Information Memorandum and/or the Private Placement Offer Letter shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to us or other parties in connection with the Issue. This Information Memorandum and/or the Private Placement Offer Letter may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Information Memorandum) without retaining any copies hereof. If any recipient of this Information Memorandum and/or the Private Placement Offer Letter decides not to participate in the Issue, that recipient must promptly return this Information Memorandum and/or the Private Placement Offer Letter and all reproductions whether in whole or in part and any other information, statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Information Memorandum and/or the Private Placement Offer Letter to reflect subsequent events after the date of Information Memorandum and/or the Private Placement Offer Letter and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Information Memorandum, and/or the Private Placement Offer Letter nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Information Memorandum and/or the Private Placement Offer Letter does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Information Memorandum and/or the Private Placement Offer Letter in any jurisdiction where such action is required. Persons into whose possession this Information Memorandum and/or the Private Placement Offer Letter come are required to inform themselves about and to observe any such restrictions. The Information



Memorandum and/or the Private Placement Offer Letter is made available to potential Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Information Memorandum has been filed with the BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Information Memorandum to the BSE should not in any way be deemed or construed to mean that this Information Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum, nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer. Every person who desires to apply for or otherwise acquire any securities of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

2.3 DISCLAIMER CLAUSE OF SECURITIES & EXCHANGE BOARD OF INDIA

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Information Memorandum has to be filed with or submitted to the SEBI for its review / approval. However pursuant to the provisions of Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, the copy of this Information Memorandum/ Private Placement Offer Letter shall be filed with the SEBI within the stipulated timelines under the Companies Act, 2013. It is to be distinctly understood that this Information Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI nor does SEBI guarantee the accuracy or inadequacy of this Information Memorandum. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Information Memorandum. However, SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this Information Memorandum. Further the Company undertakes to file this Information Memorandum and/or Private Placement Offer Letter with SEBI within 30 days from the Deemed Date of Allotment as per the provisions of the Companies Act, 2013 and the rules thereunder.

2.4 DISCLAIMER CLAUSE OF THE SOLE ARRANGER

The Issuer hereby declares that it has exercised due-diligence to ensure complete compliance with prescribed disclosure norms in this Information Memorandum and/or the Private Placement Offer Letter. The only role of the Sole Arranger with respect to the Debentures is confined to arranging placement of the Debentures on the basis of this Information Memorandum as prepared by the Issuer. Without limiting the foregoing, the Sole Arranger is not acting, and has not been engaged to act, as an underwriter, merchant banker or other intermediary with respect to the Debentures. The Issuer is solely responsible for the truth, accuracy and completeness of all the information provided in this Information Memorandum and/or the Private Placement Offer Letter. Neither is the Sole Arranger responsible for preparing, clearing, approving, scrutinizing or vetting this Information Memorandum and/or the Private Placement Offer Letter, nor is the Sole Arranger responsible for doing any due-diligence for verification of the truth, correctness or completeness of the contents of the Information Memorandum and/or the Private Placement Offer Letter. The Sole Arranger shall



be entitled to rely on the truth, correctness and completeness of this Information Memorandum and/or the Private Placement Offer Letter. It is to be distinctly understood that the aforesaid use of this Information Memorandum and/or the Private Placement Offer Letter by the Sole Arranger should not in any way be deemed or construed to mean that the Information Memorandum and/or the Private Placement Offer Letter has been prepared, cleared, approved, scrutinized or vetted by the Sole Arranger. Nor should the contents of this Information Memorandum and/or the Private Placement Offer Letter in any manner be deemed to have been warranted, certified or endorsed by the Sole Arranger as to the truth, correctness or completeness thereof. Each recipient must satisfy itself as to the accuracy, reliability, adequacy, reasonableness or completeness of the Information Memorandum and/or the Private Placement Offer Letter.

The Sole Arranger has not conducted any due diligence review on behalf or for the benefit of the Debenture Trustee or any of the Debenture Holders. Each of the Debenture Holders should conduct such due diligence on the Issuer and the Debentures as it deems appropriate and make its own independent assessment thereof.

Distribution of this Information Memorandum and/or the Private Placement Offer Letter does not constitute a representation or warranty, express or implied by the Sole Arranger that the information and opinions herein will be updated at any time after the date of this Information Memorandum and/or the Private Placement Offer Letter. The Sole Arranger does not undertake to notify any recipient of any information coming to the attention of the Sole Arranger after the date of this Information Memorandum and/or the Private Placement Offer Letter. No responsibility or liability or duty of care is or will be accepted by the Sole Arranger for updating or supplementing this Information Memorandum and/or the Private Placement Offer Letter nor for providing access to any additional information as further information becomes available.

Neither the Sole Arranger nor any of their respective directors, employees, officers or agents shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this Information Memorandum or in any other information or communications made in connection with the Debentures.

The Sole Arranger is acting for the Company in relation to the Issue of the Debentures and not on behalf of the recipients of this Information Memorandum and/or the Private Placement Offer Letter. The receipt of this Information Memorandum and/or the Private Placement Offer Letter by any recipient is not to be constituted as the giving of investment advice by the Sole Arranger to that recipient, nor to constitute such a recipient a customer of the Sole Arranger. The Sole Arranger is not responsible to any other person for providing the protection afforded to the customers of the Sole Arranger or for providing advice in relation to the Debentures.

Each recipient of this Information Memorandum and/or the Private Placement Offer Letter acknowledges that:

- (a) each recipient has been afforded an opportunity to request and to review and has received all additional information considered by the recipient to be necessary to verify the accuracy of or to supplement the information contained herein; and
- (b) such recipient has not relied on the Sole Arranger in connection with its investigation of the accuracy of such information or its investment decision.

2.5 DISCLAIMER OF THE RESERVE BANK OF INDIA

The Securities have not been recommended by the Reserve Bank of India nor does RBI guarantee the accuracy or adequacy of this document. It is to be distinctly understood that this



document should not, in any way, be deemed or construed that the securities have been recommended for investment by the RBI. RBI does not take any responsibility either for the financial soundness of the Issuer Company or the securities being issued by the Issuer Company or for the correctness of the statements made or opinions expressed in this document. Potential investors may make investment decision in the securities offered in terms of this Disclosure Document/Information Memorandum solely on the basis of their own analysis and RBI does not accept any responsibility about servicing/ repayment of such investment.

2.6 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to Investors as specified under the clause titled "Eligible Investors" of this Information Memorandum, who shall be/have been identified upfront by the Issuer. This Information Memorandum and/or the Private Placement Offer Letter does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at Mumbai. This Information Memorandum and/or the Private Placement Offer Letter does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.7 DISCLAIMER CLAUSE OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agencies has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agencies do not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agencies have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.8 DISCLAIMER CLAUSE OF DEBENTURE TRUSTEE

The Debenture Trustee, "Ipsco Facto" does not have the obligation of a borrower or a principal debtor or a guarantor as to the monies paid/invested by the investors for the Debentures.

2.9 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depository participant. The Issuer will make the Allotment to Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.



SECTION 3: AUTHORISATION LETTER

Date: July 26, 2019

To,
Taurus Corporate Advisory Services Limited,
03, Cosmos Court,
Opp. IOCL Petrol Pump,
S. V. Road, Vile-Parle (w),
Mumbai-400 056

Dear Sirs,

Re: Issue of Secured, Rated, Listed, Redeemable, Non-Convertible Debentures on a Private Placement basis ("Debentures")

HDFC Credila Financial Services Private Limited (the "Company" or the "Issuer"), refers to the Information Memorandum dated July 26, 2019 (the "Information Memorandum") in connection with the Debentures proposed to be issued by the Issuer.

The Issuer confirms that, as at the date of this letter, the factual information contained in the Information Memorandum is true and accurate and no factual information has been omitted that renders such information contained in the Information Memorandum untrue or inaccurate in any material respect and any financial forecasts and projections contained in any part of the Information Memorandum have been prepared on the basis of recent historical information and assumptions believed by the Issuer to be fair and reasonable. All expressions of opinion, statements and estimates set forth and reflected in the Information Memorandum have been made by the Issuer after due and proper consideration. In addition, the Issuer is not aware of any information not contained in the Information Memorandum, the omission of which would lead to the Information Memorandum being inaccurate, untrue or misleading in any material respect. The Issuer further confirms that it is in compliance and shall comply with all applicable laws and regulations in relation to the proposed issue of the Debentures.

The Issuer authorises the Arranger and/or its affiliates to deliver copies of the Information Memorandum to those specified persons identified by the Company together with the Arranger from whom the Arranger proposes to seek participation in the Debentures. The Issuer agrees to indemnify and hold the Arranger, its affiliates and each of its and their officers, employees, representatives, and agents harmless from and against any and all losses, liabilities, damages, claims, costs or expenses which may be imposed on or incurred by the Arranger or its affiliates, officers, employees, representatives, and agents as a result of any inaccurate, untrue or misleading statement contained in the Information Memorandum or caused by an omission of any material fact which is necessary to make any of the statements contained in the Information Memorandum not misleading.

This letter and all claims arising in connection with it are governed by, and are to be construed in accordance with, Indian law. The Issuer submits to the exclusive jurisdiction of the courts and tribunals at Mumbai for the resolution of any dispute arising in connection with this letter.

Yours faithfully,
For HDFC Credila Financial Services Private Limited


Anil Bahora
Managing Director



Date: July 26, 2019

To,
ICICI Bank Limited
Treasury Control And Service Group,
G Mnt Setal Ment, 3rd Floor,
Mafatlal chambers, c-wing,
N. M. Joshi Marg, Lower parel,
Mumbai 400013

Dear Sirs,

Re: Issue of Secured, Rated, Listed, Redeemable, Non-Convertible Debentures on a Private Placement basis ("Debentures")

HDFC Credila Financial Services Private Limited (the "Company" or the "Issuer"), refers to the Information Memorandum dated July 26, 2019 (the "Information Memorandum") in connection with the Debentures proposed to be issued by the Issuer.

The Issuer confirms that, as at the date of this letter, the factual information contained in the Information Memorandum is true and accurate and no factual information has been omitted that renders such information contained in the Information Memorandum untrue or inaccurate in any material respect and any financial forecasts and projections contained in any part of the Information Memorandum have been prepared on the basis of recent historical information and assumptions believed by the Issuer to be fair and reasonable. All expressions of opinion, statements and estimates set forth and reflected in the Information Memorandum have been made by the Issuer after due and proper consideration. In addition, the Issuer is not aware of any information not contained in the Information Memorandum, the omission of which would lead to the Information Memorandum being inaccurate, untrue or misleading in any material respect. The Issuer further confirms that it is in compliance and shall comply with all applicable laws and regulations in relation to the proposed issue of the Debentures.

The Issuer authorises the Arranger and/or its affiliates to deliver copies of the Information Memorandum to those specified persons identified by the Company together with the Arranger from whom the Arranger proposes to seek participation in the Debentures. The Issuer agrees to indemnify and hold the Arranger, its affiliates and each of its and their officers, employees, representatives, and agents harmless from and against any and all losses, liabilities, damages, claims, costs or expenses which may be imposed on or incurred by the Arranger or its affiliates, officers, employees, representatives, and agents as a result of any inaccurate, untrue or misleading statement contained in the Information Memorandum or caused by an omission of any material fact which is necessary to make any of the statements contained in the Information Memorandum not misleading.

This letter and all claims arising in connection with it are governed by, and are to be construed in accordance with, Indian law. The Issuer submits to the exclusive jurisdiction of the courts and tribunals at Mumbai for the resolution of any dispute arising in connection with this letter.

Yours faithfully,
For HDFC Credila Financial Services Private Limited


Anil Bohora
Managing Director



SECTION 4: RISK FACTORS

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential investors should carefully consider all the risk factors in this Information Memorandum and/or the Private Placement Offer Letter for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures, but does not represent that the statements below regarding risks of holding the Debentures are exhaustive. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Investors should also read the detailed information set out elsewhere in this Information Memorandum and/or the Private Placement Offer Letter and reach their own views prior to making any investment decision.

INTERNAL RISKS

4.1 CREDIT RISK: THE BUSINESS OF LENDING CARRIES THE RISK OF DEFAULT BY BORROWERS.

Any lending business is exposed to the risk of default by its borrowers thereby resulting in non-performing assets (NPAs). Lending for education is the core business of the Company. Since inception there has been a strong emphasis on developing systematic credit appraisal techniques. The Company has a core team, which carefully monitors loan recoveries and ensures that the NPAs are kept to a minimal.

4.2 MARKET RISK: THIS RISK ARISES AS A RESULT OF INTEREST RATE VOLATILITY

The Company understands that the ability to pay the interest payable on Debentures is of paramount importance. However, interest rate risk is inherent to the business of any financial institution. The Company endeavours to minimise this risk by predominantly linking interest rates on loans to a base which varies in accordance with movements in market rates. Interest rate and liquidity risks are monitored and managed through active ALM.

4.3 ALM: THE RISKS THAT ARISE OUT OF MISMATCH OF ASSETS AND LIABILITIES

To monitor market risk management systems, the Board of Directors of the Company has approved an ALM Policy, which inter alia defines the Company's risk philosophy, specifies prudent gaps and tolerance limits and reporting systems. The ALCO appraises the Board periodically on ALM issues.

4.4 OPERATIONAL RISK: THE RISKS THAT ARISE OUT OF SYSTEMIC ISSUES WITHIN AN ORGANISATION

Operational risks are very broad based and intrinsic to any business which may vary from a change in the key management personnel, information technology risks relating to the loan processing system, fraud risks, etc., and which may affect the performance of the Issuer in a number of ways which could result in contingent liabilities, operational hassles, variance in operating costs, etc. The Company has instituted adequate internal control systems commensurate with the nature of its business and size of operations. The Internal Audit function



is carried out by independent audit firm. All significant internal audit observations are reported to the Audit Committee of the Company.

4.5 CHARGE OVER THE SECURED ASSETS

The debentures 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 tenor of the Debentures.

EXTERNAL RISKS

4.6 REGULATORY CHANGES

The Issuer is subject to changes in Indian laws including the Income Tax laws, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

Similarly, the Issue is also subject to changes in the economic conditions of foreign countries, policies of the foreign governments with respect to Education, visa norms, etc. which would directly impact their borrower's ability to secure a job and thereby repay their dues.

4.7 POLITICAL AND ECONOMIC RISK IN INDIA

Though the Issuer operates only within India and accordingly, all of its revenues are derived from the domestic market, however, there is a considerable impact of global economic factors on the Indian economy in a number of ways. As a result, it is highly dependent on prevailing economic conditions both in India and abroad and its results of operations are significantly affected by various factors both Indian and global influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors or in economies where the Issuer has a relatively higher exposure could adversely impact its performance in that sector or economy. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

Further, even the movement in foreign exchange rates goes on to impact the performance of the Issuer in a number of ways e.g. in case of an adverse movement in foreign exchange where there is a depreciation in the Indian Rupee vis-a-vis the foreign currency, the Issuer observes a surge in disbursements and also in pre-payments or repayments and vice-versa.

4.8 THE SECONDARY MARKET FOR THE DEBENTURES MAY BE ILLIQUID

The Debentures may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, the same may not provide significant liquidity. Potential investors may have to hold the Debentures for an indeterminate period to realize any value.

4.9 RISK OF COMPETITION AND MARKET FACTORS



This risk may arise from existing players or new entrants in the business of education finance. The management of the Company believes that the Company, with Housing Development Finance Corporation Limited (HDFC Ltd.'s) support as its parent company can leverage on its experience as a pioneer of retail education finance in India and quality customer service so as to sustain its position in the market. HDFC Ltd.'s parentage and continued support has been instrumental in the Issuer's robust performance and book size till date.

4.10 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

Special tax considerations and legal considerations may apply to certain types of investors, especially with respect to investment in the Debentures. Potential investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

4.11 ACCOUNTING CONSIDERATIONS

Special accounting considerations may apply to certain types of taxpayers. Potential investors are urged to consult with their own accounting advisors to determine implications of this investment.

4.12 GENERAL RISKS

Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the issue and the Disclosure Document/Information Memorandum and/or the Private Placement Offer Letter, including the risks involved. The issue has not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this Disclosure Document/Information Memorandum and/or the Private Placement Offer Letter.

RISKS RELATING TO THE DEBENTURES

4.13 CREDIT RISK & RATING DOWNGRADE RISK

The Rating Agencies have assigned the credit ratings to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the Rating Agencies may downgrade the rating of the Debentures. In such cases, potential investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

4.14 CHANGES IN GENERAL INTEREST RATES IN THE ECONOMY MAY AFFECT THE PRICE OF THE DEBENTURES.

All securities where a fixed rate of interest is offered, such as the Debentures, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the Debentures.



4.15 WE ARE NOT REQUIRED TO MAINTAIN ANY DEBENTURE REDEMPTION RESERVE (DRR) FOR THE DEBENTURES ISSUED UNDER THIS DISCLOSURE DOCUMENT/INFORMATION MEMORANDUM.

As per Section 71 of the Companies Act 2013, any company that intends to issue debentures must create a debenture redemption reserve to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures i.e. no Debenture Redemption Reserve is being created for the issue of the Debentures in pursuance of this Disclosure Document/Information Memorandum and/or the Private Placement Offer Letter since the Debentures being issued are in the nature of debentures and creation of the Debenture Redemption Reserve is not required for the proposed issue of Debentures.

4.16 REGULATORY RESTRICTIONS

The instruments for offer are Debentures in the nature of Secured, Rated, Listed, Redeemable, Non-Convertible Debentures. Redemption of the Debentures will be subject to the "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" issued by the RBI dated September 01, 2016 read together with "Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016" issued by the RBI dated August 25, 2016 as updated from time to time.



SECTION 5: FINANCIAL STATEMENTS

Set out in Annexure VI hereto



SECTION 6: REGULATORY DISCLOSURES

The Information Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per Schedule I of the SEBI Debt Listing Regulations.

6.1 Documents Submitted to the Exchanges

The following documents have been / shall be submitted to the BSE:

- (a) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- (b) Copy of last 3 (Three) years audited Annual Reports;
- (c) Material contracts and agreements
 - Letter appointing Registrar and Transfer Agents
 - Letter appointing IDBI Trusteeship Ltd.;
- (d) Copy of the resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting August 06, 2018, authorizing the issue/offer of the Non-Convertible Debentures by the Company ;
- (e) Copy of the Board / Committee Resolution authorizing the borrowing and list of authorized signatories;
- (f) Certified true copy of the resolution passed by the member of the Company at the Extra Ordinary General Meeting held on August 06, 2018 authorising the Company to borrow, upon such terms as the Board may think fit, upto an aggregate limit of RS. 10,000,00,00,000/- (Rupees Ten Thousand Crores Only);
- (g) An undertaking from the Issuer stating that the necessary documents for the Issue, including the Debenture Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the BSE, where the Debentures are proposed to be listed, within 20 (twenty) working days of execution of the same; and
- (h) Any other particulars or documents that the recognized stock exchange may call for as it deems fit.
- (i) An undertaking that permission / consent from the prior creditor for a *pari passu* charge being created, where applicable, in favor of the trustees to the proposed issue has been obtained.

6.2 Documents Submitted to Debenture Trustee

The following documents have been / shall be submitted to the Debenture Trustee:

- (a) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- (b) Copy of last 3 (Three) years audited Annual Reports;
- (c) Material contracts and agreements
 - Letter appointing Registrar and Transfer Agents
 - Letter appointing IDBI Trusteeship Ltd.;
- (d) Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any.
- (e) An undertaking to the effect that the Issuer would, until the redemption of the debt securities, submit the details mentioned in point (d) above to the Debenture Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended from time to time, for furnishing / publishing its half yearly/ annual result. Further, the Issuer shall within 180 (One Hundred and Eighty) calendar days from the end of the financial



year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' and other existing debenture-holders within 2 (two) Business Days of their specific request.

6.3 Name and Address of Registered Office of the Issuer

Name: **HDFC Credila Financial Services Private Limited**
Registered Office of Issuer: B 301, Citi Point,
Next to Kohinoor Continental,
Andheri - Kurla Road,
Andheri (East),
Mumbai 400 059

Corporate Office of Issuer: B 301, Citi Point,
Next to Kohinoor Continental,
Andheri - Kurla Road,
Andheri (East),
Mumbai 400 059

Compliance Officer of Issuer: **Ms. Akanksha Kandoi, Company Secretary & Compliance Officer**

CFO of Issuer: **Mr. Sebastian Fernandez, CFO**

Registration Number: N-13.01857

Corporate Identification Number: U67190MH2006PTC159411

Phone No.: +91 22 2826 6636

Fax No.: +91 22 2471 2447

Contact Person: Mr. Sebastian Fernandez

Email: sebastian@hdfcredila.com

Website of Issuer: www.hdfcredila.com

Auditors of the Issuer: **BSR & Co. LLP**
Chartered Accountants
5th Floor, Lodha Excellus,
Apollo Mills Compound,
N. M. Joshi Marg, Mahalaxmi,
Mumbai 400 011

Arranger to the Issue: **Taurus Corporate Advisory Services Limited,**
03, Cosmos Court,
Opp. IOCL Petrol Pump,
S. V. Road, Vile-Parle (w).
Mumbai-400 056

ICICI Bank Limited
Treasury Control And Service Group,
G Mmt Settal Ment, 3rd Floor.
Mafatal chambers, c-wing,
N. M. Joshi Marg, Lower parel,
Mumbai 400013

Trustee to the Issue: **IDBI Trusteeship Services Limited**
Address: Asian Building, Ground Floor,
17, R. Kamani Marg,



Ballard Estate
Mumbai - 400 001
Tel. Nos. : +91 22 4080 7001
Fax Nos. : +91 22 2288 2312
E-Mail: ajit.guruji@idbitrustee.com
Website: www.idbitrustee.com

Registrar to the Issue:

Adroit Corporate Services Private Limited
18/19/20 Jaferbhoy Industrial Estate,
Makwana Road, Marol Naka Andheri (East),
Mumbai - 400 059
Tel. Nos. : +91 22 2859 0942
Fax Nos. : +91 22 2850 3748
E-Mail : ashetiv@adroitcorporate.com

Credit Rating Agencies of the Issue: **CRISIL Limited**

Address: CRISIL House,
Central Avenue,
Hiranandani Business Park,
Powai, Mumbai- 400 076
Tel. No.: +91 22 3342 3000
Fax No.: +91 22 3342 3001
Email: CRISILratingdesk@crisil.com
Website: www.crisil.com

ICRA Limited

Address: 1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg, Elphinstone,
Mumbai - 400 013
Tel. No.: +91 22 6179 6300
Fax No.: +91 22 2433 1390
Email: mumbai@icraindia.com
Website: www.icra.in

A brief summary of business / activities of the Issuer and its line of business

(a) **Overview**

- HDFC Credila was incorporated under the Companies Act of 1956 on February 1, 2006.
- HDFC Credila is a Private Limited company, which is a subsidiary of Housing Development Finance Corporation Limited, a Public Limited company.
- HDFC Credila is a Non-Deposit Taking Non-Banking Finance Company (NBFC) licensed by the Reserve Bank of India (RBI) and obtained the Certificate of Registration bearing number N-13.01857, dated February 23, 2007 from the RBI.
- Main Objectives of HDFC Credila as per the Memorandum of Association is:
 - Business of Lending or advancing of money by way of loan, overdraft or in any other manner whether with or without security or against movable or immovable



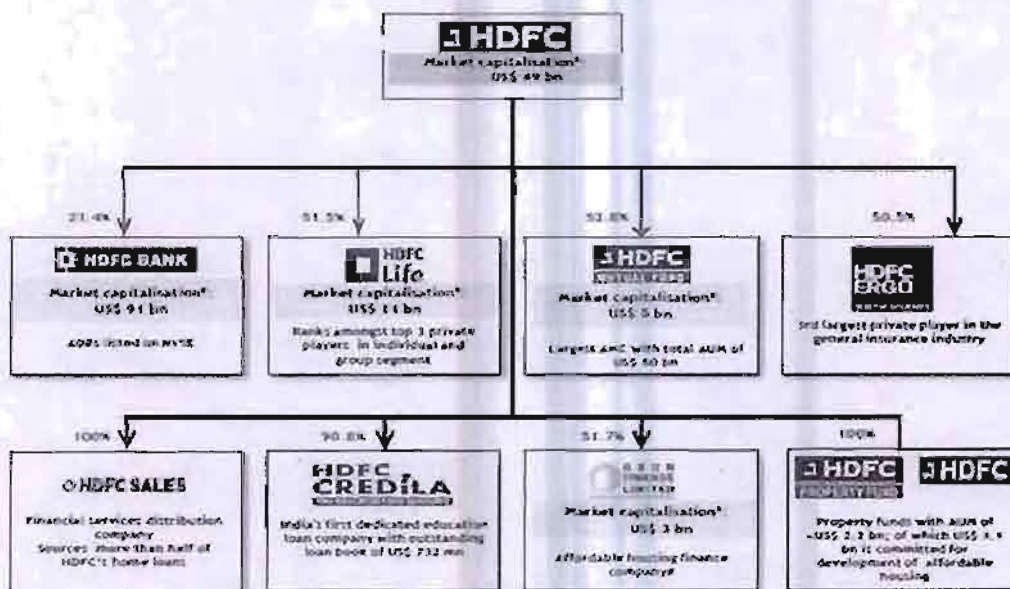
properties or such other securities as may be decided by the Board of Directors of the Company from time to time.

- Business of authorised dealers and/or money changers in foreign exchange, authorised money transfer agents and to render such services as may be permitted by RBI and to render advisory services and consultancy services in foreign exchange, export/import trade and setting up joint ventures.
- Business of Corporate Agents in life, standalone health insurance as well as general insurance business respectively for the purpose of soliciting and distribution of insurance products and to carry on any other activity that is incidental and allied or related to the corporate agency business.

- HDFC Credila is a dedicated education loan company, providing loans to students pursuing higher education in India and abroad.
- Currently HDFC Credila has its offices at Mumbai, Pune, Nashik, Bangalore, Hyderabad, Delhi, Chennai, Ahmedabad, Kolkata, Gurgaon and Noida.
- HDFC Credila has developed a robust credit appraisal mechanism for education loan.

(b) Corporate Structure

HDFC Credila is incorporated as a private limited company under the Companies Act, 1956. It is a subsidiary of Housing Development Finance Corporation Limited.



^ 90.8% on a fully diluted basis

(c) Key Operational and Financial Parameters for the last 3 audited years (Rs. In Crore)

Parameters	FY 2019 (Audited)*	FY 2018 (Audited)#	FY 2017 (Audited)#
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Net worth	630.46	455.44	319.26	
Total Debt	4847.51	3,747.22	2,949.79	
Comprising of	Non Current Maturities of Long Term Borrowing	3184.36	2494.89	2,172.52
	Current Maturities of Loan Term Borrowings	779.57	733.73	505.25
	Short Term Borrowing	799.77	518.60	272.01
	Interest accrued and due on borrowings	83.82	-	-
Net Fixed Assets	2.48	2.86	2.01	
Non Current Assets	14.29	4025.30	3,128.47	
Cash and Cash Equivalents	144.37	14.23	11.48	
Current Investments	0.00	-	-	
Current Assets	2.05	250.34	202.89	
Current Liabilities (including borrowings)	19.19	1322.55	840.21	
Assets Under Management (Securitized)	0.00	-	-	
Off Balance Sheet Assets	1354.56	1181.25	-	
Interest Income	591.06	460.39	365.03	
Interest Expense	373.83	283.21	237.24	
Provisioning & Write-offs	2.71	5.46	4.44	
PAT	101.69	87.07	65.47	
Gross NPA (%)	0.07%	0.04%	0.05%	
Net NPA (%)	0.04%	0.02%	0.02%	
Tier I Capital Adequacy Ratio (%)	11.55%	10.32%	10.48%	
Tier II Capital Adequacy Ratio (%)	6.90%	7.70%	7.07%	

*Amounts are as per IND AS

#Amounts are as per IGAAP

Gross Debt: Equity Ratio of the Company:

Before the Issue (As on March 31, 2019 - Audited)	7.33
After the issue of debt securities*	7.65

* Assuming the proposed issue to be fully subscribed.

(d) **Project cost and means of financing, in case of funding new projects: N.A.**

6.4 Brief history of Issuer since its incorporation giving details of its following activities:



(a) Details of Share Capital as on March 31, 2019:

Share Capital	No. of Shares (Face Value Rs. 10 each)	Amount (Rs. In Crores)
Authorised Share Capital	15,50,00,000	155.00
Issued, Subscribed and Paid-up Share Capital	13,60,20,742	136.02

(b) Changes in its capital structure as on March 31, 2019, for the last five years:

Date of change (AGM/EGM)	Amount (in Rs.)	Particulars of change
Dec 15, 2007	20,00,00,000	Increase in Authorised Share Capital from Rs. 2.5 Crore to Rs. 20 Crore
Jul 09, 2010	25,00,00,000	Increase in Authorised Share Capital from Rs. 20 Crore to Rs. 25 Crore
Sep 14, 2010	40,00,00,000	Increase in Authorised Share Capital from Rs. 25 Crore to Rs. 40 Crore
Mar 25, 2011	70,00,00,000	Increase in Authorised Share Capital from Rs. 40 Crore to Rs. 70 Crore
Jul 15, 2011	100,00,00,000	Increase in Authorised Share Capital from Rs. 70 Crore to Rs. 100 Crore
Feb 21, 2012	1,50,00,00,000	Increase in Authorised Share Capital from Rs. 100 Crore to Rs. 150 Crore
May 25, 2016	1,55,00,00,000	Increase in Authorised Share Capital from Rs. 150 Crore to Rs. 155 Crore
August 06, 2018	1,55,00,00,000	Authorised Share Capital was reclassified consisting of 8,80,00,000 Equity shares of Rs. 10/- each and 6,70,00,000 Preference Shares of Rs. 10/- each.

(c) Equity Share Capital History of the Company as on March 31, 2019, for the last five years:

Date of Allotment	No. of Equity Shares	Face Value (in Rs.)	Issue Price (in RS.)	Nature of consideration (cash, other than cash etc.)	Nature of Allotment	Cumulative Share Capital			Remarks
						No. of Equity Shares	Equity Share Capital (in Rs.)	Equity Share Premium (in Rs.) *	
Apr 15, 2009	39,55,335	10	3,95,53,350	Other than cash	Conversion ^a	1,54,25,335	15,42,53,350	4,01,46,650	
May 19, 2010	39,55,335	10	3,95,53,350	Other than cash	Conversion ^b	1,93,80,670	19,38,06,700	8,02,93,300	
Jul 09, 2010	40,28,000	10	4,02,80,000	Cash	Not Applicable	2,34,08,670	23,40,86,700	8,02,93,300	



Sep 14, 2010	70,00,000	10	7,00,00,000	Cash	Not Applicable	3,04,08,670	30,40,86,700	8,02,93,300	
Jun 01, 2013	2,33,33,333	10	23,33,33,330	Other than cash	Conversion ^c	5,37,42,003	53,74,20,030	9,69,59,966	
August 12, 2016	20,00,000	10	10,00,00,000	Cash	Not Applicable	5,57,42,003	55,74,20,030	17,63,84,966	
March 30, 2017	50,00,000	10	45,00,00,000	Cash	Not Applicable	6,07,42,003	60,74,20,030	57,63,84,966	
July 31, 2017	13,70,600	10	14,99,98,464	Cash	Not Applicable	6,21,12,603	62,11,26,030	71,26,77,430	
March 28, 2018	24,13,800	10	35,00,01,000	Cash	Not Applicable	6,45,26,403	64,52,64,030	103,85,40,430	
July 28, 2018	44,94,383	10	4,49,43,830	Cash	Not Applicable	6,90,20,786	69,02,07,860	179,35,96,774	

* Expenses adjusted against the securities premium are not considered.

Notes:

- On April 15, 2009, 39,55,335 Compulsorily Convertible Preference Shares of Rs. 10 each have been converted into 39,55,335 Equity Shares of Rs. 10 each as per the terms of the Agreement.
- On May 19, 2010, 39,55,335 Optionally Convertible Debentures of Rs. 20.15 each have been converted into 39,55,335 Equity Shares of Rs. 10 each at a premium of Rs. 10.15 each as per the terms and conditions of the issue of Optionally Convertible Debentures.
- On June 01, 2013, 2,50,00,000 Compulsorily Convertible Preference Shares of Rs. 10 each have been converted into 2,33,33,333 Equity Shares of Rs. 10 each as per the terms of the Agreement.
- 49,99,992 Compulsorily Convertible Preference Shares of Rs. 10 each (of Round IV) and 49,99,995 Compulsorily Convertible Preference Shares of Rs. 10 each (of Round V) were due for conversion into Equity Shares of Rs. 10 each as per the terms of the Agreement on February 27, 2019 and April 30, 2019 respectively at a conversion prize of Rs. 12 each and Rs. 13 each respectively. Holders of these Compulsorily Convertible Preference Shares gave their consent to extend the due dates for the conversion to May 10, 2019.

Accordingly, Board has converted said Compulsorily Convertible Preference Shares into 80,12,810 Equity Shares on May 10, 2019.

(d) **Details of any Acquisition or Amalgamation in the last 1 (one) year:**
NIL

(e) **Details of any Reorganization or Reconstruction in the last 1 (one) year:**
NIL

6.5 Details of the shareholding of the Company as on March 31, 2019:

(a) **Shareholding pattern of the Company as on March 31, 2019,**

Sr. No.	Particulars	Total No. of Equity Shares	No. of Shares in demat form	Total Shareholding as a %age of Total No. of Equity Shares



1	Housing Development Finance Corporation Limited	5,75,50,786	5,75,50,786	83.38%
2	Mr. Anil Bohora	57,35,000	57,35,000	8.31%
3	Mr. Ajay Bohora	57,35,000	57,35,000	8.31%
	TOTAL	6,90,20,786	6,90,20,786	100.00%

Notes: Details of shares pledged or encumbered by the promoters (if any): NIL

(b) **List of top 10 holders of equity shares of the Company as on March 31, 2019**

Sr. No.	Name of the shareholders	Total No. of Equity Shares	No. of Shares in demat form	Total Shareholding as a %age of Total No. of Equity Shares
1	Housing Development Finance Corporation Limited	5,75,50,786	57,55,07,860	83.38%
2	Mr. Anil Bohora	57,35,000	57,35,000	8.31%
3	Mr. Ajay Bohora	57,35,000	57,35,000	8.31%
	TOTAL	6,90,20,786	6,90,20,786	100.00%

6.6 **Following details regarding the directors of the Company:**

(a) **Details of current directors of the Company:**

This table sets out the details regarding the Company's Board of Directors as on date of the Information Memorandum:

Name, Designation and DIN	Age (in years)	Residential Address	Director of the Company since	Other Directorships
Mr. V. S. Rangan Chairman DIN: 00030248	59	Flat No. C-1003, Ashok Towers, Dr Babasaheb Ambedkar Marg, Parel Mumbai 400012	Dec 24, 2009	<ul style="list-style-type: none"> • Housing Development Finance Corporation Limited • Atul Limited • Computer Age Management Services Private Limited • TVS Credit Services Limited • HDFC Investments Limited • HDFC Trustee Company Limited • HDFC Property Ventures Limited • True North Corporate Private Limited • HDFC Education And Development Services Private Limited • H T Parekh Foundation
Mr. Subodh Salunke Executive Vice	55	0901/2, Floor No. 9, Plot No.	Mar 26, 2010 (appointed as Executive Vice	<ul style="list-style-type: none"> • Nil



Chairman DIN: 03053815		63/74, Tower-A, Ashok Tower, Dr. S. S. Rao Road, Opp. Mahatma Gandhi Hospital, Mumbai 400012	Chairman on April 25, 2018)	
Mr. Biswamohan Mahapatra Independent Director DIN: 06990345	64	502 5th Floor, MI wing, Riddhi Gardens Chsl Gen. A. K. Vaidya Marg, Malad (East) Mumbai 400097	Mar 30, 2015	<ul style="list-style-type: none"> • Gruh Finance Limited • Edelweiss financial services limited • Ujjivan small finance bank limited • ECL Finance Limited • Edelweiss General Insurance Company Limited • National Payments Corporation Of India • Janakalyan Consultancy & Services Private Limited • Indian Institute Of Insolvency Professionals Of ICAI
Mr. Sunil Shah Additional Director (independent) DIN: 00137105	62	C-3206, Oberoi Exquisite, Oberoi Garden City, A. B. Karmarkar Road, Goregaon East, Mumbai 400063	July 05, 2019	<ul style="list-style-type: none"> • MPS Ltd • Evergreen Research and Asset Management Private Limited
Mr. Sudhin Choksey Independent Director DIN: 00036085	65	B-601, Ratnakar, Opp. IOC Petrol Pump Lane, Off 132 Feet Ring Road, Satellite, Ahmedabad-380015	Mar 30, 2015	<ul style="list-style-type: none"> • Gujarat Ambuja Exports Limited • Deepak Nitrite Limited • Gruh Finance Limited • Light Microfinance Private Limited
Mrs. Madhumita Ganguli Director DIN: 00676830	62	R-302, Greater Kailash Part-1, Greater Kailash,	Mar 30, 2015	<ul style="list-style-type: none"> • CL Educate Limited • Transunion Cibil Limited • HDFC Capital Advisors Limited



		South Delhi, Delhi 110048		
Mr. Anil R. Bohora Managing Director DIN: 00694396	53	24 Bohora House, Gangapur Road, Lokmanya Nagar, Nashik 422002	Feb 01, 2006	• Nil
Mr. Ajay R. Bohora Managing Director & CEO DIN: 00694444	52	24 Bohora Park, Gangapur Road, Nashik 422002	Feb 01, 2006	• Nil

*Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any: Based on the declarations made by the Directors of the Company, they do not hold directorship in companies who have been listed as 'defaulters' by Reserve Bank of India.

Details of change in directors since last three years:

Name, Designation and DIN	Date of Appointment / Resignation	Director of the Company since (in case of resignation)	Remarks
Mr. Biswamohan Mahapatra DIN: 06990345	March 30, 2015	-	Appointed as Independent Director
Mr. Amitabh Chaudhry DIN: 00531120	October 14, 2018	March 30, 2015	Resigned as Independent Director w.e.f. October 14, 2018
Mr. Sudhin Choksey DIN: 00036085	March 30, 2015	-	Appointed as Independent Director
Mrs. Madhumita Ganguli DIN: 00676830	March 30, 2015	-	Appointed as Non-Executive Director
Mr. Subodh Salunke DIN: 03053815	March 26, 2010	-	Nominee Director appointed as a Whole Time Director designated as Executive Vice Chairman w.e.f. April 25, 2018.
Mr. Ajay Bohora DIN : 00694444	Feb 01, 2006	-	Reappointed as Managing Director & CEO for 3 years w.e.f. July 09, 2018
Mr. Anil Bohora DIN : 00694396	Feb 01, 2006	-	Reappointed as Managing Director for 3 years w.e.f. July 09, 2018



Mr. Suresh Badami DIN: 08224871	Jan 11, 2019	April 19, 2019	Appointed as Additional Director (Independent) for 5 years w.e.f. January 11, 2019 subject to shareholders approval. Resigned w.e.f. April 19, 2019.
Mr. Sunil Shah DIN: 00137105	July 05, 2019	-	Appointed as Additional Director (Independent) for 5 years w.e.f. July 05, 2019 subject to shareholders approval

6.7 Following details regarding the auditors of the Company:

(a) Details of the auditor of the Company:

Name of Statutory Auditors	Address	Auditor since
BSR & Co. LLP Chartered Accountants	5th Floor, Lodha Excellus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011	FY 2017-18

(b) Details of change in auditors since last three years:

Deloitte Haskins & Sells, Chartered Accountants completed their term at the conclusion Twelfth Annual General Meeting of the Company held on May 30, 2017. Due to the mandatory rotation of statutory auditors in accordance with the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, they were not eligible for re-appointment. The Company at its Twelfth Annual General Meeting (AGM) held on May 30, 2017 appointed Messrs. B S R & Co. LLP, Chartered Accountants (firm registration number 101248W/W-100022) as the statutory auditors of the Company for a term of 5 consecutive years.

6.8 Details of borrowings of the Company, as on March 31, 2019:

(a) Details of Secured Loan Facilities:

Lender's Name	Type of Facility	Amount Sanctioned (Rs. in crore)	Principal Amount Outstanding (Rs. in crore)	Repayment Date/ Schedule	Security
Corporation Bank	Term Loan	200	71.38	Repayable in 28 quarterly instalments, out of which 27 quarterly equal instalments of Rs. 7,14,40,000 & last instalment of Rs. 7,11,20,000 commencing from December 31, 2014.	Secured by way of hypothec



Corporation Bank	Term Loan	100	50.00	Repayable in 28 quarterly instalments, out of which 27 quarterly equal instalments of Rs. 3,57,00,000 & last instalment of Rs. 3,61,00,000 commencing from December 31, 2015.	ation of education loan receivables of the Company's underlying portfolio of education loans and related collateral s.
Corporation Bank	Term Loan	100	60.71	Repayable in 28 quarterly instalments, out of which 27 quarterly equal instalments of Rs.3,57,00,000 & last instalment of Rs.3,61,00,000 commencing from July 14, 2016	
Corporation Bank	Term Loan	300	214.21	The loan to be repaid after completion of moratorium period of 2 years in 28 Quarters instalments of Rs. 10.71 Cr. & Last instalment of Rs. 10.83 Cr. Interest to be paid seperately as and when due commencing from June 16, 2017	
Allahabad Bank	Term Loan	125	75.99	Repayable in 2 quarterly instalments of Rs. 7 crore, 22 quarterly instalments of Rs. 4.375 & last 3 instalments of Rs. 5 Cr, 5 Cr & 4.75 crore resp. commencing from December 31, 2016	
Andhra Bank	Term Loan	200	199.95	Repayable in 28 quarterly instalments of Rs. 7.142857 crore each commencing from December 27, 2019	
Andhra Bank	Term Loan	200	25.93	Repayable in 28 quarterly intallments of Rs. 0.92857141 crores commencing from January 29, 2021	
ICICI Bank	Term Loan	100	56.52	Repayable in 23 quarterly instalments of Rs. 4.3478260 crore each commencing from December 31, 2016	
ICICI Bank	Term Loan	150	100.00	Repayable in 18 quarterly instalments of Rs. 8.3333333 crore each commencing from October 31, 2017	
ICICI Bank	Term Loan	300	194.44	Repayable in 18 quarterly instalments of Rs. 16.6666667 crore each commencing from June 30, 2018	



J&K Bank	Term Loan	100	99.99	Repayable in 28 quarterly instalments of Rs. 3.5714286 crore each commencing from August 16, 2019
J&K Bank	Term Loan	100	99.99	Repayable in 28 quarterly instalments of Rs. 3.5714286 crore each commencing from March 12, 2020
SMBC Bank	Term Loan	100	63.64	Repayable in 11 quarterly instalments of Rs. 9.0909091 crore each commencing from April 27, 2018
Federal Bank	Term Loan	100	99.96	Repayable in 20 quarterly instalments of Rs. 5 crore each commencing from April 27, 2020
Federal Bank	Term Loan	100	99.92	Repayable in 12 quarterly instalments of Rs. 8.33 crores each commencing from October 19, 2019
Federal Bank	Term Loan	100	99.95	Repayable in 12 quarterly instalments of Rs. 8.33 crores each commencing from March 30, 2020
Indian Bank	Term Loan	200	199.99	Repayable in 28 quarterly instalments of Rs. 7.1428571 crore each commencing from June 29, 2020
Canara Bank	Term Loan	100	99.21	Repayable in 12 quarterly instalments of Rs. 8.33 crores each commencing from December 04, 2019
Abu Dhabi Bank	Term Loan	38	38.00	Repayable in 3 quarterly instalments of Rs. 12.67 crores each commencing from March 30, 2020
Shinhan Bank	Term Loan	50	41.67	Repayable in 12 quarterly instalments of Rs. 4.16 crores each commencing from November 01, 2018
ICICI Bank	Overdraft Facility	75	75.00	On demand
Andhra Bank	Overdraft Facility	60	60.00	On demand
Indian Bank	Overdraft Facility	100	100.00	On demand
Indian Bank	Overdraft Facility	100	0.00	On demand
		3098	2226.44	



(b) Details of Listed Non-Convertible Debentures:

Debenture Series	Tenor/ Period of Maturity	Coupon Rate (% p.a.)	Amount (Rs. in crore)	Date of Allotment	Redemption Date/ Schedule	Credit Rating (as of today)	Secured / Unsecured	Security
11.75% HDFC Credila PDIs, 2014 July 9	Perpetual	11.75	50	July 09, 2014	NA (Call Option after 10 years)	ICRA AA+ CARE AA+	Unsecured	NA
10.50% HDFC Credila PDIs, 2015 January 27	Perpetual	10.50	50	January 27, 2015	NA (Call Option after 10 years)	ICRA AA+ CARE AA+	Unsecured	NA
10.50% HDFC Credila PDIs, 2015 June 17	Perpetual	10.50	50	June 17, 2015	NA (Call Option after 10 years)	ICRA AA+ CARE AA+	Unsecured	NA
9.30% HDFC Credila, October 9, 2025	10 Years	9.30	100	October 9, 2015	October 9, 2025	CRISIL AAA CARE AAA	Unsecured	NA
9.00% HDFC Credila, June 28, 2019	3 Years	9.00	200	June 28, 2016	June 28, 2019	CRISIL AAA	Secured	<i>pari passu</i> 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
8.25% HDFC Credila, November 25, 2021	5 Years & 1 month	8.25	300	October 27, 2016	November 25, 2021	CRISIL AAA CARE AAA	Secured	
8.00% HDFC Credila, February 25, 2022	5 Years	8.00	200	February 27, 2017	February 25, 2022	CRISIL AAA CARE AAA	Secured	
8.20% HDFC Credila, July 23, 2027	9 Years 364 days	8.20	50	July 24, 2017	July 23, 2027	CRISIL AAA ICRA AAA	Unsecured	NA
7.50% HDFC Credila, August 07, 2019	2 Years	7.50	200	August 07, 2017	August 07, 2019	CRISIL AAA	Secured	<i>pari passu</i> 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
8.10% HDFC Credila, November 16, 2027	10 Years	8.10	50	November 16, 2017	November 16, 2027	CRISIL AAA ICRA AAA	Unsecured	NA
8.75% HDFC Credila PDI, December 8, 2017	Perpetual	8.75	50	December 8, 2017	NA (Call Option after 10 years)	ICRA AA+ CARE AA+	Unsecured	NA
9.35% HDFC Credila PDI, June 6, 2028	Perpetual	9.35	75	June 06, 2018	NA (Call Option after 10 years)	ICRA AA+ CARE AA+	Unsecured	NA
9.00% HDFC Credila, September 24, 2020	2 Years	9.00	300	September 24, 2018	September 24, 2020	CRISIL AAA	Secured	<i>pari passu</i> 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
9.40% HDFC Credila, Nov 20, 2020	2 Years	9.40	300	November 20, 2018	November 20, 2020	CRISIL AAA	Secured	
Total			1975					

(c) List of Top 10 Debenture Holders (Listed) (as on March 31, 2019)

Sr. No.	Name of Debenture holder	Units
1	HDFC BANK LTD	10000
2	SBI EQUITY HYBRID FUND	2120
3	ICICI PRUDENTIAL SAVINGS FUND	2000
4	ICICI PRUDENTIAL BALANCED ADVANTAGE FUND	1750
5	SBI DEBT HYBRID FUND	500
6	SBI MAGNUM MEDIUM DURATION FUND	380
7	INDIAN AIRLINES EMPLOYEES PROVIDENT FUND	350



8	HVPNL EMPLOYEES PENSION FUND TRUST	300
9	ASSAM TEA EMPLOYEES PROVIDENT FUND ORGANIZATION	250
10	INDIAN FARMERS FERTILISER COOPERATIVE LTD	250

Note: Top 10 holders' of debentures have been shown on a cumulative basis for all outstanding debentures.

- (d) The amount of corporate guarantee issued by the Issuer along with name of the counterparty (like name of the subsidiary, JV entity, group company, etc.) on behalf of whom it has been issued. (if any)

The Issuer has not issued any corporate guarantee in favour of any counterparty including its subsidiaries, joint venture entities, group companies, etc.

- (e) Details of Commercial Paper (as on March 31, 2019) :

Sr. No.	Maturity date	Total face value amount of commercial papers outstanding (Rs. in crore)
1	Wednesday, April 24, 2019	100
2	Wednesday, May 15, 2019	250
3	Friday, August 16, 2019	100
4	Wednesday, November 27, 2019	30
5	Friday, March 13, 2020	100
Total		580

- (f) Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on March 31, 2019:

Party's Name (in case of facility)/ Instrument Name	Type of Facility/ Instrument	Amount Sanctioned/ Issued (RS. in crore)	Principal Amount outstanding (RS. in crore)	Repayment date/ schedule / Conversion Date	Credit rating	Secured / unsecured	Security
Housing Development Finance Corporation Ltd.	CCPS Round I	6	6	01-Sep-2020	NA	Unsecured	NA
Housing Development Finance Corporation Ltd.	CCPS Round II	9	9	01-Sep-2020	NA	Unsecured	NA
Housing Development Finance Corporation Ltd.	CCPS Round III	15	15	01-Sep-2020	NA	Unsecured	NA
Housing Development Finance Corporation Ltd.	CCPS Round IV	5	5	26-Feb-2019* extension	NA	Unsecured	NA



				granted upto May 10,2019			
Housing Development Finance Corporation Ltd.	CCPS Round IV	5	5	01-Sep-2020	NA	Unsecured	NA
Housing Development Finance Corporation Ltd.	CCPS Round V	5	5	29-Apr-2019* extension granted upto May 10,2019	NA	Unsecured	NA
Housing Development Finance Corporation Ltd.	CCPS Round VI	10	10	05-Jul-2019	NA	Unsecured	NA
Housing Development Finance Corporation Ltd.	CCPS Round VII	5	5	12-Aug-2019	NA	Unsecured	NA
Housing Development Finance Corporation Ltd.	CCPS Round VIII	5	5	29-Aug-2020	NA	Unsecured	NA
Housing Development Finance Corporation Ltd.	CCPS Round IX	2	2	27-Mar-2021	NA	Unsecured	NA
Total		67	67				

- (g) **Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the company, in the past 5 years:**

Interest on existing debt securities of the Company is paid to the respective holders of the debt securities on the relevant due dates for payment of such interest, which is fixed in accordance with the terms of the issue of such debt securities. As on date of this Disclosure Document/Information Memorandum and/or Private Placement Offer Letter, the Company has not defaulted in its obligations to pay either the interest or principal amount towards its existing debt securities or term loans.

- (h) **Details of any outstanding borrowings taken / debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option:**

The Company, till date, has not issued any debt securities for consideration other than cash or in pursuance of an option.

The details of NCDs issued and outstanding as on March 31, 2019 is given hereunder:

Sl. No.	Date of Allotment	Issue Price (Rs. in crores)	Issue Size (Rs. in crores)	Date of Redemption	Remarks
1	09-Jul-14	50	50	NA (Call Option after 10 years)	Listed PDIs
2	27-Jan-15	50	50	NA (Call Option after 10 years)	Listed PDIs



3	17-Jun-15	50	50	NA (Call Option after 10 years)	Listed PDIs
4	09-Oct-15	100	100	09-Oct-25	Listed Unsecured NCDs
5	28-Jun-16	200	200	28-Jun-19	Listed Secured NCDs
6	27-Oct-16	300	300	25-Nov-21	Listed Secured NCDs
7	27-Feb-17	200	200	25-Feb-22	Listed Secured NCDs
8	24-Jul-17	50	50	23-Jul-27	Listed Unsecured NCDs
9	07-Aug-17	200	200	07-Aug-19	Listed Secured NCDs
10	16-Nov-17	50	50	16-Nov-27	Listed Unsecured NCDs
11	08-Dec-17	50	50	NA (Call Option after 10 years)	Listed PDIs
12	06-Jun-18	75	75	NA (Call Option after 10 years)	Listed PDIs
13	24-Sep-18	300	300	24-Sep-20	Listed Secured NCDs
14	20-Nov-18	300	300	20-Nov-20	Listed Secured NCDs

6.9 Details of Promoters of the Company:

(a) Details of Promoter Holding in Company as on March 31, 2019:

Sr. No.	Name of Shareholder	Total No. of Equity Shares	No. of Equity Shares held in demat form	Total shareholding as a %age of Total No. of Equity Shares	No. of Equity Shares Pledged	% of Equity Shares pledged with respect to shares owned
1.	Mr. Anil Bohora	57,35,000	57,35,000	8.31%	-	-
2.	Mr. Ajay Bohora	57,35,000	57,35,000	8.31%	-	-
3.	Housing Development Finance Corporation Limited	5,75,50,786	5,75,50,786	83.38%	-	-

6.10 Abridged version of the Audited Consolidated and Standalone Financial Information (like Profit and Loss statement, Balance Sheet and Cash Flow statement) for at least last three years and auditor qualifications, if any.

[Note: Financial information submitted must be in line with the timelines specified in the Simplified Listing Agreement, issued vide Circular no. SEBI/IMD/BOND/1/2009/11/05, dated May 11, 2009]



Profit and Loss Statement (Rs. in Crore)	31.03.2017	31.03.2018	31.03.2019
	Audited	Audited	Audited*
Interest Income	365.03	460.39	584.75
Less: Interest Expenses	237.24	283.21	373.83
Net Interest Income	127.79	177.18	210.93
Other Income	26.77	28.19	18.77
Total Income	154.56	205.37	229.70
Operating Expenses	49.98	63.52	69.19
Provisions & Write Offs	4.44	5.46	2.71
Operating Profit	100.14	136.39	157.79
Depreciation	0.45	0.64	0.89
Profit Before Tax	99.69	135.75	156.90
Provisions for tax	34.22	48.68	55.21
Profit After Tax	65.47	87.07	101.69

Balance Sheet (Rs. in Crore)	31.03.2017	31.03.2018	31.03.2019
	Audited	Audited	Audited*
Equity capital	60.74	64.53	69.02
Reserve & Surplus	191.52	323.91	561.44
Total Net Worth	319.26	455.44	630.46
Total Debt	2,949.79	3,747.22	4,847.51
Current Liabilities + Provisions	75.45	88.89	15.71
Total Outside Liabilities	0.34	0.30	3.47
Total Liabilities	3,344.85	4,291.86	5,497.16
Fixed assets (Net)	1.89	2.29	1.91
Investments	-	-	-
Gross Advances	3,194.10	4,047.15	5,338.99
Less : Loan Loss Reserve	0.84	0.88	5.02
Net Loan Outstanding	3,193.26	4,046.27	5,333.97
Cash / Liquid Investments	11.48	14.23	144.37
Non Current assets	121.43	210.16	2.36
Other current assets	12.02	11.51	2.05
Deferred Tax Assets	4.65	6.82	11.93
Intangible Assets	0.12	0.58	0.57
Other Long Term Assets	-	-	-
Total Assets	3,344.85	4,291.86	5,497.16

*As per IND-AS

6.11 Abridged version of Latest Audited/ Limited Review Yearly Consolidated and Standalone Financial Information and auditors qualifications, if any.



[Note: Financial information submitted must be in line with the timelines specified in the Simplified Listing Agreement, issued vide Circular no. SEBI/IMD/BOND/1/2009/11/05, dated May 11, 2009]

Profit and Loss Statement (Rs. in Crore)	For the period ended	
	31-Mar-19*	
Revenue from Operations		591.06
Other Income		12.47
Total Revenue		603.52
Expenses:		
Operating expenses		39.77
Employee benefits expense		29.43
Finance costs		373.83
Depreciation and amortisation		0.89
Other expenses		2.71
Total expenses		446.62
Profit / (Loss) for the period before Tax		156.90
- Current tax		56.94
- Deferred tax expense/(benefit)		-1.73
- Prior period taxes		
Profit after tax		101.69

Balance Sheet (Rs. in Crore)	31-Mar-19
EQUITY AND LIABILITIES	
Shareholder's funds	
Share capital	69.02
Other Equity	561.44
Financial Liabilities	
Payables	10.18
Debt Securities	2063.48
Borrowings (other than securities)	2226.44
Subordinated liabilities	473.77
Other financial liabilities	83.82
Non-financial liabilities	
Current tax liabilities (net)	2.64



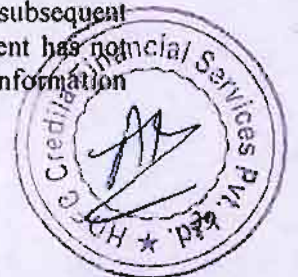
Provisions	2.89
Other non-financial liabilities	3.47
Total	5497.16
ASSETS	
Financial Assets	
Cash and cash equivalents	142.96
Bank balances other than above	1.42
Receivables	0.27
Loans	5333.97
Other financial assets	2.36
Non-financial assets	
Current tax assets (net)	0.60
Deferred tax assets (net)	11.93
Property, plant and equipment	1.91
Other intangible assets	0.57
Capital work in progress	0.00
Intangible assets under development	0.00
Other non-financial assets	1.18
Total	5497.16

- 6.12 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities.**

Save as stated elsewhere in this Disclosure Document/Information Memorandum and/or Private Placement Offer Letter, since the date of the last published audited financial accounts, no material developments have taken place till March 31, 2019 that will materially affect the performance or prospects of the Company.

- 6.13 Names of the Debentures Trustees and Consents thereof**

The Debenture Trustee of the proposed Debentures is IDBI Trusteeship Services Limited. IDBI Trusteeship Services Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Information Memorandum and in all the subsequent periodical communications sent to the Debenture Holders and such consent has not been withdrawn up to the time of filing of this Disclosure Document/ Information



Memorandum with BSE. The consent letter from Debenture Trustee is provided in Annexure III of this Information Memorandum.

6.14 Rating and Rating Rationale

The Debentures proposed to be issued have been rated and the rating details are as below:

Rating Agencies	Rating	Category	Meaning of the Rating
CRISIL	"CRISIL AAA" with stable outlook	Non-Convertible Debentures	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
ICRA	"ICRA AAA" with stable outlook	Non-Convertible Subordinated Debentures	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

The rating letters assigned by CRISIL and ICRA are enclosed herewith (See Annexure II).

- 6.15 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.**

The Debentures 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.

- 6.16 Names of all the recognized stock exchanges where the debt securities are proposed to be listed:**

The Debentures are proposed to be listed on the WDM segment of the BSE. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis. The in-principle approval of the BSE has been obtained in this regard.

- 6.17 Other details:**

- (a) Debenture Redemption Reserve Creation:**

As per Section 71 of the Companies Act 2013, any company that intends to issue debentures must create a debenture redemption reserve to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, and given that the Debentures being issued in terms of this Information Memorandum are in the nature of debentures



the Company does not intend to create any reserve funds for the redemption of the Debentures.

(b) Issue / instrument specific regulations:

The Issue of the Debentures shall be in conformity with the applicable provisions of the Companies Act including the notified rules thereunder, the relevant RBI circulars and guidelines and the SEBI Debt Listing Regulations.

(c) Application process:

The application process for the Issue is as provided in 0 of this Information Memorandum.

6.18 A statement containing particulars of the dates of and parties to all material contracts, agreements:

By very nature of its business, the Company is involved in large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts and agreements involving financial obligations of the Company. However, the contracts/documents referred below (not being contracts entered into in the ordinary course of the business carried on by the Company) which are or may be deemed to be material have been entered into by the Company. Copies of these contracts /documents shall be available for inspection at the registered office of the Company between 10.00 a.m. and 12.00 noon on all days except Saturdays, Sundays and public holidays.

Sr. No.	Nature of Contract
1.	Copy of letter appointing Arrangers to the Issue.
2.	Copy of letter appointing Registrar and copy of MoU entered into between the Issuer and the Registrar.
3.	Copy of letter appointing the Debenture Trustee to the Debenture Holders.
4.	Certified true copy of the Memorandum and Articles of Association of the Issuer as amended from time to time.
5.	Certified true copy of the Board Resolution dated August 4, 2018 authorising issue of the Debentures offered under terms of this Disclosure Document.
6.	Letter of consent from the Debenture Trustee for acting as trustees for and on behalf of the holder(s) of the Debentures.
7.	Copy of the Letter of consent from the Registrar for acting as Registrar to the Issue.
8.	Copy of the Application made to the BSE for grant of in-principle approval for listing of Debentures.
9.	Copy of the Letter from CRISIL Limited and ICRA Limited conveying the credit rating for the Debentures
10.	Copy of the Tripartite Agreement between the Issuer, NSDL and Registrar for issue of the Debentures in dematerialised form.
11.	Copy of the Tripartite Agreement between the Issuer, CDSL and Registrar for issue of the Debentures in dematerialised form.



6.19 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of ₹ 200,00,00,000/- (Rupees Two Hundred Crores only) by issue of Secured, Rated, Listed, Redeemable, Non-Convertible Debentures, on a private placement basis

For further details of the Debentures, please refer to the terms and conditions of the Debentures set out in Section 6.22 of this Information Memorandum.

6.20 Issue Size

The issue size for the Debentures is Rs. 200,00,00,000/- (Rupees Two Hundred Crores only).

6.21 Objects of the Issue and Details of the Utilization of the Issue Proceeds

The funds being raised by the Issuer through present issue of Debentures are not meant for financing any particular project. The Issuer shall utilize the proceeds of the Issue for its regular business activities including utilization of proceeds for disbursement to meet the finance requirements of the borrowers of the Issuer and other associated business objectives such as discharging existing debt obligations which were generally undertaken for business operations.

The Issuer undertakes that the proceeds of this Issue shall be utilized for the deployment of funds on its own balance sheet and not to facilitate resource requests of its group entities/parent company/associates.

The Issuer undertakes that proceeds of this Issue shall not be utilized for the following purposes as specified in the RBI Master Circular No. DBR, BP, BC, No. 5/21.04.172/2015-16 dated July 01, 2015:

- 1) Bills discounted / rediscounted by NBFCs, except for rediscounting of bills discounted by NBFCs arising out of: Commercial vehicles (including light commercial vehicles) and two wheeler and three wheeler vehicles, subject to the following conditions: The bills should have been drawn by the manufacturer on dealers only; The bills should represent genuine sale transactions as may be ascertained from the chassis / engine number and; Before rediscounting the bills, the bona fides and track record of NBFCs which have discounted the bills would be verified.
- 2) Investments of NBFCs both of current and long-term nature, in any company / entity by way of shares, debentures, etc. However, Stock Broking Companies may be provided need-based credit against shares and debentures held by them as stock-in-trade.
- 3) Unsecured loans / inter-corporate deposits by NBFCs to / in any company.
- 4) All types of loans and advances by NBFCs to their subsidiaries, group companies / entities.
- 5) Finance to NBFCs for further lending to individuals for subscribing to Initial Public Offerings (IPO) and for purchase of shares from secondary market

The net proceeds from the Issue shall not be used in contravention of the RBI policy applicable to banks on investment in NBFCs.



No part of the proceeds of the Debentures would be utilized by the Issuer directly/indirectly towards investment in capital markets and real estate purposes including without limitation for acquisition or purchase of land.

6.22 Issue Details

The Issuer proposes to issue 2,000 (Two Thousand) Secured, Rated, Listed, Redeemable, Non-convertible Debentures (the "Debentures") of face value of ₹ 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to ₹ 200,00,00,000/- (Rupees Two Hundred Crores only), on a private placement basis (the "Issue").

The Issue is being issued in terms of this Information Memorandum and in pursuant to the resolution passed by the Board of Directors of the Company at its meeting held August 04, 2018 and special resolution passed at the meeting of the shareholder held on August 06, 2018 and subject to the provisions of the Companies Act, 2013 and the Memorandum of Association and Articles of Association of the Company.

The Board Resolution dated August 04, 2018, authorizes Mr. Subodh Salunke, Executive Vice Chairman, Mr. Anil Bohora - Managing Director, Mr. Ajay Bohora - Managing Director & CEO and Mr. Sebastian Fernandez – Chief Financial Officer of the Company to severally issue the Information Memorandum and sign the same for and on behalf of the Board of Directors of the Company. A certified true copy of the said resolution is annexed herewith.

SECTION 7: DISCLOSURE REGARDING WILFUL DEFAULTERS

7.1 Disclosures pursuant to the SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016 notification dated May 25, 2016 in respect of wilful default is as under:

- (a) Name of the bank declaring the entity as a wilful defaulter – Nil
- (b) The year in which the entity is declared as a wilful defaulter – Not Applicable
- (c) Outstanding amount when the entity is declared as a wilful defaulter - Not Applicable
- (d) Name of the entity declared as a wilful defaulter - Not Applicable
- (e) Steps taken, if any, for the removal from the list of wilful defaulters - Not Applicable
- (f) Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions – Nil
- (g) Any other disclosure as specified by the Board - Nil



SECTION 8 : ADDITIONAL DISCLOSURES AS REQUIRED UNDER FORM PAS 4 PRESCRIBED UNDER THE COMPANIES ACT 2013 , TO THE EXTENT APPLICABLE TO THE ISSUE

- (a) Any Default in Annual filing of the Company under the Companies Act, 2013 or the rules made thereunder.- No
- (b) Relevant date with reference to which the price has been arrived at : Issued at face value
- (c) The class or classes of persons to whom the allotment is proposed to be made: Refer Clause 9.14 of the IM
- (d) The change in control, if any, in the company that would occur consequent to the private placement- No change/N.A
- (e) The number of persons to whom allotment on preferential basis/private placement/ rights issue has already been made during the year ended March 31, 2019, in terms of number of securities as well as price

Type of securities	Date	Type of Issue	No. of persons to whom allotment is made	No. of Securities Allotted	Price per Security (In Rs)	Total Consideration (In Rs.)
Debentures /PDI/Sub Debt	June 06, 2018	Private Placement of PDI	1	750	10,00,000/-	75,00,00,000/-
Equity	July 28, 2018	Rights Issue	1	44,94,383	178/- (F.V. 10/-)	80,00,00,174/-
Debentures /PDI/Sub Debt	September 24, 2018	Private Placement of NCDs	1	3000	10,00,000/-	300,00,00,000/-
Debentures /PDI/Sub Debt	November 20, 2018	Private Placement of NCDs	1	3000	10,00,000/-	300,00,00,000/-

- (f) The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer; N.A
- (g) The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the company and its future operations – No such orders received



(h) The pre-issue and post-issue shareholding pattern of the company

Sr. No.	Category	Pre Issue		Post Issue	
		No. of Shares held	% of shareholding	No. of Shares held	% of shareholding
A	Promoter's holding				
-1	Indian				
(a)	Individuals/	5735000	8.31	5735000	8.31
(c)	Bodies Corporate	57550786	83.38	57550786	83.38
	Sub-Total	63285786	91.69	63285786	91.69
-2	Foreign Promoters				
(a)	Individuals	5735000	8.31	5735000	8.31
	Sub Total	5735000	8.31	5735000	8.31
	Sub Total (A)	69020786	100.00	69020786	100.00
B	Non Promotor holding				
-1	Institutional Investors	-	-	-	-
-2	Non-Institutional Investors	-	-	-	-
(a)	Private Corporate Bodies	-	-	-	-
(b)	Directors and relatives	-	-	-	-
(c)	Indian Public	-	-	-	-
(d)	Others	-	-	-	-
	Sub Total (B)	-	-	-	-
	Grand Total	69020786	100.00	69020786	100.00



SECTION 9 OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Information Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

9.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the register of Debenture Holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

Transfer of the Debentures to and from FIIs/ NRIs/ OCBs, in case they seek to hold the Debentures and are eligible to do so, will be governed by the then prevailing guidelines issued by RBI.

9.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/fund transfer/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

9.3 Trustee for the Debenture Holder(s)

The Issuer has appointed IDBI Trusteeship Services Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee intends to enter into the Debenture Trustee Agreement, the Debenture Trust Deed, the Deed of Hypothecation and/or any other security documents *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require



to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and yield thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement, the Debenture Trust Deed, the Deed of Hypothecation and/or any other security documents at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

9.4 Sharing of Information

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

9.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

9.6 Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in the Information Memorandum which in the opinion of the Debenture Trustee is of a formal, minor or technical nature or is to correct a manifest error.

Any other change or modification to the terms of the Debentures shall require approval by the Majority Debenture Holders, provided that nothing in such approval shall be operative against the Issuer where such approval modifies or varies the terms and conditions of the Debentures which are not acceptable to the Issuer.

For the avoidance of doubt, in the event of any proposed amendment to the terms and conditions of the Debentures or the Transaction Documents, the consent of Majority Debenture Holders shall be obtained, either by the Majority Debenture Holders providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holders.

9.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

9.8 Notices

Any notice may be served by the Issuer/ Debenture Trustee upon the Debenture Holders through registered post, recognized overnight courier service, hand delivery or by facsimile transmission addressed to such Debenture Holder at its/his registered address or facsimile number.



All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked "Private Placement of Debentures".

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 3 (three) calendar days after posting; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business Day delivery; (c) in the case of facsimile at the time when dispatched with a report confirming proper transmission; or (d) in the case of personal delivery, at the time of delivery.

9.9 Issue Procedure

Only Eligible Investors as given hereunder and identified upfront by the Issuer may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account of the Issuer as per the details mentioned in the Application Form.

9.10 Application Procedure

Eligible investors will be invited to subscribe by way of the Application Form prescribed in the Information Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issuer reserves the right to change the issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

The issue is being made via Electronic Bond Platform and all the participants are expected to comply with the SEBI Circular no: SEBI/HO/DDHS/CIR/P/2018/05 on January 05, 2018, Updated Operational Guidelines for issuance of Securities on Private Placement basis through an Electronic Book Mechanism issued by BSE on April 24, 2018, Circular on Revised timings for funds settlement process for bids placed on Electronic Book Provider (EBP) platform issued by ICCL on April 25, 2018 and Circular on Role and Responsibilities of Participants of BSEBOND (Electronic Book Platform) issued by BSE on May 23, 2018 as may be amended / updated from time to time.

9.11 Fictitious Applications

All fictitious applications will be rejected.



9.12 Basis of Allotment

Notwithstanding anything stated elsewhere, Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, priority will be given to Investors on a first come first serve basis. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to Issuer by the Deemed Date of Allotment.

9.13 Payment Instructions

The Application Form should be submitted directly or through the Sole Arranger. The entire amount of Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture is payable along with the making of an application. Applicants can remit the application amount through RTGS on Pay-in Date.

In case the payment is made in RTGS the Funds must be credited to the Designated Bank Accounts of ICCL are as under:

ICICI Bank:

Beneficiary Name: INDIAN CLEARING CORPORATION LTD

Account Number: ICCLEB

IFSC Code: ICIC0000106

Mode: NEFT/RTGS

YES Bank:

Beneficiary Name: INDIAN CLEARING CORPORATION LTD

Account Number: ICCLEB

IFSC Code: YESB0CMSNOC

Mode: NEFT/RTGS

HDFC Bank

Beneficiary Name: INDIAN CLEARING CORPORATION LTD

Account Number: ICCLEB

IFSC Code : HDFC0000060

Mode: NEFT/RTGS

9.14 Eligible Investors

The following categories of Investors, who have been specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form:

- (a) Commercial Banks
- (b) Mutual Funds
- (c) Financial Institutions
- (d) Provident Funds/Trusts
- (e) Pension Funds/Trusts
- (f) Gratuity Funds/Trusts
- (g) Superannuation Funds/Trusts
- (h) Corporates
- (i) Foreign Institutional Investors (FIIs)
- (j) Qualified Foreign Investors (QFIs)



- (k) Insurance Companies / Corporations
- (l) Investment holding companies of high net worth individuals
- (m) Any other person eligible to invest in the Debentures subject to the relevant prescribed regulations.

All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Note: Participation by potential investors in the issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

The Debentures are and have been placed on a private placement basis and shall not be issued to more than two hundred (200) Eligible Investors.

9.15 Procedure for Applying for Dematerialised Facility

- (a) The applicant must have at least one beneficiary account with any of the DP's of NSDL/CDSL prior to making the application.
- (b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".
- (c) Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.
- (d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the 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 maintained with the DP.
- (e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.
- (f) If incomplete/incorrect details are given under the heading "Details for Issue of Debentures 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 Issuer.
- (g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- (h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer



would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

9.16 Depository Arrangements

The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of the Debentures in dematerialised form.

9.17 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

9.18 Application 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 of the Investor and the tax exemption certificate/document of the Investor, 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 Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

9.19 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The application forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of

- (a) SEBI registration certificate
- (b) Resolution authorizing investment and containing operating instructions
- (c) Specimen signature of authorized signatories

9.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable

- (a) Memorandum and Articles of Association or other constitutional documents
- (b) Resolution authorising investment
- (c) Power of Attorney to custodian



- (d) Specimen signatures of the authorised signatories. Thumb impressions must be attested by an authorized official of a bank or by a Magistrate / Notary Public under his / her official seal.
- (e) SEBI registration certificate (for Mutual Funds)
- (f) Copy of PAN card
- (g) Application Form (including RTGS details)

9.21 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through EFT/RTGS.

9.22 Succession

In the event of winding-up of the holder of the Debenture(s), the Issuer will recognize the executor or administrator of the concerned Debenture Holder(s), or the other legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such executor or administrator or other legal representative as having title to the Debenture(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 Issuer may, in its absolute discretion, where it thinks 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 Debenture(s) standing in the name of the concerned Debenture Holder on production of sufficient documentary proof and/or an indemnity.

Where a non-resident Indian becomes entitled to a Debenture by way of succession, the following steps have to be complied with:

- (a) Necessary approval of the RBI under applicable FEMA regulations to be obtained by the successor;
- (b) Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Debenture was acquired by the non-resident Indian as part of the legacy left by the deceased Debenture Holder;
- (c) Proof that the non-resident Indian is an Indian national or is of Indian origin.

Such holding by the non-resident Indian shall be on a non-repatriation basis.

9.23 Mode of Payment

All payments must be made through EFT/RTGS as set out in the Application Form.

9.24 Effect of Holidays

If the due date for any coupon falls on a Sunday or a day which is a bank holiday in Mumbai, then the immediately succeeding Business Day shall be the due date for such payment.

If any other due date for all other monies payable in respect of the Issue falls on a Sunday or a day which is a bank holiday in Mumbai then the immediately preceding Business Day shall be the due date for such payment.

The Coupon / redemption payments shall be made only on the days when the money market is functioning in Mumbai.

9.25 Tax Deduction at Source



The Coupon / redemption payments shall be made only on the days when the money market is functioning in Mumbai.

9.25 Tax Deduction at Source

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/document must be lodged by the Debenture Holders at the office of the Registrar & Transfer Agents of the Company at least 15 (Fifteen) days before the relevant payment becoming due. Tax exemption certificate / declaration of non deduction of tax at source on interest on application money, should be submitted along with the Application Form.

9.26 Letters of Allotment

The letter of allotment, indicating allotment of the Debenture, will be credited in dematerialised form within 2 (Two) Business Days from the Deemed Date of Allotment. The aforesaid letter of allotment shall be replaced with the actual credit of Debenture, in dematerialised form, within the same period of 2 (Two) Business Days from the Deemed Date of Allotment.

9.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is August 01, 2019 by which date the Investors would be intimated of allotment.

9.28 Record Date

The Record Date will be 15 (Fifteen) calendar days prior to any due date.

9.29 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (Seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the Registrar shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

9.30 Interest on Application Money

Interest shall be payable on all application monies received at the Coupon Rate of 8.70% (Eight Point Seven Zero Percent) per annum from the date of realization of the application monies by the Issuer until the Deemed Date of Allotment and the same shall be paid to the relevant Investors within 7 (Seven) Business Days from the Deemed Date of Allotment.

9.31 PAN Number

Every applicant should mention its Permanent Account Number ("PAN") allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

9.32 Payment on Redemption



The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer to the registered Debenture Holder(s) whose name appears in the register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL/CDSL and accordingly the account of the Debenture Holder(s) with NSDL/CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

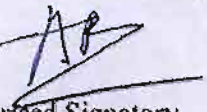
Disclaimer: Please note that only those persons to whom this memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may, but is not bound to revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.



SECTION 10: DECLARATION

The Issuer declares that all the relevant provisions in the regulations/guidelines issued by RBI and/or SEBI and other applicable laws have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and/or RBI and other applicable laws, as the case may be. The information contained in this Information Memorandum is as applicable to privately placed debt securities and subject to information available with the Issuer. The extent of disclosures made in the Information Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

For **HDFC Credila Financial Services Private Limited**


Authorised Signatory
Name: Mr. Anil Bohora
Title: Managing Director
Date: July 26, 2019

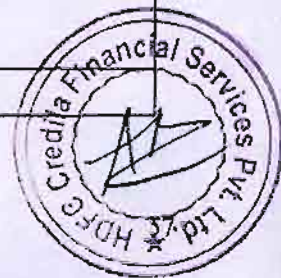


ANNEXURE I: TERM SHEET

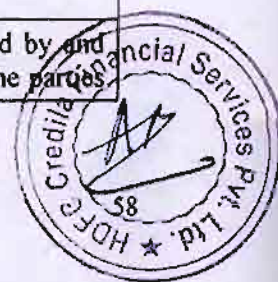
Security Name	8.70% HDFC Credila, August 01, 2029
Issuer	HDFC Credila Financial Services Private Limited
Type of Instrument	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures
Nature of Instrument	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures
Seniority	Senior
Mode of Issue	Private placement
Eligible/Identified Investors	As provided in Clause 9.14
Listing	<p>The Debentures are to be listed on the WDM of BSE within a maximum period of 20 (Twenty) days from the Deemed Date of Allotment.</p> <p>In the event of the Issuer's failure to do so, to the extent that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors, or Qualified Foreign Investors, the Issuer shall immediately redeem any and all Debentures which are held by such Foreign Institutional Investor(s) or such sub-account(s) of Foreign Institutional Investor(s) or Qualified Foreign Investors.</p> <p>In case of delay in listing of the Debentures beyond 20 (Twenty) days from the Deemed Date of Allotment, the Issuer will pay penal interest of at least 1 % p.a. over the Coupon Rate from the expiry of 30 (Thirty) days from the Deemed Date of Allotment till the listing of such Debentures.</p>
Rating of Instrument	"CRISIL AAA" by CRISIL and "ICRA AAA" by ICRA
Issue Size	Rs. 200,00,00,000/- (Rupees Two Hundred Crores only)
Option to retain oversubscription (Amount)	N.A.
Objects of the Issue	As mentioned in Section 6.21
Details of the utilization of the Proceeds	As mentioned in Section 6.21
Coupon Rate	8.70% (Eight Point Seven Zero Percent) per annum payable annually (withholding taxes as applicable)
Step Up/ Step Down Coupon Rate	N.A.
Coupon Payment Frequency	Annually
Coupon Payment Dates	August 01, 2020, August 02, 2021, August 01, 2022, August 01, 2023, August 01, 2024, August 01, 2025, August 01, 2026, August 02, 2027, August 01, 2028 and August 01, 2029
Coupon Type	Fixed Coupon Rate
Coupon Reset	N. A.
Day Count Basis	Actual / Actual



Interest on Application Money	8.70% (Eight Point Seven Zero Percent) per annum withholding taxes as applicable. Interest on application money shall be paid by the Issuer to the applicants at the respective Coupon Rate from and including the date of realization of the application money upto one day prior to the Deemed Date of Allotment. Such interest shall be payable by the issuer within 7 (Seven) working days from the Deemed Date of Allotment.
Default Interest Rate	In the event of a payment default of the amounts due under this Issue, the Issuer shall pay an additional interest of at least 2% (Two Percent) per annum over and above the applicable Coupon Rate on the outstanding principal amount of the Debentures, calculated from the date of the occurrence of the default until the Debentures are redeemed pursuant to such default, as applicable.
Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed, the Issuer shall refund the subscription with the agreed rate of interest or shall pay penalty interest of 2% (Two Percent) per annum over the and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.
Tenor	10 Years
Redemption Date	August 01, 2029
Redemption Amount	Rs. 10,00,000/- (Rupees Ten Lakhs Only) per Debenture on the Redemption Date plus accrued coupon if any.
Redemption Premium/ Discount	N.A.
Issue Price	Rs. 10,00,000/- (Rupees Ten Lakhs Only) per Debenture
Issue of the Debentures	The Issuer shall issue the Debenture / Letters of Allotment in dematerialized form within 2 (Two) Business days from the Deemed Date of Allotment
Discount at which security is issued and the effective yield as a result of such discount	N.A.
Put Date	N.A.
Put Price	N.A.
Call Date	N.A.
Call Price	N.A.
Put Notification Time	N.A.
Call Notification Time	N.A.
Face Value	Rs. 10,00,000 /- (Rupees Ten Lakhs Only) per Debenture
Minimum Application size	10 Debentures and in multiples of 1 Debentures thereafter
Issue Timing	Bidding / Issue Opens on: July 31, 2019 at 09:00 AM Bidding / Issue Closing on: July 31, 2019 at 10:00 AM Pay-in Date to the Exchange: August 01, 2019 upto 10:30 AM Pay-out Date to the Issuer: August 01, 2019 Deemed Date of Allotment: August 01, 2019
Manner of Bidding	Close Book Bidding



Mode of Allotment	Uniform Yield
Mode of Settlement	ICCL
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS / Online Transfer
Depositories	NSDL/CDSL
Business Days	Means a day (other than a Sunday or a Bank holiday) on which banks are open for general business in Mumbai.
Business Day Convention	If the due date for any Coupon falls on a Sunday or a day which is a bank holiday in Mumbai, then the immediately succeeding Business Day shall be the due date for such payment. If any other due date for all other monies payable under this Deed falls on a Sunday or a day which is a bank holiday in Mumbai then the immediately preceding Business Day shall be the due date for such payment.
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (fifteen) calendar days prior to any Coupon Payment Date.
Security	<i>pari passu</i> 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.
Transaction Documents	Information Memorandum Rating Letters Rating Rational Trustee Consent Application Form Debenture Trustee Agreement Debenture Trust Deed Deed of Hypothecation
Conditions Precedent to Disbursement	This transaction is subject to standard conditions precedent, including submission of this Disclosure Document/Information Memorandum to the BSE prior to listing
Conditions Subsequent to Disbursement	This transaction is subject to standard conditions subsequent, including submission of this Disclosure Document/Information Memorandum to the ROC and to SEBI and listing of the Debentures, within the stipulated statutory time-frames
Events of Default	As per Debenture Trust Deed
Provisions related to Cross Default Clause	N.A.
Role and Responsibilities of Debenture Trustee	As per Debenture Trust Deed
Governing Law	The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties.



submit to the exclusive jurisdiction of the courts in Mumbai.



ANNEXURE II: RATING LETTERS & RATING RATIONALES

Ratings

CRISIL

An S&P Global Company

CONFIDENTIAL

CRISIL/225796/NUD/06272019
Date: 27, 2019

Mr. Anil Bohora
Chief Operating Officer
HDFC Credila Financial Services Private Limited
301, Citi Point,
Next to Kothnar Continental,
Andheri-Kurla Road, Andheri (East),
Mumbai - 400 059, India

Dear Mr. Bohora,

Re: CRISIL Rating for the Rs.400 Crore Non-Convertible Debenture of HDFC Credila Financial Services Private Limited

We refer to your request for a rating for the captioned Non-Convertible Debentures.

CRISIL, has, after due consideration, assigned its "CRISIL AAA/Stable" (pronounced as CRISIL triple A rating with Stable outlook) rating to the captioned debt instrument. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

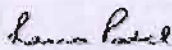
As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.


As per the latest SEBI circular (reference number: CIR/MD/DF/17/2013, dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN), along with the reference number and the date of the rating letter of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissues@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissues@crisil.com.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,
Yours sincerely,



Rama Patel
Director - CRISIL Ratings


Nivedita Shukla
Associate Director - CRISIL Ratings

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL or its associates may have other commercial transactions with the company/entity. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating letters are available without charge to the public on the CRISIL web site: www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpline at 1800 267 1301.

CRISIL Limited

Corporate Identity Number: L57122MH1987PLC42983

CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400076. Phone: +91 22 3342 3000 | Fax: +91 22 4060 5800
www.crisil.com



Rating Rationale

June 27, 2019 | Mumbai

HDFC Credila Financial Services Private Limited

'CRISIL AAA/Stable' assigned to NCD issue

Rating Action

Rs 400 Crore Non Convertible Debentures Issue	CRISIL AAA/Stable (Assigned)
Non Convertible Debentures Issues Aggregating Rs. 1800 Crore	CRISIL AAA/Stable (Reaffirmed)
Subordinated Debt Issues Aggregating Rs 350 Crore	CRISIL AAA/Stable (Reaffirmed)
Rs. 1000 Crore Commercial Paper	CRISIL A1+ (Reaffirmed)

* Crore = 10 million

Refer to annexure for Details of commercial & bank facilities

Detailed Rationale

CRISIL has assigned its 'CRISIL AAA/Stable' rating to the Rs 400 crore non-convertible debentures issue of HDFC Credila Financial Services Private Limited (HDFC Credila, formerly Credila Financial Services Pvt Ltd) and has reaffirmed its rating on the existing debt instruments of 'CRISIL AAA/Stable/CRISIL A1+'.

The ratings continue to reflect strong experience of management, financial and operational support from parent, Housing Development Finance Corporation Limited (HDFC), experienced management with strong processes and systems, and adequate resource profile. These strengths are partially offset by HDFC Credila's high gearing and overall small scale of operations.

Analytical Approach

For arriving at the ratings, CRISIL has considered the standalone business and financial risk profiles of HDFC Credila and notched up the ratings to those of its parent, HDFC.

Key Rating Drivers & Detailed Description

Strengths

* Strong expectation of managerial, financial and operational support from parent

HDFC views education loans as a segment with high growth potential in the long term. HDFC Credila, India's first non-banking financial company (NBFC) offering education loans, is its vehicle to target this segment. HDFC has also set up schools and skill upgrade centres. Although HDFC Credila has a small scale of operations, the strong involvement of HDFC clearly reflects its confidence in the growth potential of the education loan business and plans to ramp-up HDFC Credila's operations commensurately. Currently, there are three directors on HDFC Credila's board from HDFC, these directors, along with the board, take an active interest in the formulation of the company's business strategies. Moreover, HDFC Credila benefits from its association with HDFC and its established branch network and infrastructure in the banking business.

HDFC has infused around Rs 50 crore as additional capital into HDFC Credila in fiscal 2018 and Rs 80 crore in fiscal 2019. As on March 31, 2019, HDFC's shareholding in HDFC Credila was 83.38% (80.8% on a fully diluted basis).

* Experienced management with strong processes and systems

The promoters, Mr. Ajay Bohora and Mr. Anil Bohora have been in the education services industry for over a decade and bring with them immense knowledge and expertise. They are supported by an experienced management team with veterans from the banking and financial services industry. Moreover, HDFC Credila benefits from being the first education loans focused NBFC in a segment which is predominantly dominated by banks (mainly PSBs). HDFC Credila has also built strong systems and processes over the last 12 years that help mitigate asset quality risks of this segment. The company has a large database of colleges and over 200,000 courses which it uses for loan decisioning. The company has developed credit scoring models for disbursing loans to borrowers of which around 45% are backed by collateral and all loans have a co-borrower. CRISIL believes HDFC Credila will remain a strong player in the education loan industry.

* Adequate resource profile

HDFC's parentage helps HDFC Credila access a large pool of investors and raise debt at competitive costs. As on March 31, 2019, the company had total borrowings worth Rs 4764 crore and cost of borrowings at 8.8%. The company has been able to gradually diversify its resource profile and reduced the dependence on bank borrowings. As on April 30, 2019, bank borrowings constituted 50% of the total borrowings. The company is expected to increase the proportion on capital market borrowings and continue to diversify the resource mix over the medium term depending on the market conditions.

Weaknesses

* High gearing levels

Though the gearing has gradually been brought down over the last three years, the gross gearing stood at 7.8x as on Mar-19 (8.3 times and 9.2 times as on March 31, 2018 and March 31, 2017 respectively). Though the gearing is higher than the industry average, adequate internal accruals (consistent RoA of more than 2% over past three years) coupled with equity infusions as and when required from the parent, will further improve gearing levels gradually. Networth of the company stood at Rs 830 crore (including Rs 67 crore of compulsory convertible preference shares from HDFC). Tier-1 and overall capital adequacy ratios were 11.55% and 18.45%, respectively, as on March 31, 2019.

* Overall small scale of operations with limited seasoning of loan book

Scale of operations is small, however the business has seen significant growth over the past few years. The three year compounded



annual growth rate was 26% from fiscal 2016 to fiscal 2019 with the outstanding portfolio increasing to Rs 5334 crore as on March 31, 2019 (Rs 4234 crore as on March 31, 2016). Business volumes are expected to increase albeit at a slower pace than in the past.

Gross non-performing assets (GNPA) have remained low at 0.37% (based on 91 days NPA classification) as on March 31, 2019 (0.04 % 90-days) as on March 31, 2016 (as per RBI guidelines). However, given high growth in recent years, a significant part of the loans delinquent by the company are in the moratorium period and hence, the worsening of the loan portfolio is limited at this stage. The company's ability to successfully recover its loans through business cycles is yet to be tested.

Liquidity

ALM of the company is consistent with positive cumulative mismatches for every bucket upto five years. Moreover, company has adequate liquid assets to the tune of Rs 400 crore as of 30th April 2019 which is almost sufficient to cover upcoming debt repayments for the next 3 months (Rs 510 crore repayments expected by July 2019). Liquidity position is further supported by the coverage of HDFC.

Outlook: Stable

CRISIL believes HDFC Credila will continue to benefit from the strong financial, structural, and operational support from HDFC and the experienced management. The outlook may be revised to 'Negative' if there is significant deterioration in HDFC's credit risk profile, significant change in the intent of the HDFC's ownership of HDFC Credila, or deterioration in the expected support from HDFC.

About the Company

HDFC Credila, promoted by Mr. Anil Behara and Mr. Ajay Mittal, was incorporated on February 1, 2009. It is registered as a non-profit-making NBFC with the Reserve Bank of India. HDFC Credila is in the business of originating, funding, and servicing educational loans. It is a subsidiary of HDFC. HDFC Credila has eight own offices and 47 office spaces, does business through the branches of HDFC. HDFC Credila uses various channels for sourcing and marketing, which include the internet, branch network of HDFC and a few private sector banks, partnering with colleges, education consultants, and test preparation centres, advertising, and direct marketing.

For fiscal 2019, HDFC Credila's profit after tax (PAT) was Rs 107 crore on net income of Rs 604 crore, against a PAT of Rs 67 crore on total income of Rs 485 crore for the previous fiscal.

Key Financial Indicators

As on/for the period ended March 31, 2017	Unit	2019	2018
Total Assets	Rs crore	8497	4288
Total income	Rs crore	653	485
PAT	Rs crore	107	67
Gross NPA	%	0.37	0.04
Gearing	Times	7.8	8.3
Return on assets	%	1.1	1.3

Any other information: Not applicable

Note on complexity levels of the rated instrument

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instruments(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs. Cr)	Rating outstanding with Outlook
NA	Non-convertible debentures	NA	NA	NA	400	CRISIL AAA/Stable
INE539K07114	Non-convertible debentures	17-June-16	8.82%	17-June-24	100	CRISIL AAA/Stable
INE539K09195	Subordinated debt	6-June-16	9.12%	6-June-23	150	CRISIL AAA/Stable
INE539K07101	Non-convertible debentures	20-Nov-16	9.40%	20-Nov-23	300	CRISIL AAA/Stable
INE539K07031	Non-convertible debentures	28-Jan-16	9.00%	28-Jan-19	200	CRISIL AAA/Stable
INE539K07030	Non-convertible debentures	07-Aug-17	7.50%	7-Aug-19	200	CRISIL AAA/Stable
INE539K07056	Non-convertible debentures	27-Oct-16	8.25%	25-Nov-21	100	CRISIL AAA/Stable
INE539K07064	Non-convertible debentures	27-Feb-17	8.00%	27-Feb-22	200	CRISIL AAA/Stable
INE539K07099	Non-convertible debentures	24-Sep-18	9.00%	24-Sep-20	300	CRISIL AAA/Stable
INE539K09140	Subordinated debt	9-Oct-15	9.30%	9-Oct-25	100	CRISIL AAA/Stable
INE539K09113	Subordinated debt	24-Jul-17	8.25%	23-Jul-23	50	CRISIL AAA/Stable
INE539K09161	Subordinated debt	16-Nov-17	9.10%	16-Nov-23	50	CRISIL AAA/Stable
NA	Commercial paper programme	NA	NA	7 to 360 days	1000	CRISIL A1+

As of 31st Dec 2019

Annexure - Rating History for last 3 Years

Instrument	2017	2018	2019	Start of 2019
Commercial paper programme	CRISIL A1+	CRISIL A1+	CRISIL A1+	CRISIL A1+
Non-convertible debentures	CRISIL AAA	CRISIL AAA	CRISIL AAA	CRISIL AAA
Subordinated debt	CRISIL AAA	CRISIL AAA	CRISIL AAA	CRISIL AAA



Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating		
Commercial Paper	ST	1000.00	CRISIL A1+	12-06-19	CRISIL A1+	14-11-18	CRISIL A1+	10-11-17	CRISIL A1+					
				30-05-19	CRISIL A1+	12-09-18	CRISIL A1+	05-10-17	CRISIL A1+					
Non Convertible Debentures	LT	1500.00	CRISIL AAA/Stable	12-06-19	CRISIL AAA/Stable	14-11-18	CRISIL AAA/Stable	10-11-17	CRISIL AAA/Stable	24-10-16	CRISIL AA+/Stable	CRISIL AA+/Stable		
				30-05-19	CRISIL AAA/Stable	12-09-18	CRISIL AAA/Stable	05-10-17	CRISIL AAA/Stable	22-05-16	CRISIL AA+/Stable			
								19-07-17	CRISIL AAA/Stable					
								20-06-17	CRISIL AAA/Stable					
								16-05-17	CRISIL AAA/Stable					
								21-02-17	CRISIL AA+/Stable					
Subordinated Debt	LT	350.00	CRISIL AAA/Stable	12-06-19	CRISIL AAA/Stable	14-11-18	CRISIL AAA/Stable	10-11-17	CRISIL AAA/Stable	24-10-16	CRISIL AA+/Stable	CRISIL AA+/Stable		
				30-05-19	CRISIL AAA/Stable	12-09-18	CRISIL AAA/Stable	05-10-17	CRISIL AAA/Stable	22-05-16	CRISIL AA+/Stable			
								19-07-17	CRISIL AAA/Stable					
								20-06-17	CRISIL AAA/Stable					
								16-05-17	CRISIL AAA/Stable					
								21-02-17	CRISIL AA+/Stable					

All amounts are in Rs Cr.

Links to related criteria

[Rating Criteria for Finance Companies](#)

[CRISIL's Criteria for rating short term debt](#)

[Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support](#)

For further information contact:

Media Relations

Saman Khan
Media Relations
CRISIL Limited
D: +91 22 3342 3895
B: +91 22 3342 3000
saman.khan@crsil.com

Naiireen Ahmed
Media Relations
CRISIL Limited
D: +91 22 3342 1818
B: +91 22 3342 3000
naiireen.ahmed@crsil.com

Vinay Rajani
Media Relations
CRISIL Limited
D: +91 22 3342 1836
M: +91 91 676 42913
B: +91 22 3342 3000
vinay.rajani@crsil.com

Analytical Contacts

Krishnan Sitaroman
Senior Director - CRISIL Ratings
CRISIL Limited
D: +91 22 3342 8070
krishnan.sitaroman@crsil.com

Rama Patel
Director - CRISIL Ratings
CRISIL Limited
D: +91 22 4254 1919
rama.patel@crsil.com

Bhargav Mehta
Rating Analyst - CRISIL Ratings
CRISIL Limited
B: +91 22 3342 3000
bhargav.mehta@crsil.com

Customer Service Helpdesk

Timings: 10:00 am to 7:00 pm
Toll free Number: 1800 267 1361

For a copy of Rationales / Rating Reports:
CRISIL.ratingdesk@crsil.com

For Analytical queries:
ratingsinvestor@crsil.com



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ICRA

ICRA Limited

Confidential

Ref: 2019-20/MUM/0753

Date: June 28, 2019

Mr. Ajay Bohora
Co-founder and Chief Executive Officer
HDFC Credila Financial Services Private Limited
B 301, Citi Point, Next to Kohinoor Continental,
Andheri-Kurla Road, Andheri (East),
Mumbai - 400 059

Dear Sir,

Re: ICRA Credit Rating for the Rs. 400 crore Non-Convertible Debenture Programme of HDFC Credila Financial Services Private Limited.

Please refer to the Rating Agreement dated June 25, 2019 for carrying out the rating of the aforesaid Non-Convertible Debenture Programme. The Rating Committee of ICRA, after due consideration, has assigned a [ICRA]AAA (pronounced as ICRA triple A) rating to the captioned programme. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The Outlook on the long-term rating is Stable.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA]AAA(Stable). We would request if you can sign the acknowledgement and send it to us latest by July 4, 2019 as acceptance on the assigned rating. In case you do not communicate your acceptance/non acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on 'Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)' issued by the Securities and Exchange Board of India.

Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/or other instruments of like nature to be issued by you.

Electric Mansion, 3rd Floor
Appasaheb Marathe Marg
Prabhadevi, Mumbai-400025

Tel : +91 22 61693300
CIN : L74999DL1991PLC042749

Website : www.icra.in
Email : info@icraIndia.com
Helpdesk : +91.124.3341580

Registered Office : 1105, Kailash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel : +91.11.23357940-45

RATING • RESEARCH • INFORMATION

62810





ICRA

As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

Enclosed herewith is a copy of the rationale of the assigned rating for your reference. Please respond with your comments if any within the aforesaid timeline of July 4, 2019.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

For ICRA Limited


SUBRATA JAISWAL
Senior Group Vice President
subrata@icraindia.com


JUI KULKARNI
Associate Analyst
jui.kulkarni@icraindia.com



ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

IDBI Trusteeship Services Ltd
CIN : U65991MH2001GO1131154



No.4872/TISL/CVR/CL/2019-20/DEB/499
July 24, 2019

Mr. Sebastian Fernandez -CFO
HDFC Credila Financial Services Pvt. Ltd
B 301, Chh Point, Next to Kohinoor Continental,
Andheri - Kurla Road, Andheri (East), Mumbai 400 059

Dear Sir,

Consent to act as Debenture Trustee for Secured Listed Non-Convertible Debentures (NCDs) of Rs.200 crore.

This is with reference to the e-mail dated 23.07.2019 from your company on appointment of IDBI Trusteeship Services Limited (TISL) as Debenture Trustee for Secured Listed Non-Convertible Debentures (NCDs) of Rs.200 crore.

In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the company agreeing the conditions as set out in Annexure - A.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

HDFC Credila Financial Services Pvt. Ltd shall enter into Debenture Trustee Agreement for the said issue of the NCDs.

Thanking you,

Yours faithfully,
For IDBI Trusteeship Services Limited

Aditya Kapil
Vice President



Regd. Office : Asian Building, Ground Floor, 17, A, Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4660 7000 • Fax : 022-6631 1776 • Email : asl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com



Annexure A

1. The Company agrees and undertakes to create the securities wherever applicable over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within the stipulated time as per the offer document or as per applicable law.

2. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

3. The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 1986 to the extent not repealed and The Companies Act, 2013 to the extent notified and other applicable provisions as amended from time to time and agrees to furnish to Trustees such information in terms of the same on regular basis.

For IDBI Trusteeship Services Limited



Aditya Kapil

Aditya Kapil
Vice President



ANNEXURE IV: APPLICATION FORM

HDFC CREDILA FINANCIAL SERVICES PRIVATE LIMITED
A private limited company incorporated under the Companies Act, 1956 with CIN:
U67190MH2006PTC159411
Date of Incorporation: February 1, 2006
Registered Office: B 301, Citi Point, Next to Kohinoor Continental,
Andheri - Kurla Road, Andheri (East), Mumbai 400 059
Telephone No: +91-22-2826 6636; Fax: +91-22-2471 2447
Website: www.hdfccredila.com

DEBENTURE SERIES APPLICATION FORM SERIAL NO.

--	--	--	--	--	--	--	--	--	--

ISSUE OF UPTO 2,000 SECURED RATED LISTED REDEEMABLE NON CONVERTIBLE DEBENTURES

Rs. 10,00,000 /- (RUPEES TEN LAKHS ONLY) EACH AGGREGATING UPTO ₹ 200,00,00,000/- (RUPEES TWO HUNDRED CRORES ONLY), FOR CASH AT PAR TO THE FACE VALUE

DEBENTURE SERIES APPLIED FOR:

Number of Debentures _____ In words _____

Amount Rs. _____ /- in words Rupees _____ Only

DETAILS OF PAYMENT:

RTGS
No. _____ Drawn on _____

Funds transferred to HDFC Credila Financial Services Private Limited
Dated _____

Total Amount Enclosed
(In Figures) _____ (In words) _____

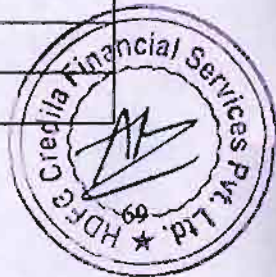
APPLICANT'S NAME IN FULL (CAPITALS)

SPECIMEN SIGNATURE

--	--

APPLICANT'S ADDRESS

ADDRESS	
STREET	
CITY	



PIN		PHONE		FAX	
-----	--	-------	--	-----	--

APPLICANT'S PAN/GIR NO. _____ IT CIRCLE/WARD/DISTRICT _____

WE ARE () COMPANY () OTHERS () SPECIFY _____

TAX RESIDENTIAL STATUS RESIDENT () NON-RESIDENT ()

We have read and understood the Terms and Conditions of the issue of Debentures including the Risk Factors described in the Memorandum and have considered these in making our decision to apply. We bind ourselves to these Terms and Conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's
Signature

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

DEPOSITORY	NSDL () CDSL ()
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account : (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	Beneficiary Bank Name: Account No: IFSC Code: Branch:

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Information Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer.



ANNEXURE V: ILLUSTRATION OF BOND CASH FLOWS

Illustration of Bond Cash Flows	
Company	HDFC Credila Financial Services Private Limited
Face Value (per security)	₹ 10,00,000 /- (Rupees Ten Lakhs only)
Issue Date / Date of Allotment	August 01, 2019
Redemption	August 01, 2029
Coupon Rate	8.70% (Eight Point Seven Zero percent) per annum (computed on a simple interest basis)
Frequency of the Coupon Payment with specified dates	Annually
Day Count Convention	Actual / Actual

Cash Flows	Date	No. of days in Coupon Period	Amount (in Rupees)
Issue amount			10,00,000
1st Coupon	Saturday, August 01, 2020	366	87,000
2nd Coupon	Monday, August 02, 2021	365	87,000
3rd Coupon	Monday, August 01, 2022	365	87,000
4th Coupon	Tuesday, August 01, 2023	365	87,000
5th Coupon	Thursday, August 01, 2024	366	87,000
6th Coupon	Friday, August 01, 2025	365	87,000
7th Coupon	Saturday, August 01, 2026	365	87,000
8th Coupon	Monday, August 02, 2027	365	87,000
9th Coupon	Tuesday, August 01, 2028	366	87,000
10th Coupon	Wednesday, August 01, 2029	365	87,000
Principal	Wednesday, August 01, 2029		10,00,000
Total			18,70,000

The above table is illustrative and indicative. The actual dates and maturity amount will be in accordance to and in compliance with the provisions of SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013 and CIR/IMD/DF-1/122/2016 dated November 11, 2016 and further circular issued from time to time, giving effect to actual holidays and dates of maturity which qualifies the SEBI requirement.



ANNEXURE VI: LAST AUDITED FINANCIAL STATEMENTS



Balance sheet as at 31 March 2019

Particulars	Note No.	(Currency: INR in Lakhs)		
		As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
ASSETS				
1. Financial assets				
(a) Cash and cash equivalents	4	14,295.74	1,288.48	1,018.35
(b) Bank balances other than (a) above	5	141.61	141.61	136.99
(c) Trade receivables	6	27.13	35.84	19.68
(d) Loans	7	533,397.10	423,419.13	330,035.54
(e) Other financial assets	8	235.53	171.40	138.98
Total financial assets		548,097.11	425,056.46	331,349.54
2. Non-financial assets				
(a) Current tax assets (net)	9	60.44	68.16	6.76
(b) Deferred tax assets (net)	10	1,193.00	1,015.00	834.00
(c) Property, plant and equipment	11	191.29	226.49	185.19
(d) Other intangible assets	11	56.95	57.80	11.53
(e) Capital work in progress	11	—	—	3.82
(f) Intangible assets under development	11	—	2.00	—
(g) Other non-financial assets	12	117.52	133.74	39.26
Total non-financial assets		1,619.20	1,503.19	1,080.56
Total assets		549,716.31	426,559.65	332,430.10
LIABILITIES AND EQUITY				
LIABILITIES				
1. Financial liabilities				
(a) Payables				
i) Trade payables				
- Total outstanding dues of micro enterprises and small enterprises		—	—	—
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13	1,018.39	873.65	682.39
(b) Debt securities	14	206,348.37	181,703.29	137,060.86
(c) Borrowings (other than debt securities)	15	222,644.38	152,847.15	132,766.79
(d) Subordinated liabilities	16	47,376.77	39,888.77	24,932.89
(e) Other financial liabilities	17	8,381.70	5,484.78	5,126.18
Total financial liabilities		485,769.61	380,797.64	300,569.11
2. Non-financial liabilities				
(a) Current tax liabilities (net)	18	264.39	196.27	2.36
(b) Provisions	19	288.68	213.29	152.18
(c) Other non-financial liabilities	20	347.36	457.17	463.01
Total non-financial liabilities		900.43	866.73	617.55
Total liabilities		486,670.04	381,664.37	301,186.66
EQUITY				
(a) Equity share capital	21	6,902.08	6,452.64	6,074.20
(b) Other equity	22	56,144.19	38,442.64	25,169.24
Total equity		63,046.27	44,895.28	31,243.44
Total liabilities and equity		549,716.31	426,559.65	332,430.10

See accompanying Notes to the financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Akeel Master
Partner
Membership No: 046768

Place : Mumbai
Date : 10 May 2019

For and on behalf of Board of Directors of
HDFC Credila Financial Services Private Limited
CIN No: U67190MH2006PTC159411

V.S.Rangan
Chairman
(DIN - 00030248)

Madhumita Ganguli
Director
(DIN - 00676830)

Sudhin Choksey
Director
(DIN - 00036085)

Place : Mumbai
Date : 10 May 2019

Anil Bohora
Managing Director
(DIN - 00694396)

Subodh Salunke
Executive Vice Chairman
(DIN - 03053815)

Sebastian Fernandez
Chief Financial Officer
(FCA: 112793)

Ajay Bohora
Managing Director & CEO
(DIN - 00694444)

Biswamohan Mahapatra
Director
(DIN - 06990345)

Akanksha Kandoi
Company Secretary
(FCS: 6883)

Statement of Profit and Loss for the year ended 31 March 2019

(Currency: INR in Lakhs)

Particulars	Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
I. Revenue from operations			
(a) Interest income	23	59,105.60	47,443.00
(b) Dividend income		65.30	17.85
(c) Fees and commission income	24	1,102.48	1,021.26
(d) Net gain on fair value changes		79.05	—
Total revenue from operations		60,352.43	48,482.11
II. Other income		0.11	0.05
III. Total income (I + II)		60,352.54	48,482.16
IV. Expenses			
(a) Finance costs	25	37,382.77	28,383.99
(b) Impairment on financial instruments (Expected credit loss)	28	270.76	134.74
(c) Employee benefit expense	26	2,942.62	2,619.85
(d) Depreciation and amortisation	11	88.99	63.71
(e) Other expenses	27	3,976.84	3,718.44
Total expenses		44,661.98	34,920.73
V. Profit before Tax (III – IV)		15,690.56	13,561.43
VI. Tax expense			
– Current tax	30	5,694.20	5,084.98
– Deferred tax	31	(172.88)	(181.09)
Total tax expense		5,521.32	4,903.89
VII. Net profit after tax (V – VI)		10,169.24	8,657.54
VIII. Other comprehensive income			
Items that will not be reclassified to profit or loss			
– Remeasurement of the defined benefit plans		(9.54)	0.12
Other comprehensive income		(9.54)	0.12
IX. Total comprehensive income (VII + VIII)		10,159.70	8,657.66
X. Earnings per equity share:			
(a) Basic (in ₹)	32	15.05	14.03
(b) Diluted (in ₹)	32	8.30	7.42
(c) Face value per share (in ₹)		10	10

See accompanying Notes to the Financial Statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of Board of Directors of
HDFC Credila Financial Services Private Limited
CIN No: U67190MH2006PTC159411

V.S.Rangan
Chairman
(DIN – 00030248)

Anil Bohora
Managing Director
(DIN – 00694396)

Ajay Bohora
Managing Director & CEO
(DIN – 00694444)

Akeel Master
Partner
Membership No: 046768

Madhumita Ganguli
Director
(DIN – 00676830)

Subodh Salunke
Executive Vice Chairman
(DIN – 03053815)

Biswamohan Mahapatra
Director
(DIN - 06990345)

Sudhin Choksey
Director
(DIN – 00036085)

Sebastian Fernandez
Chief Financial Officer
(FCA: 112793)

Akanksha Kandoi
Company Secretary
(FCS: 6883)

Place : Mumbai
Date : 10 May 2019

Place : Mumbai
Date : 10 May 2019

Statement of Changes in Equity for the year ended 31 March 2019

A. Equity share capital

(Currency: INR in Lakhs)

Particulars	Amount
Issued, Subscribed and fully paid up:	
Balance as at 01 April 2017	6,074.20
Issued during the year:	
– Rights issue to Housing Development Finance Corporation Limited (the Holding Company)	378.44
Balance as at 31 March 2018	6,452.64
Balance as at 01 April 2018	6,452.64
Issued during the year:	
– Rights issue to Housing Development Finance Corporation Limited (the Holding Company)	449.44
Balance as at 31 March 2019	6,902.08

B. Other equity

(Currency: INR in Lakhs)

Particulars	Note No.	Non cumulative compulsorily convertible preference shares (CCPS)	Reserves and surplus				Other comprehensive income	Total
			Capital reserve	Securities premium	Retained earnings	Statutory reserve RBI		
Balance as at 01 April 2017		6,700.00	109.46	5,680.04	9,348.15	3,331.59	–	25,169.24
Profit for the year	22	–	–	–	8,657.54	–	–	8,657.54
Other comprehensive income for the year							0.12	0.12
Total comprehensive income for the year					8,657.54		0.12	8,657.66
Transfer from retained earnings	22	–	–	–	(1,741.50)	1,741.50	–	–
Expenses incurred in respect of issue of equity capital		–	–	(5.00)	–	–	–	(5.00)
Transactions with owners, recorded directly in equity								
Dividend on compulsorily convertible preference shares		–	–	–	(0.67)	–	–	(0.67)
Dividend distribution tax		–	–	–	(0.14)	–	–	(0.14)
Securities premium on fresh equity shares issued	21	–	–	4,621.55	–	–	–	4,621.55
Total transactions with owners, recorded directly in equity				4,621.55	(0.81)			4,620.74
Balance as at 31 March 2018		6,700.00	109.46	10,296.59	16,263.38	5,073.09	0.12	38,442.64
Balance as at April 1, 2018		6,700.00	109.46	10,296.59	16,263.38	5,073.09	0.12	38,442.64
Profit for the year		–	–	–	10,169.24	–	–	10,169.24
Other comprehensive income for the year		–	–	–	–	–	(9.54)	(9.54)
Total comprehensive income for the year					10,169.24		(9.54)	10,159.70
Transfer from retained earnings		–	–	–	(2,033.85)	2,033.85	–	–
Expenses incurred in respect of issue of equity capital		–	–	(8.00)	–	–	–	(8.00)
Transactions with owners, recorded directly in equity								
Dividend on compulsorily convertible preference shares		–	–	–	(0.67)	–	–	(0.67)
Dividend distribution tax		–	–	–	(0.14)	–	–	(0.14)
Securities premium on fresh equity shares issued	21	–	–	7,550.66	–	–	–	7,550.66
Total transactions with owners, recorded directly in equity				7,550.66	(0.81)			7,549.85
Balance as at 31 March 2019		6,700.00	109.46	17,839.25	24,397.96	7,106.94	(9.42)	56,144.19

See accompanying Notes to the Financial Statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Akeel Master
Partner
Membership No: 046768

Place : Mumbai
Date : 10 May 2019

For and on behalf of Board of Directors of
HDFC Credila Financial Services Private Limited
CIN No: U67190MH2006PTC159411

V.S.Rangan
Chairman
(DIN – 00030248)
Madhumita Ganguli
Director
(DIN – 00676830)
Sudhin Choksey
Director
(DIN – 00036085)

Place : Mumbai
Date : 10 May 2019

Anil Bohora
Managing Director
(DIN – 00694396)
Subodh Salunke
Executive Vice Chairman
(DIN – 03053815)
Sebastian Fernandez
Chief Financial Officer
(FCA: 112793)

Ajay Bohora
Managing Director & CEO
(DIN – 00694444)
Biswamohan Mahapatra
Director
(DIN - 06990345)
Akanksha Kandoi
Company Secretary
(FCS: 6883)

Statement of Cash Flow for the year ended 31 March 2019

(Currency: INR in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A. Cash flow from operating activities		
Profit before tax	15,690.56	13,561.43
<i>Adjustments to reconcile profit before tax to net cash flows :</i>		
Depreciation & amortisation	88.99	63.71
Impairment on financial instruments	270.76	134.74
(Profit)/loss on property, plant and equipment discarded	1.26	0.24
Interest expense	37,223.79	28,252.92
Interest income	(59,105.60)	(47,443.00)
Interest on income tax payable	—	58.00
Provision for employee benefits	53.60	72.91
Working capital changes		
Loans	(92,930.60)	(92,124.20)
Trade receivables	8.71	(16.16)
Trade payable	144.73	191.27
Other financial assets	(64.13)	(32.42)
Other non financial assets	16.22	(94.49)
Other non financial liabilities and provisions	(118.68)	(19.87)
Purchase of investments	(1,67,500.00)	(45,700.00)
Sale of investments	1,67,500.00	45,700.00
Bank balances other than cash and cash equivalents		
- Placed	(1,10,001.00)	(135.00)
- Matured	1,10,001.00	130.00
Income tax paid	(5,618.35)	(5,010.47)
Interest received	41,808.58	46,051.31
Net cash flows used in operating activities	<u>(62,530.16)</u>	<u>(56,359.08)</u>
B. Cash flow from investing activities		
Purchase of fixed and intangible assets	(52.33)	(150.00)
Proceeds from sale of property and equipment	0.15	0.29
Net cash flows used in investing activities	<u>(52.18)</u>	<u>(149.71)</u>
C. Cash flow from financing activities		
Debt securities issued	3,02,719.20	2,68,428.09
Debt securities repaid	(2,82,500.00)	(2,27,500.00)
Borrowings other than debt securities issued	3,38,052.12	1,92,153.57
Borrowings other than debt securities repaid	(2,68,177.14)	(1,72,068.66)
Subordinated liabilities issued	7,476.87	14,948.27
Proceeds from issue of equity shares (net of issue expenses)	7,992.00	4,994.99
Dividends paid including DDT	(0.81)	(0.81)
Interest paid	(29,972.65)	(24,176.52)
Net cash flows from financing activities	<u>75,589.60</u>	<u>56,778.92</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<u>13,007.26</u>	<u>270.13</u>
Cash and cash equivalents at the beginning of the year	1,288.48	1,018.35
Cash and cash equivalents at the end of the year [Refer note no 4]	<u>14,295.74</u>	<u>1,288.48</u>

Note: The above statement of cash flow has been prepared under the 'indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

See accompanying notes forming part of the financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Akeel Master
Partner
Membership No: 046768

Place : Mumbai
Date : 10 May 2019

For and on behalf of Board of Directors of
HDFC Credila Financial Services Private Limited
CIN No: U67190MH2006PTC159411

V.S.Rangan
Chairman
(DIN - 00030248)
Madhumita Ganguli
Director
(DIN - 00676830)
Sudhin Choksey
Director
(DIN - 00036085)

Place : Mumbai
Date : 10 May 2019

Anil Bohora
Managing Director
(DIN - 00694396)
Subodh Salunke
Executive Vice Chairman
(DIN - 03053815)
Sebastian Fernandez
Chief Financial Officer
(FCA: 112793)

Ajay Bohora
Managing Director & CEO
(DIN - 00694444)
Biswamohan Mahapatra
Director
(DIN - 06990345)
Akanksha Kandoi
Company Secretary
(FCS: 6883)

Notes to the Financial Statements (Continued)

1. Company Overview

HDFC Credila Financial Services Private Limited (the “Company”) is engaged in the business of originating, funding and servicing loans for the education of Indian students and in providing ancillary services related to the said business activities. With effect from July 09, 2010, the Company became subsidiary of Housing Development Finance Corporation Limited (“HDFC”/ the “Holding Company”). The Company is Systemically Important Non-deposit taking Non-Banking Financial Company (“NBFC”).

The Company is domiciled in India as a Private Limited Company having its Registered Office at B 301, Citi Point, Next to Kohinoor Continental, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059. The Company’s Debt Securities are listed on the Bombay Stock Exchange.

Pursuant to Section 13 and other applicable provisions of the Companies Act, 2013 (the Act), and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the name of the Company has been changed from “Credila Financial Services Private Limited” to “HDFC Credila Financial Services Private Limited” w.e.f. February 19, 2017.

2. Basis of Preparation

2.1 Statement of compliance and basis of preparation and presentation of financial statements

The financial statements have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 on historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of the Act.

Effective April 1, 2018, the Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101, First-time adoption of Indian Accounting Standards, with April 1, 2017 as the transition date. An explanation of how transition to Ind AS has affected previously reported financial position, financial performance and cash flow of the Company is provided in Note 39.

The Company’s financial statements upto and for the year ended March 31, 2018 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Companies Act, 2013 (“the Act”), the Accounting Standards specified under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by the Reserve Bank of India (RBI) for NBFCs and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable, collectively referred as “Previous GAAP”.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements were approved by the Company’s Board of Directors and authorised for issue on May 10, 2019.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”.

Amounts in the financial statements are presented in Indian Rupees in Lakhs rounded off to two decimal places as permitted by Schedule III to the Act. Per share data is presented in Indian Rupee to two decimal places. The Company presents its Balance Sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 32.

Notes to the Financial Statements (Continued)

2.2 Functional and presentation currency

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency and all values are rounded to the nearest lakh, except when otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on historical cost basis, except for financial instruments which are measured at fair value.

Historical cost is generally the amount of cash or cash equivalents paid or the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurements under Ind AS are categorised into fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 where unobservable inputs are used for the valuation of assets or liabilities

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Following areas entail a high degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

1. Impairment of financial assets – Note 28 & 37.1.2

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment.

Notes to the Financial Statements (Continued)

- The segmentation of financial assets
- Determination of associations between macroeconomic scenarios and economic inputs such as unemployment levels and collateral values and the effect on PDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary. Refer note 37.1.2.

2. Effective Interest Rate (EIR) Method – Note 23 and Note 25

The Company's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, and fee income/expense that are integral parts of the instrument.

3. Recognition of deferred tax assets; availability of future taxable profits against which tax losses carried forward can be used – Note 10
4. Measurement of defined benefit obligations; key actuarial assumptions – Note 29 and
5. Provisions and other contingent liabilities – Note 19 & 40

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations and in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company recognises a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

3. Significant Accounting Policies

3.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

3.1.1 Interest income - effective interest rate method

Interest income on financial instruments measured at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate (EIR) applicable. Interest on financial instruments measured at fair value is included within the fair value movement during the period. The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or where appropriate a shorter period to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and commission paid to parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in statement of profit and loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit

Notes to the Financial Statements (Continued)

loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

3.1.2 Dividend income

Dividend income is accounted as and when right to receive dividend is established.

The gain / loss on account of redemption of units of mutual funds is recognised in the period in which redemption occurs.

3.1.3 Commission income

Income from commission includes [i] fees received from the authorised dealers on referral of foreign exchange, travel insurance business and sim cards & mobile plans, [ii] income on sourcing of insurance business to fellow subsidiary company, [iii] income on sourcing of home loan and fixed deposits to Holding Company. The Company recognises commission income in accordance with the terms of the relevant agreement and when it is probable to expect the ultimate collection.

3.1.4 Other fees

Other fees represents documentation charges, cheque bouncing charges, penal interest charges and other fees is recognised as income when the amount become due and there is no uncertainty in realisation.

3.2 Financial instruments

3.2.1 Recognition and initial measurement

Financial assets and liabilities, with the exception of loans, debt securities and borrowings are initially recognised at fair value on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities and borrowings when funds are received by the Company.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities designated at FVTPL are recognised immediately in statement of profit and loss.

3.2.2 Classification and subsequent measurement

Financial Assets

The Company classifies and measures all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either

- Amortised cost
- FVTPL
- **Amortised cost**

The Company measures cash and bank balances, loans and advances, trade receivables and other financial assets at amortised cost. The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

Business Model assessment

The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information available when making the business model assessment.

Notes to the Financial Statements (Continued)

The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Solely payments of principal and interest (SPPI) test

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that meets the SPPI test on the principal outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

- **FVTPL**

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in statement of profit and loss.

Subsequent measurement and gains and losses

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Notes to the Financial Statements (Continued)

Financial liabilities and equity instruments

- **Classification as debt or equity**

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

- **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

- **Financial Liabilities**

Financial liabilities are classified as measured at amortised cost.

Subsequent measurement and gains and losses

Financial liabilities, which are classified as measured at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in profit or loss.

Compound instruments

The component parts of compound instruments (e.g. compulsorily convertible preference shares) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. Subsequent to initial recognition, the liability component of the compulsorily convertible preference shares is measured at amortised cost.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in statement of profit and loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the compulsorily convertible preference shares are allocated to the liability and equity components in proportion to the allocation of the initial carrying amounts. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the life of the convertible notes using the effective interest method.

Undrawn commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Commitment starts from the date of the loan draw down till the study period is over or the amount is fully drawn down, whichever is earlier. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 37.1.2.

Notes to the Financial Statements (Continued)

3.2.3 Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

3.2.4 Modification and derecognition

Financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company provides education loans and some of the terms and conditions of these loans are based on future conditions that are envisaged at the time of the sanctioning / disbursement of the loan, e.g. Study period is based on selection of course / terms and actual completion of study. Due to these conditions, the amount, tenure, etc. of the cash flows from the loans may undergo changes till the starting of EMI on the loan. The change in terms till such time are not considered as modification of financial assets since these are as per the original terms of the loan.

The Company, as a practise, does not renegotiate loans to customers in financial difficulty. The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets.

Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit and loss.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in statement of profit and loss.

3.2.5 Impairment

The Company recognises allowances for ECLs for loans and advances to customers, other debt financial assets not measured at FVTPL, along with loan commitments issued, together referred to as 'financial instruments'. Equity instruments are not subject to impairment.

ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. loss allowance on default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

Notes to the Financial Statements (Continued)

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired or whether the credit risk on that financial asset has increased significantly since the initial recognition. A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL is measured at an amount equal to the 12-month ECL.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans are first recognised, the Company recognises an allowance based on 12-month ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime expected credit loss. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Company records an allowance for the lifetime expected credit loss.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

Measurement of expected credit losses

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The Company measures ECL on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's EIR, regardless of whether it is measured on an individual basis or a collective basis.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

The Probability of Default (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time.

When estimating the PD with forward looking assumptions, the Company considers three scenarios (a base case, an upside and a downside).

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

Notes to the Financial Statements (Continued)

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- restructuring of loan due to financial difficulty of the borrower;
- bankruptcy of the borrower;

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation to the Company of the same counterparty are key inputs in this analysis.

Significant increase in credit risk

The Company monitors all financial instruments that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company's accounting policy on loans and advances is not to use the practical expedient for financial assets that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets, in the nature of loans and advances and issued loan commitments that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers qualitative information that is reasonable and supportable, including the Company's historical experience and forward-looking information that is available without undue cost or effort, including future prospects of general economic conditions based on forecasts of economic information.

As a back-stop when an asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Trade receivables and contract assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather,

Notes to the Financial Statements (Continued)

it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

3.2.6 Collateral valuation and repossession

To mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the Board approved Credit Policy. The Company provides fully secured, partially secured and unsecured education loans to individuals. The parameters relating to acceptability and valuation of each type of collateral is a part of the Credit Policy of the Company.

In its normal course of business, the Company does not physically repossess properties in its retail portfolio. For other collaterals the Company liquidates the assets and recovers the amount due against the loan. Any surplus funds are returned to the customers/obligors.

3.2.7 Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities could result in impairment gains.

3.2.8 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and
- for loan commitments: as a provision.

3.3 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating leases

As a lessee

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases.

Lease rentals on assets under operating lease are charged to the statement of profit and loss on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

3.4 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.5 Property, plant and equipment (PPE)

Recognition and measurement

Notes to the Financial Statements (Continued)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Advances paid in respect of PPE are presented under other non financial assets.

PPE not ready for the intended use on the date of the Balance Sheet is disclosed as “capital work-in-progress”.

Subsequent Expenditure

The Company does not recognise in the carrying amount of an item of property, plant and equipment the costs of the day-to-day servicing of the item. Rather, these costs are recognised in statement of profit and loss as incurred.

Depreciation

Depreciation is recognised using straight line method over the estimated useful lives of PPE, as specified in Schedule II to the Act, except in respect of Computers and data processing equipment. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

Following is the summary of useful lives of the assets as per management’s estimate and as required by the Companies Act, 2013 except assets individually costing less than Rupees five thousand which are fully depreciated in the year of purchase / acquisition:

Class of assets	Useful life
Computers*	4 years
Furniture & Fittings	10 years
Office Equipment	5 years

*In case of Computers, life has been assessed as based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc. Hence, their useful life adopted by the Company is different from the useful life as prescribed under Part C of Schedule II of the Companies Act, 2013.

3.6 Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for use on the date of Balance Sheet is disclosed as ‘Intangible assets under development’.

Notes to the Financial Statements (Continued)

Intangible assets are amortised on straight line basis over the estimated useful life of 5 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

3.7 Impairment of non financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Employee benefits

i) Short term employee benefits

The undiscounted amount of employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences.

ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

Provident fund

The Company's contribution paid/ payable during the year towards provident fund is charged to Statement of Profit and Loss every year. In accordance with the applicable law, all employees of the Company are entitled to receive benefits under the Provident Fund Act, 1952. The Company contributes an amount on a monthly basis at a determined rate to the pension scheme administered by the Regional Provident Fund Commission (RPFC) and the Company has no liability for future Provident Fund benefits other than its annual contribution, since it is a defined contribution plan.

iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Gratuity and other post retirement benefits

The Company's net obligation in respect of defined benefit plans is calculated by estimating the

Notes to the Financial Statements (Continued)

amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Gratuity is a defined benefit plan. The cost of providing benefits is determined annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss in curtailment is recognised immediately in statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv) **Other long term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date as determined basis Actuarial valuation.

3.9 **Provisions, contingent liabilities and contingent assets**

Provisions are recognised only when:

- the Company has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Notes to the Financial Statements (Continued)

3.10 Taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the Statement of Profit and Loss except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside profit or loss.

Current tax

Current income taxes are determined based on taxable income of the Company. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.11 Goods and services tax input credit

Goods and services tax input credit is recognised in the books of accounts in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits. Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.12 Securities premium Account

The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

3.13 Borrowing costs

Borrowing costs include interest expense calculated using the EIR method. EIR includes interest, amortization of ancillary cost, incurred in connection with the borrowing of funds.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements (Continued)

3.14 Foreign currencies

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary assets and liabilities are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the statement of profit and loss in the period in which they arise.

3.15 Segments

The Company's operations predominately relate to providing education loans in India. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources and based on the analysis, the CODM has concluded that there are no separate reportable segments.

3.16 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.17 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- uncalled liability on shares and other investments partly paid;
- funding related commitment to associate and joint venture companies; and
- other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

3.18 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses; and
- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

3.19 Standards issued but not effective

Following are the new standards and amendments to existing standards (as notified by Ministry of Corporate Affairs (MCA) on March 30, 2019 as part of the Companies (Ind AS) Amendment Rules, 2019) which are effective for the annual period beginning from April 01, 2019. The Company intends to adopt these standards and amendments from the effective date.

Ind AS 116 – Leases:

Ind AS 116 is applicable for financial reporting periods beginning on or after April 01, 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease

Notes to the Financial Statements (Continued)

liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company plans to apply Ind AS 116 on April 01, 2019, using the modified retrospective approach. Therefore, the impact (if any) on adoption of the new standard will be recognised as an adjustment to the opening balance of retained earnings as at April 01, 2019, with no restatement of comparative information. The Company is in the process of analysing the impact of new lease standard on its financial statements.

Amendments to existing Ind AS:

The following amended standards are not expected to have a significant impact on the Company's financial statements. This assessment is based on currently available information and is subject to changes arising from further reasonable and supportable information being made available to the Company when it adopts the respective amended standards.

(i) Amendment to Ind AS 12 Income Taxes:

Income tax consequences of distribution of profits (i.e. dividends), including payments on financial instruments classified as equity, should be recognised when a liability to pay dividend is recognised. The income tax consequences should be recognised in the Statement of Profit and Loss, Other Comprehensive Income or equity according to where the past transactions or events that generated distributable profits were originally recognised.

Appendix C has been added to Ind AS 12 which seeks to bring clarity to the accounting for uncertainties on income tax treatments that are yet to be accepted by tax authorities and to reflect it in the measurement of current and deferred taxes.

(ii) Amendments to Ind AS 109 Financial Instruments:

A financial asset would be classified and measured at amortised cost or at Fair Value Through Other Comprehensive Income (FVOCI) if its contractual cash flows are solely in the nature of principal and interest on the principal amount outstanding (SPPI criterion).

An exception has been prescribed to the classification and measurement requirements with respect to the SPPI criterion for financial assets that:

- Have a prepayment feature which results in a negative compensation.
- Apart from the prepayment feature, other features of the financial asset would have contractual cash flows which would meet the SPPI criterion, and
- The fair value of the prepayment feature is insignificant when the entity initially recognises the financial asset. If this is impracticable to assess based on facts and circumstances that existed on initial recognition of the asset, then the exception would not be available.

Such financial assets could be measured at amortised cost or at FVOCI based on the business model within which they are held.

(iii) Amendments to Ind AS 19 Employee Benefits

When a defined benefit plan is amended, curtailed or settled, entities would be required to use updated actuarial assumptions to determine its current service cost and net interest for the remainder of the annual reporting period (post the plan amendment, curtailment or settlement).

The effect of the asset ceiling would not be considered while calculating the gain or loss on any settlement of the plan. Subsequently, it would be recognised in Other Comprehensive Income.

The amendments that are not yet effective, made to the following existing standards, does not have any impact on the Company's financial statements:

- Ind AS 23 Borrowing Costs
- Ind AS 28 Investments in Associate and Joint Ventures
- Ind AS 103 Business Combinations
- Ind AS 111 Joint Arrangements

Notes to the Financial Statements (Continued)

4 CASH AND CASH EQUIVALENTS

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Balances with bank			
— In current accounts	14,295.74	1,287.48	982.85
— In deposits accounts having original maturity less than 3 months	—	1.00	35.50
	<u>14,295.74</u>	<u>1,288.48</u>	<u>1,018.35</u>

Balances with banks in current account does not earn any interest. Balance in deposit account earns interest at fixed rates for varying periods of between one day and three months, depending on the immediate cash requirements of the Company.

5. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
In deposits accounts having original maturity more than 3 months	16.61	16.61	16.99
Deposits with banks to the extent held as security against the borrowings and guarantees*	125.00	125.00	120.00
	<u>141.61</u>	<u>141.61</u>	<u>136.99</u>

*Deposits of ₹ 100 lakhs (as on 31 March 2018 ₹ 100 lakhs; as on 01 April 2017 ₹ 120 lakhs) are marked as lien for overdraft facility from Punjab National Bank & Deposits of ₹ 25 lakhs (as on 31 March 2018 ₹ 25 lakhs; as on 01 April 2017 ₹ Nil) are marked as lien for bank guarantee given to UIDAI.

6. TRADE RECEIVABLES

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Unsecured; considered good	27.13	35.84	19.68
Unsecured; which have significant increase in credit risk	—	—	—
	<u>27.13</u>	<u>35.84</u>	<u>19.68</u>
Provision for impairment	—	—	—
	<u>27.13</u>	<u>35.84</u>	<u>19.68</u>

Trade Receivables includes amounts due from the related parties ₹ 1.28 lakhs (as on March 31, 2018: ₹ 12.52 lakhs; as on April 01, 2017: ₹ 0.99 lakhs) [Refer Note 34].

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Notes to the Financial Statements as at 31 March 2019 (Continued)

(Currency: INR in Lakhs)

Trade receivable days past due		Current	1-30 days past due	31-60 days past due	61-90 days past due	91-360 days past due	More than 360 days past due	Total
March 31, 2019	Estimated total gross carrying amount at default	27.13	–	–	–	–	–	27.13
	ECL- simplified approach	–	–	–	–	–	–	–
	Net carrying amount	27.13	–	–	–	–	–	27.13
March 31, 2018	Estimated total gross carrying amount at default	35.84	–	–	–	–	–	35.84
	ECL- simplified approach	–	–	–	–	–	–	–
	Net carrying amount	35.84	–	–	–	–	–	35.84
April 1, 2017	Estimated total gross carrying amount at default	19.68	–	–	–	–	–	19.68
	ECL- simplified approach	–	–	–	–	–	–	–
	Net carrying amount	19.68	–	–	–	–	–	19.68

There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

No trade or other receivable is due from Directors or other officer of the company either severally or jointly with any other person. Nor any trade or other receivable is due from firm or private companies respectively in which any Director is a partner or Director or a member.

7. LOANS

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
LOANS AND ADVANCES (at Amortised Cost)			
Term loans:			
Individual loans	<u>533,899.10</u>	<u>423,677.65</u>	<u>330,171.09</u>
Total – Gross (A)	<u>533,899.10</u>	<u>423,677.65</u>	<u>330,171.09</u>
Less: Impairment loss allowance* [Refer Notes 37.1.2]	<u>502.00</u>	<u>258.52</u>	<u>135.55</u>
Total – Net (A)	<u>533,397.10</u>	<u>423,419.13</u>	<u>330,035.54</u>
(a) Secured by tangible assets	<u>236,363.43</u>	<u>200,092.09</u>	<u>168,570.52</u>
(b) Unsecured	<u>297,535.67</u>	<u>223,585.56</u>	<u>161,600.57</u>
Total – Gross (B)	<u>533,899.10</u>	<u>423,677.65</u>	<u>330,171.09</u>
Less: Impairment loss allowance*	<u>502.00</u>	<u>258.52</u>	<u>135.55</u>
Total – Net (B)	<u>533,397.10</u>	<u>423,419.13</u>	<u>330,035.54</u>
I. Loans in India			
i) Public sector	–	–	–
ii) Others			
Education loans to individuals	<u>533,899.10</u>	<u>423,677.65</u>	<u>330,171.09</u>
Total (C) – Gross	<u>533,899.10</u>	<u>423,677.65</u>	<u>330,171.09</u>
Less: Impairment loss allowance*	<u>502.00</u>	<u>258.52</u>	<u>135.55</u>
Total (C) (I) – Net	<u>533,397.10</u>	<u>423,419.13</u>	<u>330,035.54</u>
II. Loans outside India	–	–	–
Total (C) (I + II)	<u>533,397.10</u>	<u>423,419.13</u>	<u>330,035.54</u>

* Impairment loss allowance does not include ₹ 29.89 lakhs (as on March 31, 2018: ₹ 8.79 lakhs, as on 01 April, 2017: ₹ 6.43 lakhs) towards loan commitments.

During the current and prior reporting periods, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Loans granted by the Company aggregating to ₹ 2,36,363.43 lakhs (as on March 31, 2018: ₹ 2,00,092.09 lakhs, as on 01 April, 2017: ₹ 1,68,570.52 lakhs) are secured or partly secured by one or a combination of the following securities:

(a) Immovable property (b) Fixed deposit (c) Insurance policy

₹ 4,10,774.09 lakhs (as on March 31, 2018: ₹ 3,10,934.78 lakhs; as on 01 April, 2017: ₹ 2,69,035.07 lakhs) amount of loans are given as collateral against secured borrowing from Banks and non-convertible debentures.

Notes to the Financial Statements (Continued)

8. OTHER FINANCIAL ASSETS

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Security Deposits - unsecured; considered good			
— Related party	2.00	2.00	2.00
— Others	212.53	144.33	121.69
Other loan & advances - advances to employees	21.00	25.07	15.29
Total	235.53	171.40	138.98

(Currency: INR in Lakhs)

9. CURRENT TAX ASSETS (NET)

See Accounting Policy in Note No. 3.10

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Advance tax (net of provision)	60.44	68.16	6.76
Total	60.44	68.16	6.76

(Currency: INR in Lakhs)

10. DEFERRED TAX ASSETS (NET)

See Accounting Policy in Note No. 3.10

The major components of deferred tax assets and liabilities are:

(Currency: INR in Lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Depreciation		(4.00)		6.00		8.00
Application of effective interest rate on financial assets	1,036.00		962.00		826.00	
Application of effective interest rate on financial liabilities		100.00		97.00		76.00
Impairment allowance for financial assets	163.00		83.00		41.00	
Provisions for employee benefits	90.00		73.00		51.00	
Total	1,289.00	96.00	1,118.00	103.00	918.00	84.00
Net deferred tax asset		1,193.00		1,015.00		834.00

In compliance with the Indian Accounting Standard (Ind AS) 12 relating to 'Accounting for Taxes on Income', the Company has recognised ₹ 172.88 lakh (2017 - 18 : ₹ 181.09 lakh) in the Statement of Profit and Loss and ₹ -5.12 lakh (2017 - 18 : ₹ 0.09 lakh) in other comprehensive income for the year ended March 31, 2019 towards deferred tax asset (net) for the year, arising on account of deductible temporary differences.

10.1 Movements in deferred tax assets

Particulars	Depreciation	Application of effective interest rate on financial assets	Application of effective interest rate on financial liabilities	Impairment allowance for financial assets	Provision for employee benefits	Total
As at 01 April 2017	(8.00)	826.00	(76.00)	41.00	51.00	834.00
Credited/(charged)						
— to profit or loss	2.00	136.00	(21.00)	42.00	22.00	181.00
As at 31 March 2018	(6.00)	962.00	(97.00)	83.00	73.00	1,015.00
Credited/(charged)						
— to profit or loss	10.00	74.00	(3.00)	80.00	17.00	178.00
As at 31 March 2019	4.00	1,036.00	(100.00)	163.00	90.00	1,193.00

Notes to the Financial Statements (Continued)

11. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

See Accounting Policy in Note No. 3.5 & 3.6

The changes in the carrying value of property, plant and equipment & intangible assets for the year ended 31 March 2019 are as follows:

(Currency: INR in Lakhs)

Particulars	Gross Block				Accumulated depreciation/amortisation				Net Block	
	As at 1 April, 2018	Additions during the year	Deletions/Write-off during the year	As at 31 March, 2019	As at 1 April, 2018	For the year	Deletions/Write-off during the year	As at 31 March, 2019	As at 31 March, 2019	As at 31 March, 2018
A. Tangible assets:										
Office equipment	76.00	12.34	6.17	82.17	11.81	18.51	5.45	24.87	57.30	64.19
Computers	117.27	10.66	10.67	117.26	28.51	38.54	10.52	56.53	60.72	88.76
Furniture & fixtures	81.28	11.08	2.56	89.80	7.74	10.84	2.04	16.54	73.26	73.54
Sub-total (A)	274.55	34.08	19.40	289.23	48.06	67.89	18.01	97.94	191.29	226.49
B. Intangible assets:										
Other software	61.74	20.25	–	81.99	3.94	21.10	–	25.04	56.95	57.80
Sub-total (B)	61.74	20.25	–	81.99	3.94	21.10	–	25.04	56.95	57.80
C. Capital work in progress (C)	–	–	–	–	–	–	–	–	–	–
D. Intangible assets under development (D)	2.00	–	2.00	–	–	–	–	–	–	2.00
Total (A + B + C + D)	338.29	54.33	21.40	371.22	52.00	88.99	18.01	122.98	248.24	286.29

The changes in the carrying value of property, plant and equipment & intangible assets for the year ended 31 March 2018 are as follows:

(Currency: INR in Lakhs)

Particulars	Gross Block				Accumulated depreciation/amortisation				Net Block	
	As at 1 April, 2017	Additions during the year	Deletions/Write-off during the year	As at 31 March, 2018	As at 1 April, 2017	For the year	Deletions/Write-off during the year	As at 31 March, 2018	As at 31 March, 2018	As at 1 April, 2017
A. Tangible assets:										
Office equipment	41.82	36.14	1.96	76.00	–	13.75	1.94	11.81	64.19	41.82
Computers	76.93	47.44	7.10	117.27	–	35.55	7.04	28.51	88.76	76.93
Furniture & fixtures	66.45	18.01	3.18	81.28	–	10.47	2.73	7.74	73.54	66.45
Sub-total (A)	185.20	101.59	12.24	274.55	–	59.77	11.71	48.06	226.49	185.20
B. Intangible assets:										
Other software	11.53	50.21	–	61.74	–	3.94	–	3.94	57.80	11.53
Sub-total (B)	11.53	50.21	–	61.74	–	3.94	–	3.94	57.80	11.53
C. Capital work in progress (C)	3.82	–	3.82	–	–	–	–	–	–	3.82
D. Intangible assets under development (D)	–	2.00	–	2.00	–	–	–	–	2.00	–
Total (A + B + C + D)	200.55	153.80	16.06	338.29	–	63.71	11.71	52.00	286.29	200.55

Notes to the Financial Statements (Continued)

12. OTHER NON FINANCIAL ASSETS

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Prepaid expenses	39.08	49.62	23.81
Statutory dues	68.40	76.65	8.42
Others*	10.04	7.48	7.02
	<u>117.52</u>	<u>133.74</u>	<u>39.26</u>

* Others includes ₹ 0.51 lakhs (as on 31 March 2018 ₹ 0.34 lakhs; as on 31 March 2017 ₹ 0.22 lakhs) due to related parties [Refer Note 34].

13. TRADE PAYABLES

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Total outstanding dues of micro enterprises and small enterprises	—	—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises			
— Payable to vendors *	273.49	269.91	82.70
— Accrued expenses	744.90	603.74	599.69
Total	<u>1,018.39</u>	<u>873.65</u>	<u>682.39</u>

Payable to vendors includes ₹ Nil (as on 31 March 2018 ₹ Nil; as on 31 March 2017 ₹ Nil) payable to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED"). The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is given below.

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
(a) Amount outstanding but not due as at year end	—	—	—
(b) Amount due but unpaid as at the year end	—	—	—
(c) Amounts paid after appointed date during the year	—	—	—
(d) Amount of interest accrued and unpaid as at year end	—	—	—
(e) The amount of further interest due and payable even in the succeeding year	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>

* Trade Payables includes ₹ 11.56 lakh (as on 31 March 2018 ₹ Nil; as on 31 March 2017 ₹ Nil) due to related parties [Refer Note 34].

Notes to the Financial Statements (Continued)

14. DEBT SECURITIES - AT AMORTISED COST

See Accounting Policy in Note No. 3.2

Particulars	(Currency: INR in Lakhs)		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Secured non convertible debentures [Refer Note 14.1]	149,872.36	129,842.86	109,859.44
Commercial Paper [Refer Note 14.2]	56,476.01	51,860.43	27,201.42
Total (A)	206,348.37	181,703.29	137,060.86
Debt securities in India	206,348.37	181,703.29	137,060.86
Debt securities outside India	—	—	—
Total (B) to tally with (A)	206,348.37	181,703.29	137,060.86

Terms of repayment, nature of security & rate of interest in case of debt securities:

14.1 Secured non convertible debentures

Nature of Security: Pari-passu charge on education loan receivables

Terms of Repayment: Bullet repayment on maturity date.

Name of Security	Maturity Date	(Currency: INR in Lakhs)		
		As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
8.99% Secured non-convertible debentures	07/08/2017	—	—	19,993.32
9.00% Secured non-convertible debentures	26/02/2019	—	19,989.95	19,975.58
7.65% Secured non-convertible debentures	26/03/2019	—	19,981.93	—
9.00% Secured non-convertible debentures	28/06/2019	19,997.34	19,986.67	19,976.88
7.50% Secured non-convertible debentures	07/08/2019	19,995.22	19,982.05	—
8.25% Secured non-convertible debentures	25/11/2021	29,951.31	29,930.78	29,946.34
8.00% Secured non-convertible debentures	25/02/2022	19,975.99	19,971.48	19,967.32
9.00% Secured non-convertible debentures	24/09/2020	29,977.36	—	—
9.40% Secured non-convertible debentures	20/11/2020	29,975.14	—	—
Total		149,872.36	129,842.86	109,859.44

Notes to the Financial Statements (Continued)

14.2 Commercial paper

Nature of Security: Unsecured

Terms of Repayment: Bullet repayment on maturity date.

(Currency: INR in Lakhs)

Name of security	Maturity Date	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
7.245% Commercial paper	13/04/2017	—	—	7,482.45
6.90% Commercial paper	02/06/2017	—	—	9,886.61
7.20% Commercial paper	28/06/2017	—	—	9,832.36
7.93% Commercial paper	04/05/2018	—	9,929.23	—
7.95% Commercial paper	25/05/2018	—	14,826.89	—
7.95% Commercial paper	25/05/2018	—	4,942.30	—
7.85% Commercial paper	08/06/2018	—	9,856.23	—
7.92% Commercial paper	13/06/2018	—	12,305.79	—
7.90% Commercial paper	24/04/2019	9,951.17	—	—
7.80% Commercial paper	15/05/2019	24,769.32	—	—
9.34% Commercial paper	16/08/2019	9,672.01	—	—
9.25% Commercial paper	27/11/2019	2,832.49	—	—
8.55% Commercial paper	13/03/2020	9,251.02	—	—
Total		56,476.01	51,860.43	27,201.42

During the year, the Company raised ₹ 60,000 lakhs (F.Y. 2017-18 ₹ 40,000 lakhs) through issue of Long Term, Secured, Non Convertible Debentures. All these Non Convertible Debentures are secured by pari passu charge by way of hypothecation of education loan receivables of the Company's underlying portfolio of education loans.

15. BORROWINGS (OTHER THAN DEBT SECURITIES) — AT AMORTISED COST

See Accounting Policy in Note No. 3.2

(Currency: INR in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
<u>Secured</u>			
Term Loans from Banks [Refer note 15.1]	199,143.77	152,847.15	132,766.79
Loans repayable on demand from banks	23,500.61	—	—
Total (A)	222,644.38	152,847.15	132,766.79
Borrowings in India	222,644.38	152,847.15	132,766.79
Borrowings outside India	—	—	—
Total (B) to tally with (A)	222,644.38	152,847.15	132,766.79

Notes to the Financial Statements (Continued)

Terms of repayment, nature of security & rate of interest in case of borrowings (other than debt securities):

15.1 Term Loans from Banks

Nature of Security: Pari-passu charge on education loan receivables

Terms of Repayment: As per repayment schedule

(Currency: INR in Lakhs)

Name of Security	Terms of repayment	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Rupee term loan secured by pari-passu charge on education loan receivables	28 quarterly instalments commencing from Dec 2016	7,598.53	9,348.35	11,098.34
	28 quarterly instalments commencing from Oct 2016	—	—	8,997.63
	20 quarterly instalments commencing from April 2016	—	5,999.99	7,999.86
	20 quarterly instalments commencing from June 2017	—	7,999.95	9,999.23
	28 quarterly instalments commencing from December 2014	7,137.83	9,996.69	12,856.00
	28 quarterly instalments commencing from December 2015	4,999.60	6,428.30	7,857.07
	28 quarterly instalments commencing from July 2016	6,070.52	7,498.02	8,926.45
	28 quarterly instalments commencing from June 2017	21,421.49	25,708.65	27,295.76
	23 quarterly instalments commencing from December 2016	5,652.17	7,391.30	9,130.43
	18 quarterly instalments commencing from October 2017	10,000.00	13,333.33	5,000.00
	28 quarterly instalments commencing from January 2017	—	—	16,106.00
	20 quarterly instalments commencing from March 2013	—	—	2,250.00
	20 quarterly instalments commencing from March 2014	—	2,250.00	5,250.00
	18 quarterly instalments commencing from June 2018	19,444.44	25,000.00	—
	28 quarterly instalments commencing from August 2019	9,998.68	9,998.82	—
	28 quarterly instalments commencing from March 2020	9,998.54	7,593.73	—
	28 quarterly instalments commencing from December 2019	19,995.40	4,300.00	—
	11 quarterly instalments commencing from April 2018	6,363.64	10,000.00	—
	3 annual instalments commencing from March 2020	3,800.00	—	—
	28 quarterly instalments commencing from January 2021	2,592.81	—	—
12 quarterly instalments commencing from December 2019	9,921.37	—	—	
20 quarterly instalments commencing from April 2020	9,996.06	—	—	
12 quarterly instalments commencing from October 2019	9,991.89	—	—	
12 quarterly instalments commencing from March 2020	9,995.01	—	—	
28 quarterly instalments commencing from June 2020	19,999.11	—	—	
12 quarterly instalments commencing from November 2018	4,166.67	—	—	
Total		199,143.77	152,847.15	132,766.79

There is no borrowings measured at FVTPL or designated at FVTPL.

Security for Bank overdrafts is pari-passu charge against the education loan receivables.

The borrowings have not been guaranteed by directors or others. Also there is no default in repayment of borrowing and interest on bank term loans and Bank overdrafts.

Notes to the Financial Statements (Continued)**16. SUBORDINATED LIABILITIES — AT AMORTISED COST**

See Accounting Policy in Note No. 3.2

(Currency: INR in Lakhs)

Particulars	As at	As at	As at
	31 March 2019	31 March 2018	01 April 2017
Subordinated tier II non convertible debentures [Refer Note 16.1]	19,950.06	19,945.51	9,972.15
Perpetual debt instruments to the extent that do not qualify as equity [Refer Note 16.1]	27,426.71	19,943.26	14,960.74
Total (A)	47,376.77	39,888.77	24,932.89
Subordinated liabilities in India	47,376.77	39,888.77	24,932.89
Subordinated liabilities outside India	—	—	—
Total (B) to tally with (A)	47,376.77	39,888.77	24,932.89

16.1 Terms of repayment, nature of security & rate of interest in case of subordinated liabilities**Nature of Security:** Unsecured**Terms of Repayment:** Bullet repayment on maturity date.

(Currency: INR in Lakhs)

Name of Security	Maturity Date	As at	As at	As at
		31 March 2019	31 March 2018	01 April 2017
11.75% Perpetual debt instrument	09/07/2024*	4,989.71	4,987.93	4,986.09
10.50% Perpetual debt instrument	27/01/2025*	4,988.69	4,988.42	4,987.55
10.50% Perpetual debt instrument	17/06/2025*	4,988.97	4,987.06	4,987.10
9.30% Subordinated Tier II non convertible debenture	09/10/2025	9,978.00	9,975.59	9,972.15
8.20% Subordinated Tier II non convertible debenture	23/07/2027	4,986.14	4,985.10	—
8.10% Subordinated Tier II non convertible debenture	16/11/2027	4,985.92	4,984.82	—
8.75% Perpetual debt instrument	08/12/2027*	4,981.24	4,979.85	—
9.35% Perpetual debt instrument	06/06/2028*	7,478.09	—	—
Total		47,376.77	39,888.77	24,932.89

During the year, the Company raised ₹ 7,500 lakhs (2017-18 ₹ 5,000 lakhs) through issue of perpetual debt instruments. ₹ 6,721 lakhs (previous year ₹ 4,717 lakhs) of perpetual debt instrument qualifies as Tier I capital under RBI guidelines.

The subordinated tier II non convertible debentures are subordinated to present and future senior indebtedness of the Company and qualify as Tier II capital under Reserve Bank of India guidelines for assessing capital adequacy. Based on balance term to maturity as on 31 March, 2019, 100% (previous year 100%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of the capital adequacy computation.

* Call option

Notes to the Financial Statements (Continued)**17. OTHER FINANCIAL LIABILITIES**

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Interest accrued but not due on borrowing	<u>8,381.70</u>	<u>5,484.78</u>	<u>5,126.18</u>
Total	<u>8,381.70</u>	<u>5,484.78</u>	<u>5,126.18</u>

18. CURRENT TAX LIABILITIES (NET)

See accounting Policy in Note No. 3.10

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Provision for income tax (Net of advance tax)	<u>264.39</u>	<u>196.27</u>	<u>2.36</u>
	<u>264.39</u>	<u>196.27</u>	<u>2.36</u>

19. PROVISIONS

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Provision for employee benefits			
- Gratuity [Refer Note 29.2]	<u>184.08</u>	<u>138.27</u>	<u>92.28</u>
- Compensated absences [Refer Note 29.2]	<u>74.71</u>	<u>66.24</u>	<u>53.47</u>
	<u>258.79</u>	<u>204.51</u>	<u>145.75</u>
Impairment allowance on undisbursed commitment [Refer Note 37.1.2]	<u>29.89</u>	<u>8.78</u>	<u>6.43</u>
Total	<u>288.68</u>	<u>213.29</u>	<u>152.18</u>

20. OTHER NON FINANCIAL LIABILITIES

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Instalments on education loans received in advance (including interest received in advance)	<u>228.36</u>	<u>336.34</u>	<u>426.94</u>
Statutory remittances	<u>116.75</u>	<u>119.36</u>	<u>34.77</u>
Others (Stale Cheque)	<u>2.25</u>	<u>1.47</u>	<u>1.30</u>
Total	<u>347.36</u>	<u>457.17</u>	<u>463.01</u>

Notes to the Financial Statements (Continued)

21. SHARE CAPITAL

(Currency: INR in Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Authorised			
8,80,00,000 (Previous year 7,00,00,000) Equity shares of ₹ 10 each [Refer Note 21.1 & 21.2]	8,800.00	7,000.00	7,000.00
6,70,00,000 (Previous year 8,50,00,000) Compulsorily convertible preference shares ("CCPS") of ₹10 each	<u>6,700.00</u>	<u>8,500.00</u>	<u>8,500.00</u>
	<u>15,500.00</u>	<u>15,500.00</u>	<u>15,500.00</u>
Issued, subscribed and fully paid up			
6,90,20,786 (Previous year 6,45,26,403) Equity shares of ₹ 10 each	<u>6,902.08</u>	<u>6,452.64</u>	<u>6,074.20</u>
	<u>6,902.08</u>	<u>6,452.64</u>	<u>6,074.20</u>

Note: compulsorily convertible preference shares are classified as other equity [Refer note no 22].

21.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Number	₹ in lakh	Number	₹ in lakh	Number	₹ in lakh
Equity shares						
At the beginning of the year	6,45,26,403	6,452.64	6,07,42,003	6,074.20	5,37,42,003	5,374.20
Issued during the year	44,94,383	449.44	37,84,400	378.44	70,00,000	700.00
At the end of the year	6,90,20,786	6,902.08	6,45,26,403	6,452.64	6,07,42,003	6,074.20
0.01% Compulsorily convertible preference shares ("CCPS")						
At the beginning of the year	6,69,99,956	6,700.00	6,69,99,956	6,700.00	6,69,99,956	6,700.00
At the end of the year	6,69,99,956	6,700.00	6,69,99,956	6,700.00	6,69,99,956	6,700.00

Notes to the Financial Statements (Continued)

21.2 Details of shareholders holding more than 5 percent shares in the Company are given below:

(Currency: INR in Lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Number	% shareholding	Number	% shareholding	Number	% shareholding
Equity shares held by						
Housing Development Finance Corporation Limited	5,75,50,786	83.38%	5,30,56,403	82.22%	4,92,72,003	81.12%
Mr. Anil Bohora	57,35,000	8.31%	57,35,000	8.89%	57,35,000	9.44%
Mr. Ajay Bohora	57,35,000	8.31%	57,35,000	8.89%	57,35,000	9.44%
Total	6,90,20,786	100%	6,45,26,403	100%	6,07,42,003	100.00%
0.01% Compulsorily convertible preference shares ("CCPS") held by						
Housing Development Finance Corporation Limited	6,69,99,956	100.00%	6,69,99,956	100.00%	6,69,99,956	100.00%

21.3 Terms and rights attached to equity shares

The Company has only one class of equity shares having Par Value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.

The Company has not allotted any share pursuant to contracts without payment being received in cash or as bonus shares nor has it bought back any shares during the preceding period of 5 financial years.

21.4 The rights, preferences and restrictions attached to Preference Shares including restrictions on distribution of dividends and the repayment of capital and terms of conversion into Equity Shares

(a) Dividend terms:

Dividend per annum on compulsorily convertible preference shares shall be equivalent to 0.01 % on the subscription amount on a preferential basis, subject to the availability of distributable profits.

(b) Terms of conversion of compulsorily convertible preference shares:

49,99,995 compulsorily convertible preference shares- Round V (CCPS-V) of ₹ 10 each

CCPS-V of ₹ 10 each shall be converted into equity shares of face value of ₹ 10 each at a premium of ₹ 3 each with a final conversion price of ₹ 13 each at any time at the option of the subscriber i.e. HDFC or at maturity which is 7 years from the date of issue i.e. 30 April, 2012, which was extended to May 10, 2019 on mutual agreement.

99,99,990 compulsorily convertible preference shares- Round VI (CCPS-VI) of ₹ 10 each

CCPS-VI of ₹ 10 each shall be converted into equity shares of face value of ₹ 10 each at a premium of ₹ 3 each with a final conversion price of ₹ 13 each at any time at the option of the subscriber i.e. HDFC or at maturity which is 7 years from the date of issue i.e. 6 July, 2012.

49,99,995 compulsorily convertible preference shares- Round VII (CCPS-VII) of ₹ 10 each

CCPS-VII of ₹ 10 each shall be converted into equity shares of face value of ₹ 10 each at a premium of ₹ 3 each with a final conversion price of ₹ 13 each at any time at the option of the subscriber i.e. HDFC or at maturity which is 7 years from the date of issue i.e. 13 August, 2012.

Notes to the Financial Statements (Continued)

50,00,000 compulsorily convertible preference shares - Round VIII (CCPS-VIII) of ₹ 10 each

CCPS-VIII of ₹ 10 each shall be converted into equity shares of face value of ₹ 10 each at a premium of ₹ 8 each with a final conversion price of ₹ 18 each at any time at the option of the subscriber i.e. HDFC or at maturity which is 7 years from the date of issue i.e. 30 August, 2013.

60,00,000 compulsorily convertible preference shares – Round I (CCPS-I) of ₹ 10 each

CCPS-I of ₹ 10 each shall be converted into equity shares at a price of ₹ 10 each at any time at the option of the subscriber i.e. HDFC or at maturity which is 7 years from the date of conversion of OCPS in to CCPS i.e. 2 September, 2013.

90,00,000 compulsorily convertible preference shares – Round II (CCPS-II) of ₹ 10 each

CCPS-II of ₹ 10 each shall be converted into equity shares at price of ₹ 10 each at any time at the option of the subscriber i.e. HDFC or at maturity which is 7 years from the date of conversion of OCPS in to CCPS i.e. 2 September, 2013.

1,49,99,992 compulsorily convertible preference shares- Round III (CCPS-III) of ₹ 10 each

CCPS-III of ₹ 10 each shall be converted into equity shares of face value of ₹ 10 each at a premium of ₹ 2 each with a final conversion price of ₹ 12 each at any time at the option of the subscriber i.e. HDFC or at maturity which is 7 years from the date of conversion of OCPS in to CCPS i.e. 2 September, 2013.

99,99,984 compulsorily convertible preference shares- Round IV (CCPS-IV) of ₹ 10 each

49,99,992 CCPS-IV of ₹ 10 each shall be converted into equity shares of face value of ₹ 10 each at a premium of ₹ 2 each with a final conversion price of ₹ 12 each at any time at the option of the subscriber i.e. HDFC or at maturity which is 7 years from the date of issue i.e. 27 February, 2012, which was extended to May 10, 2019 on mutual agreement. The balance 49,99,992 CCPS-IV of ₹ 10 each shall be converted into equity shares of face value of ₹ 10 each at a premium of ₹ 2 each with a final conversion price of ₹ 12 each at any time at the option of the subscriber i.e. HDFC or at maturity which is 7 years from the date of conversion of OCPS into CCPS i.e. 2 September, 2013.

20,00,000 compulsorily convertible preference shares- Round IX (CCPS-IX) of ₹ 10 each

CCPS-IX of ₹ 10 each shall be converted into equity shares of face value of ₹ 10 each at a premium of ₹ 10 each with a final conversion price of ₹ 20 each at any time at the option of the subscriber i.e. HDFC or at maturity which is 7 years from the date of issue i.e. 28 March, 2014.

22. OTHER EQUITY

	(Currency: INR in Lakhs)		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Non cumulative compulsorily convertible preference shares (6,69,99,956 Shares of ₹ 10 each fully paid up)	6,700.00	6,700.00	6,700.00
Capital reserve	109.46	109.46	109.46
Securities premium	17,839.25	10,296.59	5,680.04
Statutory reserve	7,106.94	5,073.09	3,331.59
Retained earnings	24,397.96	16,263.38	9,348.15
Employee benefit expenses through other comprehensive income	(9.42)	0.12	—
Total	56,144.19	38,442.64	25,169.24

Notes to the Financial Statements (Continued)

22.1 Nature of reserves

Capital reserve: During transition to Ind AS, NCD issue cost to the extent adjusted to securities premium in earlier years is transferred to capital reserve.

Securities premium reserve: Securities premium reserve is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of redeemable preference shares or debentures, write-off of expenses on issue of equity shares, etc.

Statutory reserve: It has been created in terms of Section 45-IC (1) of The Reserve Bank of India Act, 1931 (the "RBI Act") and the Company transfers at least 20% of its net profits every year to this reserve before any dividend is declared.

Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve and dividends paid to investors.

Employee benefit expenses through other comprehensive income: It represents the gain/(loss) on account of actuarial valuation of defined benefit obligation.

23. INTEREST INCOME

See Accounting Policy in Note No. 3.1.1

Particulars	For the year ended 31 March 2019 On Financial Assets measured at Amortised Cost	For the year ended 31 March 2018 On Financial Assets measured at Amortised Cost
Interest		
— Interest on education loans	58,475.45	47,432.93
— Interest on fixed deposits with banks	630.15	10.07
Total	59,105.60	47,443.00

24. FEES AND COMMISSION INCOME

See Accounting Policy in Note Nos. 3.1.2, 3.1.3 & 3.1.4

	For the year ended 31 March 2019	For the year ended 31 March 2018
Commission [Refer Note 34.2]	1,054.21	897.90
Other Fees	48.27	123.36
Total	1,102.48	1,021.26

25. FINANCE COSTS

See Accounting Policy in Note No. 3.13

Particulars	For the year ended 31 March 2019 On Financial Liabilities measured at Amortised Cost	For the year ended 31 March 2018 On Financial Liabilities measured at Amortised Cost
Interest on		
— Debt securities	17,382.14	14,168.11
— Borrowing (other than debt securities)	15,449.31	10,948.56
— Subordinated liabilities	4,392.34	3,136.25
Other charges	158.98	131.07
Total	37,382.77	28,383.99

Notes to the Financial Statements (Continued)**26. EMPLOYEE BENEFIT EXPENSES**

See Accounting Policy in Note No. 3.8

(Currency: INR in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries and bonus [Refer Note 34.2]	2,708.82	2,377.21
Contribution to provident fund	97.01	90.89
Gratuity [Refer Note 29.2]	43.15	58.19
Compensated absences [Refer Note 29.2]	10.45	14.72
Staff welfare expenses [Refer Note 34.2]	83.19	78.84
Total	2,942.62	2,619.85

27. OTHER EXPENSES

(Currency: INR in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Electricity expenses	43.41	41.14
Rent [Refer Note 27.1]	264.53	244.29
Repairs and maintenance	71.26	58.66
Computer expenses [Refer Note 27.4]	165.12	137.86
Corporate social responsibility expenses [Refer Note 27.3]	202.87	139.37
Rates and taxes	42.94	38.28
Travelling and conveyance	113.80	118.10
Communication costs	102.37	120.01
Advertisement and publicity [Refer Note 27.4]	342.32	256.86
Outsourcing charges	1,688.24	1,634.36
Legal and professional charges [Refer Note 27.4]	482.52	448.99
Loss on property, plant and equipment discarded	1.38	0.30
Auditor's fees and expenses [Refer Note 27.2]	42.17	23.08
Directors' insurance [Refer Note 34.2]	1.05	1.04
Directors' fees [Refer Note 34.2]	17.40	20.90
Interest on delayed payment of statutory dues	—	58.08
Printing and stationery	40.11	36.23
Other expenditure	355.34	340.90
Total	3,976.84	3,718.44

Notes to the Financial Statements (Continued)

27.1 Rent expenses

In accordance with the Indian Accounting Standard 17 - "Leases" the Company has entered into operating lease arrangements for office premises. Certain leases are cancellable after completion of the notice period of 1 month to 3 months and are for a period of 2 to 3 years and may be renewed for a further period of 11 months to 3 years based on mutual agreement of both the parties. The lease agreements provide for an increase in the lease payments by 5% to 10% every year or 15% after every 3 years.

(Currency: INR in Lakhs)

Period	For the year ended 31 March 2019	For the year ended 31 March 2018
Lease payments recognised in the Statement of Profit and Loss	232.93	216.04
The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:		
Not later than one year	58.45	83.23
Later than one year but not later than five years	103.74	158.14

27.2 Payments to auditors

(Currency: INR in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Audit fees	13.00	10.00
ICFR fees	3.00	3.00
Limited reviews	9.00	5.00
Other matters and certification	12.75	4.13
Reimbursement of expenses	4.42	0.95
Total	42.17	23.08

Auditors' remuneration above is excluding Goods and Service Tax.

27.3 Expenditure incurred for corporate social responsibility

(a) Gross amount required to be spent by the Company during the year is ₹ 202.87 lakhs (for 2017-18: ₹ 139.37 lakhs)

(b) The details of amounts spent towards CSR are as under:

During the year 2018-19

(Currency: INR in Lakhs)

Particulars	In cash	Yet to be paid	Total
(a) Construction/acquisition of any asset	—	—	—
(b) On purposes other than (a) above	202.87	—	202.87

During the year 2017-18

Particulars	In cash	Yet to be paid	Total
(a) Construction/acquisition of any asset	—	—	—
(b) On purposes other than (a) above	139.37	—	139.37

Notes to the Financial Statements (Continued)

27.4 Expenditure in foreign currency

(Currency: INR in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Legal and professional charges	6.83	12.62
Advertisement and publicity	115.27	97.57
Computer expenses	13.74	16.93
Communication costs	—	0.20
Travelling and conveyance	0.69	—
Other expenses	—	0.10

28. IMPAIRMENT ON FINANCIAL INSTRUMENTS

See Accounting Policy in Note No. 3.2.5

The below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument.

(Currency: INR in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
On Financial instruments measured at Amortised Cost		
Loans	243.49	122.96
Loans written off	6.17	9.43
Loan commitments	21.10	2.35
Total	270.76	134.74

The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on evaluation stage:

(Currency: INR in Lakhs)

Particulars	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	196.75	9.15	37.60	243.49	36.60	87.53	(1.17)	122.96
Loans written off	—	—	6.17	6.17	—	—	9.43	9.43
Loan commitments	21.04	0.06	—	21.10	2.24	0.12	—	2.35
Total impairment loss	217.79	9.21	43.77	270.76	38.84	87.65	8.26	134.74

29. Employee benefit expenses

See Accounting Policy in Note No. 3.8

As required by Indian Accounting Standard 19 — “Employee Benefits”, the following disclosures have been made:

1. Defined contribution plans

The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 97.01 lakhs (previous year ₹ 90.89 lakhs) for provident fund contributions and ₹ Nil (previous year ₹ Nil) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Notes to the Financial Statements (Continued)

29. Employee benefit expenses (Continued)

2. Defined benefit plan

The Company has an obligation towards gratuity, a funded defined benefit plan covering certain eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months subject to a limit of ₹ 20 lakhs. Vesting occurs upon completion of five year of service.

Details of Company's funded post-retirement benefit plans for its employees are given below which is as certified by the actuary:

(a) Characteristics of the defined benefit plan -

The benefits are governed by the Payment of Gratuity Act, 1972 or company scheme rules, whichever is higher. The key features are as under:

Plan features -

Benefits offered - $15/26 \times \text{salary} \times \text{duration of service}$

Salary definition - Basic salary including dearness allowance (if any)

Benefit ceiling - Benefit ceiling of ₹ 20 lakhs was applied

Vesting conditions - 5 years of continuous service (not applicable in case of death/disability)

Benefit eligibility - upon death or resignation/withdrawal or retirement

Retirement age - 58 years

(b) Risks associated with defined benefit plan -

i) Actuarial risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

ii) Investment risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

iii) Liquidity risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Company there can be strain on the cashflows of the plan.

Notes to the Financial Statements (Continued)

29. Employee benefit expenses (Continued)

iv) Market risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

v) Legislative risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

- (c) Details of Company's funded post-retirement benefit plans for its employees are given below which is as certified by the actuary :

(Currency: INR in Lakhs)

I Components of employer expense:	Compensated absences		Gratuity	
	2018-19 ₹	2017-18 ₹	2018-19 ₹	2017-18 ₹
1. Current service cost	20.29	17.48	33.79	27.70
2. Interest cost	4.97	3.86	13.44	8.82
3. Expected return on plan assets	—	—	(4.08)	(3.02)
4. Actuarial loss/(gain)	(14.81)	(6.62)	—	—
5. Losses/(gains) on curtailments & settlement	—	—	—	24.69
6. Total expense recognised in the statement of profit and loss	10.45	14.72	43.15	58.19

(Currency: INR in Lakhs)

II Net liability recognised in the balance sheet:	Compensated absences		Gratuity	
	2018-19 ₹	2017-18 ₹	2018-19 ₹	2017-18 ₹
1. Present value of defined benefit obligation	74.71	66.24	219.08	177.13
2. Fair value of plan assets	—	—	35.00	38.86
3. Unrecognised past service cost	—	—		
4. Net liability recognised in the balance sheet	74.71	66.24	184.08	138.27
— Short-term provisions	9.46	3.39	31.19	33.65
— Long-term provisions	65.26	62.85	152.89	104.62

Notes to the Financial Statements (Continued)

29. Employee benefit expenses (Continued)

(Currency: INR in Lakhs)

III Changes in defined benefit obligation:	Compensated absences		Gratuity	
	2018-19 ₹	2017-18 ₹	2018-19 ₹	2017-18 ₹
1. Present value of defined benefit obligation as at the beginning of the year	66.23	53.47	177.27	122.53
2. Current service cost	20.27	17.48	33.65	27.84
3. Interest cost	4.97	3.86	13.43	8.82
4. Actuarial loss/(gain)	(14.81)	(6.62)	13.88	(0.76)
5. Prior year charges	0.02	—	—	24.55
6. Benefits paid	(1.97)	(1.95)	(19.15)	(5.85)
7. Present value of defined benefit obligation as at the end of the year	74.71	66.24	219.08	177.13

(Currency: INR in Lakhs)

IV Reconciliation of Liability:	Compensated absences		Gratuity	
	2018-19 ₹	2017-18 ₹	2018-19 ₹	2017-18 ₹
1. Opening net liability	66.24	53.47	138.27	92.28
2. Expenses recognised	10.45	14.72	43.15	58.19
3. Other comprehensive income	—	—	14.66	(0.20)
4. Benefits paid	(1.98)	(1.95)	—	(1.53)
5. Contribution to plan assets	—	—	(12.00)	(10.47)
6. Amount recognised in the balance sheet under provision for employee benefits	74.71	66.24	184.08	138.27
— Short-term provisions	9.46	3.39	31.19	33.65
— Long-term provisions	65.25	62.85	152.89	104.62

(Currency: INR in Lakhs)

V Reconciliation of Plan Assets:	Compensated absences		Gratuity	
	2018-19 ₹	2017-18 ₹	2018-19 ₹	2017-18 ₹
1. Opening value of plan assets	—	—	38.86	30.24
2. Expenses incurred in the fund	—	—	—	—
3. Expected return	—	—	4.08	3.02
4. Actuarial gains and (losses)	—	—	(0.78)	(0.55)
5. Contribution by employer	—	—	12.00	10.47
6. Benefits paid	—	—	(19.16)	(4.32)
7. Closing value of plan assets	—	—	35.00	38.86

Notes to the Financial Statements (Continued)

29. Employee benefit expenses (Continued)

(Currency: INR in Lakhs)

VI Actual return on Plan Assets:	Compensated absences		Gratuity	
	2018-19 ₹	2017-18 ₹	2018-19 ₹	2017-18 ₹
1. Expected return on plan assets	—	—	4.08	3.02
2. Actuarial gain on plan assets	—	—	(0.78)	(0.55)
3. Actual return on plan assets	—	—	—	—

VII Actuarial assumptions:	Compensated absences		Gratuity	
	2018-19 ₹	2017-18 ₹	2018-19 ₹	2017-18 ₹
1. Discount rate	7.60%	7.70%	7.60%	7.70%
2. Return on plan assets		NA		—
3. Attrition rate	7% - 30%	1% - 5%	7% - 30%	1% - 5%
4. Salary escalation rate	7.00%	7.00%	7.00%	7.00%
5. Mortality rate	Indian Assured Lives Mortality (2006-08) Ult.		Indian Assured Lives Mortality (2006-08) Ult.	

VIII Sensitivity analysis for actuarial assumptions:

Sensitivity to key assumptions

(Currency: INR in Lakhs)

Particulars	31-Mar-2019 (12 months)	31-Mar-2018 (12 months)
Discount rate sensitivity		
Increase by 0.5%	211.13	167.05
(% change)	-3.63%	-5.77%
Decrease by 0.5%	227.59	188.44
(% change)	3.88%	6.30%
Salary growth rate sensitivity		
Increase by 0.5%	225.15	186.90
(% change)	2.77%	5.43%
Decrease by 0.5%	213.25	168.35
(% change)	-2.66%	-5.03%
Withdrawal rate (W.R.) Sensitivity		
W.R. x 110%	219.69	177.63
(% change)	0.28%	0.20%
W.R. x 90%	218.21	176.86
(% change)	-0.40%	-0.23%

A description of methods used for sensitivity analysis and its limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

Notes to the Financial Statements (Continued)

29. Employee benefit expenses (Continued)

IX The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

X Experience adjustments

(a) Compensated Absences

(Currency: INR in Lakhs)

Particulars	Compensated Absences				
	2018-19	2017-18	2016-17	2015-16	2014-15
1. Present value of defined benefit obligation	74.71	66.24	53.47	25.26	17.64
2. Present value of defined benefit assets	—	—	—	—	—
3. Experience adjustment on plan liabilities	(14.44)	(7.66)	13.12	(4.58)	(7.59)
4. Experience adjustment on plan assets	—	—	—	—	—
5. Unrecognised past service cost	—	—	—	—	—
6. (Excess)/short of obligation over plan assets	74.71	66.24	53.47	25.26	17.64

(b) Gratuity

(Currency: INR in Lakhs)

Particulars	Gratuity				
	2018-19	2017-18	2016-17	2015-16	2014-15
1. Present value of defined benefit obligation	219.08	177.13	122.53	84.97	67.05
2. Present value of defined benefit assets	(35.00)	(38.86)	(30.25)	(18.35)	(6.08)
3. Experience adjustment on plan liabilities	3.22	5.82	9.77	(4.49)	2.85
4. Experience adjustment on plan assets	0.78	0.56	1.59	0.22	—
5. Unrecognised past service cost	—	—	—	—	—
6. (Excess)/short of obligation over plan assets	184.08	138.27	92.28	66.62	60.97

The Company expects to contribute approximately ₹ 184.08 lakhs (previous year ₹ 138.27 lakhs) to the gratuity fund in the next year.

Notes to the Financial Statements (Continued)

29. Employee benefit expenses (Continued)

XI Investment pattern:	Compensated absences		Gratuity	
	2018-19	2017-18	2018-19	2017-18
Government of India securities	0%	0%	0%	0%
State government securities	0%	0%	0%	0%
High quality corporate bonds	0%	0%	0%	0%
Equity shares of listed companies	0%	0%	0%	0%
Property	0%	0%	0%	0%
Special deposit scheme	0%	0%	0%	0%
Policy of insurance*	0%	0%	100%	100%
Bank balance	0%	0%	0%	0%
Other investments	0%	0%	0%	0%
Total	0%	0%	100%	100%

* Components of investment by the insurance company are:

Particulars	Gratuity	
	2018-19	2017-18
Government securities	21.99%	25.53%
Corporate bonds -		
AAA	36.09%	30.71%
AA+	16.81%	22.32%
AA	13.89%	14.84%
Cash, deposits, MMI	11.22%	6.60%
Total	100.00%	100.00%

30 INCOME TAXES

30.1 Income tax recognised in profit or loss

See Accounting Policy in Note No. 3.10

(Currency: INR in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax		
In respect of the current year	5,688.00	4,906.00
In respect of prior years	6.20	178.98
Total current tax	5,694.20	5,084.98
Deferred tax		
In respect of the current year: origination & reversal of temporary differences	(172.88)	(181.09)
Total income tax expense recognised in the current year	5,521.32	4,903.89

Notes to the Financial Statements (Continued)

30.2 Reconciliation of current tax expense with the accounting profit:

(Currency: INR in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before tax	15,690.56	13,561.43
Income tax expense calculated at 34.944% (2017-18: 34.608%)	5,483.00	4,693.00
Effect of expenses that are not deductible in determining taxable profit	123.00	214.00
Effect of incomes which are exempt from tax	(22.82)	(6.18)
Adjustments in respect of current income tax of prior years	6.20	178.98
Others	104.82	5.18
Income tax expense recognised in statement of profit and loss	5,694.20	5,084.98

The tax rate used for the reconciliations above is the corporate tax rate of 34.944% for the year 2018-19 and 34.608% for 2017-18 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

30.3 Deferred tax

See Accounting Policy in Note No. 3.10

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

(a) FY 2018-19

(Currency: INR in Lakhs)

Particulars	31 March 2019		2018-19	
	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	Other Compre- hensive Income
Depreciation		(4.00)	10.00	
Application of effective interest rate on financial assets	1,036.00		74.00	
Application of effective interest rate on financial liabilities		100.00	(3.00)	
Impairment allowance for financial assets	163.00		80.00	
Provisions for employee benefits	90.00	—	11.88	5.12
Total deferred tax asset	1,289.00	96.00	172.88	5.12

(b) FY 2017-18

(Currency: INR in Lakhs)

Particulars	31 March 2018		2017-18	
	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	Other Compre- hensive Income
Depreciation		6.00	2.00	
Application of effective interest rate on financial assets	962.00		136.00	
Application of effective interest rate on financial liabilities		97.00	(21.00)	
Impairment allowance for financial assets	83.00		42.00	
Provisions for employee benefits	73.00	—	22.09	(0.00)
Total deferred tax asset	1,118.00	103.00	181.09	(0.09)

Notes to the Financial Statements (Continued)**(c) As on 01 April 2017**

(Currency: INR in Lakhs)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities
	01 April 2017	01 April 2017
Depreciation		8.00
Application of effective interest rate on financial assets	826.00	
Application of effective interest rate on financial liabilities		76.00
Impairment allowance for financial assets	41.00	
Provisions for employee benefits	51.00	
Total deferred tax asset	918.00	84.00

31. EARNINGS PER SHARE

See Accounting Policy in Note No. 3.16

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity shareholders of Company (after adjusting for dividend on the convertible preference shares, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

In accordance with the Ind AS 33 - "Earnings Per Share", following disclosures are made:

(Currency: INR in Lakhs)

Particulars	Units	2018-19	2017-18
Profit after tax	₹	10,169.24	8,657.54
Less: Dividend on preference shares and attributable tax thereon	₹	0.81	0.81
Profit after tax for basic EPS	₹	10,168.43	8,656.73
Weighted average number of equity shares for calculating basic earnings per share	Numbers	67,580,121	61,684,692
Face value of equity shares	₹	10	10
Basic earnings per share	₹	15.05	14.03
Profit after tax for diluted EPS		10,169.24	8,657.54
Weighted average number of equity shares for calculating diluted earnings per share	Numbers	122,575,812	116,680,383
Face value of equity shares	₹	10	10
Diluted earnings per share	₹	8.30	7.42

Notes to the Financial Statements (Continued)

Weighted average number of shares outstanding during the year for diluted earnings per share:

Particulars	2018-19	2017-18
	Numbers	Numbers
Weighted average number of shares of ₹ 10 each outstanding during the year – for calculating basic earnings per share	67,580,121	61,684,692
Add: Diluted effect of potential equity shares of ₹ 10 each that could arise on conversion of 6,69,99,956 (previous year 6,69,99,956) compulsorily convertible preference shares	54,995,691	54,995,691
Weighted average number of shares of ₹ 10 each outstanding during the year – for calculating diluted earnings per share	122,575,812	116,680,383

The reconciliation between basic and diluted earnings per share is as follows:

Particulars	2018-19	2017-18
Basic earnings per share	15.05	14.03
Effect of dilution of compulsorily convertible preference shares	6.75	6.61
Diluted earnings per share	8.30	7.42

Notes to the Financial Statements (Continued)

32. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled, based on the rollover and prepayment assumptions approved by the Asset Liability Management Committee of the Company. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the effective interest rate.

(Currency: INR in Lakhs)

Particulars	31 March 2019			31 March 2018			01 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	14,295.74	–	14,295.74	1,288.48	–	1,288.48	1,018.35	–	1,018.35
Bank balance other than cash and cash equivalents	141.61	–	141.61	141.61	–	141.61	136.99	–	136.99
Trade receivables	27.13	–	27.13	35.84	–	35.84	19.68	–	19.68
Loans	93,906.37	439,490.72	533,397.10	69,101.41	354,317.72	423,419.13	54,298.19	275,737.35	330,035.54
Other financial assets	80.19	155.34	235.53	78.13	93.27	171.40	33.84	105.14	138.98
Non-financial assets	–	–	–	–	–	–	–	–	–
Current tax asset	60.44	–	60.44	68.16	–	68.16	6.76	–	6.76
Deferred tax assets (net)	–	1,193.00	1,193.00	–	1,015.00	1,015.00	–	834.00	834.00
Property, plant and equipment	–	191.29	191.29	–	226.49	226.49	–	185.19	185.19
Other intangible assets	–	56.95	56.95	–	57.80	57.80	–	11.53	11.53
Capital work in progress	–	–	–	–	–	–	–	3.82	3.82
Intangible assets under development	–	–	–	–	2.00	2.00	–	–	–
Other non-financial assets	117.52	–	117.52	133.74	0.00	133.74	39.26	(0.00)	39.26
Total assets	108,629.00	441,087.30	549,716.31	70,847.37	355,712.28	426,559.65	55,553.07	276,877.03	332,430.10
Liabilities									
Financial liabilities									
Trade payables									
i) Total outstanding dues of creditors micro enterprises and small enterprises	–	–	–	–	–	–	–	–	–
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,018.39	–	1,018.39	873.65	–	873.65	682.39	–	682.39
Debt securities	28,940.57	177,407.80	206,348.37	18,366.46	163,336.83	181,703.29	9,438.95	127,621.91	137,060.86
Borrowings (other than debt securities)	9,232.30	213,412.08	222,644.38	6,674.62	146,172.53	152,847.15	6,105.08	126,661.71	132,766.79
Subordinated liabilities	–	47,376.77	47,376.77	–	39,888.77	39,888.77	–	24,932.89	24,932.89
Other financial liabilities	8,381.70	–	8,381.70	5,484.78	–	5,484.78	5,126.18	–	5,126.18
Non-financial liabilities									
Current tax liability	264.39	–	264.39	196.27	–	196.27	2.36	–	2.36
Provisions	40.63	248.05	288.68	37.05	176.24	213.29	53.47	98.71	152.18
Other non-financial liabilities	322.78	24.58	347.36	428.35	28.82	457.17	69.98	393.03	463.01
Total liabilities	48,200.76	438,469.28	486,670.04	32,061.18	349,603.19	381,664.37	21,478.41	279,708.25	301,186.66
Net	60,428.24	2,618.02	63,046.27	38,786.19	6,109.09	44,895.28	34,074.66	(2,831.22)	31,243.44

Notes to the Financial Statements (Continued)

33. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

33.1 For the period ended 31 March 2019

(Currency: INR in Lakhs)

Particulars	31 March 2018	Cash flows	Other	31 March 2019
Debt securities	181,703.29	24,615.58	29.50	206,348.37
Borrowings other than debt securities	<u>192,735.92</u>	<u>77,319.84</u>	<u>(34.61)</u>	<u>270,021.15</u>
Total liabilities from financing activities	<u>374,439.21</u>	<u>101,935.42</u>	<u>(5.11)</u>	<u>476,369.52</u>

33.2 For the period ended 31 March 2018

(Currency: INR in Lakhs)

Particulars	01 April 2017	Cash flows	Other	31 March 2018
Debt securities	137,060.86	44,659.01	(16.58)	181,703.29
Borrowings other than debt securities	<u>157,699.68</u>	<u>35,187.31</u>	<u>(151.07)</u>	<u>192,735.92</u>
Total liabilities from financing activities	<u>294,760.54</u>	<u>79,846.32</u>	<u>(167.65)</u>	<u>374,439.21</u>

Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

34. RELATED PARTY DISCLOSURES

As per the Indian Accounting Standard on "Related Party Disclosure" (Ind AS 24), following disclosure are made:

34.1 Details of related parties

1. Holding Company:
Housing Development Finance Corporation Limited
2. Other related parties with whom transactions have taken place during the year
 - (a) Fellow Subsidiaries:
HDFC ERGO General Insurance Company Limited
HDFC Life Insurance Company Limited (*erstwhile HDFC Standard Life Insurance Company Limited*)
HDFC Sales Private Limited
 - (b) Associate of Holding Company
HDFC Bank Limited
 - (c) Trust owned by holding company
H T Parekh Foundation
 - (d) Key Management Personnel:
Mr. V. Srinivasa Rangan, Chairman
Mr. B. Mahapatra, Independent Director
Mr. Amitabh Chaudhry, Independent Director (Upto October 14, 2018)
Mr. Sudhin Choksey, Independent Director
Ms. Madhumita Ganguli, Non- Executive Director
Mr. Subodh Salunke, Executive Vice Chairman
Mr. Suresh Badami, Additional Director (Independent Director) (From January 11, 2019 Upto April 19, 2019)
Mr. Anil Bohora, Managing Director
Mr. Ajay Bohora, Managing Director & CEO

Notes to the Financial Statements (Continued)

34. RELATED PARTY DISCLOSURES (Continued)

34.2 The nature and volume of transactions of the Company with the above Related parties were as follows:

(Currency: INR in Lakhs)

Particulars	Holding Company		Fellow subsidiaries		Associate of holding company		Key management personnel		Trust owned by holding company		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1. Commission received for sourcing home loans	6.54	4.85	—	—	—	—	—	—	—	—	6.54	4.85
2. Commission received for sourcing of fixed deposits	42.02	49.50	—	—	—	—	—	—	—	—	42.02	49.50
3. Commission received for sourcing insurance	—	—	56.26	9.22	—	—	—	—	—	—	56.26	9.22
4. Interest on deposits	—	—	—	—	0.69	0.71	—	—	—	—	0.69	0.71
5. Staff expenses of executive vice chairman on deputation	59.36	—	—	—	—	—	—	—	—	—	59.36	—
6. Staff expenses of employee on deputation	9.13	—	—	—	—	—	—	—	—	—	9.13	—
7. Staff welfare expenses	1.77	—	22.31	17.27	—	—	—	—	—	—	24.08	17.27
8. Reimbursement of GST expenses	3.60	—	—	—	—	—	—	—	—	—	3.60	—
9. Interest paid on NCD	—	—	—	—	5,100.00	3,595.06	—	—	—	—	5,100.00	3,595.06
10. Directors' insurance	—	—	1.05	1.04	—	—	—	—	—	—	1.05	1.04
11. Bank charges	—	—	—	—	1.50	1.56	—	—	—	—	1.50	1.56
12. Brokerage or commission paid	—	—	21.07	—	473.61	414.49	—	—	—	—	494.68	414.49
13. Gratuity funding	—	—	12.00	12.00	—	—	—	—	—	—	12.00	12.00
14. Preference share dividend provided	0.67	0.67	—	—	—	—	—	—	—	—	0.67	0.67
15. Directors' fees	—	—	—	—	—	—	17.40	20.90	—	—	17.40	20.90
16. Right shares issued (including premium)	8,000.00	4,999.99	—	—	—	—	—	—	—	—	8,000.00	4,999.99
17. Contribution towards corporate social responsibility	—	—	—	—	—	—	—	—	101.44	69.68	101.44	69.68
18. Remuneration												
Commission to Key Management Personnel	—	—	—	—	—	—	140.00	112.00	—	—	140.00	112.00
Salaries and other employee benefits to Key Management Personnel	—	—	—	—	—	—	202.85	196.10	—	—	202.85	196.10

Notes to the Financial Statements (Continued)

34. RELATED PARTY DISCLOSURES (Continued)
34.3 Balance outstanding at the end of the year

Particulars	Holding company			Fellow subsidiaries			Associate of holding company			Key management personnel			Total		
	2018-19	2017-18	2016-17	2018-19	2017-18	2016-17	2018-19	2017-18	2016-17	2018-19	2017-18	2016-17	2018-19	2017-18	2016-17
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1. Commission receivable for sourcing home loans	0.09	2.42	0.15	-	-	-	-	-	-	-	-	-	0.09	2.42	0.15
2. Commission receivable for sourcing fixed deposits	-	0.31	0.84	-	-	-	-	-	-	-	-	-	-	0.31	0.84
3. Commission receivable for sourcing insurance	-	-	-	1.77	9.79	-	-	-	-	-	-	-	1.77	9.79	-
4. Staff expenses of executive vice chairman on deputation payable	5.52	-	-	-	-	-	-	-	-	-	-	-	5.52	-	-
5. Staff expenses of employee on deputation payable	1.71	-	-	-	-	-	-	-	-	-	-	-	1.71	-	-
6. Staff welfare expenses payable	0.73	-	-	-	-	-	-	-	-	-	-	-	0.73	-	-
7. Reimbursement of GST expenses payable	3.60	-	-	-	-	-	-	-	-	-	-	-	3.60	-	-
8. Advance employee health insurance premium	-	-	-	0.51	0.34	0.22	-	-	-	-	-	-	0.51	0.34	0.22
9. Employee health insurance premium (prepaid expense)	-	-	-	2.68	2.22	1.64	-	-	-	-	-	-	2.68	2.22	1.64
10. Directors' insurance premium (prepaid expense)	-	-	-	0.92	0.92	0.91	-	-	-	-	-	-	0.92	0.92	0.91
11. Balance in current accounts	-	-	-	-	-	-	3,978.42	1,017.83	573.11	-	-	-	3,978.42	1,017.83	573.11
12. Non convertible debentures	-	-	-	-	-	-	100,000.00	60,000.00	40,000.00	-	-	-	100,000.00	60,000.00	40,000.00
13. Commercial papers (net of unamortised discount)	-	-	-	-	-	-	-	-	19,718.97	-	-	-	-	-	19,718.97
14. Interest payable of secured NCD	-	-	-	-	-	-	4,757.92	2,507.67	1,510.68	-	-	-	4,757.92	2,507.67	1,510.68
15. Trade payables	-	-	-	-	-	-	2.98	2.09	1.01	-	-	-	2.98	2.09	1.01
16. Deposits	-	-	-	-	-	-	10.00	10.00	10.00	-	-	-	10.00	10.00	10.00
17. Security deposit	-	-	-	2.00	2.00	2.00	-	-	-	-	-	-	2.00	2.00	2.00
18. Remuneration payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Commission to Key Management Personnel	-	-	-	-	-	-	-	-	-	-	-	-	140.00	112.00	200.00

Notes to the Financial Statements (Continued)

35. CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

Capital management

The Company's objectives when managing capital are

- to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with general industry practice, the Company monitors capital on the basis of the Capital Adequacy Ratio requirements of the RBI and of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

36. FAIR VALUE MEASUREMENTS

36.1 There are no financial assets or liabilities that are measured at FVTPL or FVOCI.

36.2 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(a) As at 31 March 2019

(Currency: INR in Lakhs)

Particulars	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Loans	5,33,397.10	—	—	5,33,397.10	5,33,397.10
Total financial assets	5,33,397.10	—	—	5,33,397.10	5,33,397.10
Financial liabilities					
Debt securities	2,12,105.34	—	—	2,12,472.99	2,12,472.99
Borrowings (other than debt securities)	2,22,753.11	—	—	2,22,753.11	2,22,753.11
Subordinated liabilities	49,892.77	—	—	50,822.34	50,822.34
Total financial liabilities	4,84,751.22	—	—	4,86,048.44	4,86,048.44

Notes to the Financial Statements (Continued)**(b) As at 31 March 2018**

(Currency: INR in Lakhs)

Particulars	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Loans	4,23,419.13	—	—	4,23,419.13	4,23,419.13
Total financial assets	4,23,419.13	—	—	4,23,419.13	4,23,419.13
Financial liabilities					
Debt securities	1,85,220.00	—	—	1,84,579.26	1,84,579.26
Borrowings (other than debt securities)	1,52,873.17	—	—	1,52,873.17	1,52,873.17
Subordinated liabilities	41,830.83	—	—	42,981.52	42,981.52
Total financial liabilities	3,79,924.00	—	—	3,80,433.95	3,80,433.95

(c) As at 01 April 2017

(Currency: INR in Lakhs)

Particulars	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Loans	3,30,035.54	—	—	3,30,035.54	3,30,035.54
Total financial assets	3,30,035.54	—	—	3,30,035.54	3,30,035.54
Financial liabilities					
Debt securities	1,40,797.32	—	—	1,41,969.99	1,41,969.99
Borrowings (other than debt securities)	1,32,781.26	—	—	1,32,781.26	1,32,781.26
Subordinated liabilities	26,308.14	—	—	27,946.19	27,946.19
Total financial liabilities	2,99,886.72	—	—	3,02,697.44	3,02,697.44

Valuation methodologies of financial instruments not measured at fair value**Short term and other financial assets and liabilities**

The management assessed that cash and bank balances, trade receivables, trade payables and other financial assets and liabilities approximate their carrying amounts, net of impairments, if any, largely due to the short term maturities of these instruments.

Loans

Since substantially all loans reprice to reflect current market price, the carrying values of these loans approximate their fair values.

Debt securities, borrowings (other than debt securities) and subordinated liabilities

For fixed rate borrowings, fair value is estimated at portfolio level by discounted cash flow model incorporating market interest rates and the Company's own credit risk or based on market-observable data, as relevant. Since floating rate borrowings are linked to MCLR which reflects the fair value, hence carrying amount approximates the fair value.

Notes to the Financial Statements (Continued)

37. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to credit risk, liquidity risk and market risk. The Company places emphasis on risk management practices to ensure an appropriate balance between risks and returns. Risk management is driven by the board of directors, with the overall responsibility assigned to the Risk Management Committee of the board. The Company manages key risks based on the risk management framework and policy formulated and adopted by the risk management committee.

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk

Risk	Exposure arising from	Measurement	Management
Credit risk	Financial assets measured at amortised cost, Trade receivables.	Aging analysis	Credit policy and underwriting norms, family member taken as co-borrowers, collateral security, etc.
Liquidity risk	Borrowings and other liabilities	ALM Reports	Availability of committed credit lines and borrowing facilities, monitoring forecast and actual cash flow and by matching the maturity profiles of financial assets and liabilities.
Market risk – interest rate risk	Long-term borrowings at variable rates	Sensitivity analysis	Financial assets are at floating rate

The Company's risk management is carried out by the senior management under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas.

37.1 Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Company. In its lending operations, the Company is principally exposed to credit risk. The credit risk is governed by the Credit policy approved by the board of directors.

37.1.1 Credit risk assessment methodology

Analysis of risk concentration

Since the Company provides only retail education loans, there is not significant concentration risk at the borrower/counterparty level.

Concentration based on the geographic study location of student being funded is as follows:

(Currency: INR in Lakhs)

Principal Outstanding	India	USA	Other Countries	Total
As on 31 March 2019	53,787.31	3,46,471.08	133,640.71	533,899.10
As on 31 March 2018	51,975.97	288,696.39	83,005.29	423,677.65
As on 1 April 2017	50,014.11	226,958.40	53,198.58	330,171.09

37.1.2 Expected credit loss

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Notes to the Financial Statements (Continued)

(a) Key components of Credit Risk assessment

The key components of Credit Risk assessment are:

- Probability of Default (PD): represents the likelihood of default over a defined time horizon.
- Exposure at Default (EAD): represents how much the counter-party is likely to be borrowing at the time of default.
- Loss Given Default (LGD): represents the proportion of EAD that is likely to be lost post-default.
- The ECL is computed as a product of PD, LGD and EAD.

(b) Analysis of inputs to the ECL model under multiple economic scenarios

The company considers PD estimates that have been adjusted using the macroeconomic overlay. A macroeconomic overlay has been applied taking into account portfolio specific macroeconomic factors that affect Probability of Default which capture the economic conditions of the country. A macroeconomic scalar has been computed using statistical and regression analysis. The scalar has been forecasted for six years. The scalar is then multiplied with the PD term structure on a rolling basis to arrive at the macroeconomic adjusted PD term structure.

The company has considered Macro economic variables specific to the country of study of the student. Gross Domestic Product has been considered as India-specific variable and Housing Price Index as USA-specific variable. To ensure completeness and accuracy, the data from reliable sources (International Monetary Fund, Federal Reserve etc.) and Credit Risk Department; with the help of external consultants verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the three scenarios considered; i.e. a base case, an upside and a downside.

(c) Definition and assessment of default

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation to the Company of the same counterparty are key inputs in this analysis.

Delinquency buckets have been considered as the primary basis for the staging of all loans with:

- 0-30 days past due loans classified as stage 1
- 31-90 days past due loans classified as stage 2 and
- Above 90 days past due loans classified as stage 3
- Alongwith delinquency buckets; the criterias developed internally to analyse whether there is increase in credit risk are considered for staging of loans.

(d) Other Inputs to the ECL Computation

The following inputs are explained in the Significant Accounting Policies (Note 3.2.5).

- Significant increase in credit risk of the credit exposure
- ECL computation methodology
- Policy on write off of loan assets

Notes to the Financial Statements (Continued)

(e) Internal grading system

The Company's independent Credit Risk Department operates as per internal rating models. The Company runs separate models for its portfolio in which its customers are rated from 'Standard' to 'NPA' using internal grades. The models incorporate quantitative information specific to the borrower.

The Company's internal credit rating grades:

Internal rating grade	Internal rating description
Standard	Principal or interest payment not overdue
SMA-1	Principal or interest payment overdue between 31-60 days
SMA-2	Principal or interest payment overdue between 61-90 days
NPA	Principal or interest payment overdue more than 90 days

(f) Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at 31 March 2019				As at 31 March 2018				As at 01 April 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade												
Standard	5,32,108.19	272.84	-	5,32,381.03	4,21,868.00	456.02	-	4,22,324.02	3,28,939.24	466.55	-	3,29,405.79
SMA - 1	-	732.05	-	732.05	-	706.71	-	706.71	-	479.42	-	479.42
SMA - 2	-	384.77	-	384.77	-	453.08	-	453.08	-	121.12	-	121.12
Non Performing Assets	-	-	401.26	401.26	-	-	193.84	193.84	-	-	164.76	164.76
Total	5,32,108.19	1,389.65	401.26	5,33,899.10	4,21,868.00	1,615.81	193.84	4,23,677.65	3,28,939.24	1,067.09	164.76	3,30,171.09

(g) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

(I) Reconciliation of the gross carrying amount:

Particulars	As at 31 March 2019				As at 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	4,21,868.00	1,615.81	193.84	4,23,677.65	3,28,939.24	1,067.09	164.76	3,30,171.09
New assets originated or purchased	2,06,321.32	181.05	-	2,06,502.37	1,62,320.21	264.58	-	1,62,584.79
Assets derecognised or repaid (excluding write offs)	(95,864.65)	(326.55)	(95.88)	(96,287.09)	(68,767.06)	(216.34)	(104.27)	(69,087.67)
Transfers to Stage 1	890.93	(887.43)	(3.51)	-	661.15	(646.45)	(14.70)	-
Transfers to Stage 2	(986.69)	991.10	(4.42)	-	(1,179.92)	1,185.09	(5.17)	-
Transfers to Stage 3	(120.73)	(184.34)	305.06	-	(105.63)	(38.15)	143.78	-
Amounts written off	-	-	6.17	6.17	-	-	9.43	9.43
Gross carrying amount closing balance	5,32,108.19	1,389.65	401.26	5,33,899.10	4,21,868.00	1,615.81	193.84	4,23,677.65

Notes to the Financial Statements (Continued)

(II) Reconciliation of impairment loss allowance on gross carrying value of loan is given below: (Refer note 7)

Particulars	For the year ended As at 31 March 2019				For the year ended As at 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	73.84	153.42	31.26	258.52	37.23	65.89	32.43	135.55
New assets originated or purchased	21.38	4.88	-	26.27	9.45	3.52	-	12.97
Assets derecognised or repaid (excluding write offs)	(12.92)	(19.50)	(10.80)	(43.21)	(4.78)	(2.02)	(10.39)	(17.19)
Transfers to Stage 1	73.46	(70.95)	(2.52)	-	44.11	(39.15)	(4.96)	-
Transfers to Stage 2	(0.41)	1.54	(1.13)	-	(0.18)	1.86	(1.68)	-
Transfers to Stage 3	(0.04)	(23.99)	24.03	-	(0.01)	(5.17)	5.18	-
Impact on year end ECL of exposures transferred between stages during the year	(71.52)	115.89	28.62	72.99	(43.33)	127.04	13.99	97.70
Changes to models and inputs used for ECL calculations	186.78	1.27	0.70	188.75	31.34	1.45	(3.32)	29.47
Amounts written off	-	-	(1.31)	(1.31)	-	-	-	-
ECL allowance - closing balance	270.58	162.56	68.86	502.00	73.84	153.42	31.26	258.52

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

(III) Reconciliation of impairment loss allowance on undisbursed commitments is given below: (Refer note 19)

Particulars	For the year ended As at 31 March 2019				For the year ended As at 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	8.64	0.14	-	8.78	6.41	0.02	-	6.43
New assets originated or purchased	6.93	0.05	-	6.98	3.30	0.07	-	3.37
Assets derecognised or repaid (excluding write offs)	(2.46)	(0.03)	-	(2.50)	(1.07)	(0.01)	-	(1.09)
Transfers to Stage 1	0.09	(0.09)	-	-	-	-	-	-
Transfers to Stage 2	(0.03)	0.03	-	-	(0.01)	0.01	-	-
Transfers to Stage 3	-	(0.01)	0.01	0.00	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	(0.08)	0.13	(0.01)	0.04	-	0.05	-	0.05
Changes to models and inputs used for ECL calculations	16.59	(0.01)	-	16.58	0.02	-	-	0.03
ECL allowance - closing balance	29.68	0.21	-	29.89	8.64	0.14	-	8.78

37.1.3 Collateral held and other credit enhancements

Based on the Board approved credit policy, the Company provides fully secured, partially secured and unsecured education loans to individuals. The parameters relating to acceptability and valuation of each type of collateral are a part of the Credit Policy of the Company. The Company obtains collateral in the form of mortgages over immovable properties, fixed deposits and insurance policies. The Company does not have any credit enhancement arrangement.

In its normal course of business, the Company does not physically repossess properties. For other collaterals the Company liquidates the assets and recover the amount due against the loan. Any surplus funds are returned to the customers/obligors.

Disclosure of credit quality and the maximum exposure for credit risk and year-end stage classification are further disclosed in Note 37.1.2.

The tables set out below show the maximum exposure to credit risk by class of financial asset. They also shows the total fair value of collateral and the net exposure to credit risk. The fair value of the collateral is done as per the Credit Policy at the time of sanction of the loan.

Notes to the Financial Statements (Continued)

(a) As on 31 March 2019

(Currency: INR in Lakhs)

	Maximum exposure to credit risk	Fair value of collaterals and credit enhancements held					Associated ECLs
		Immovable properties	Fixed deposits	Insurance policies	Total collateral	Net exposure	
Financial assets							
Cash & bank balance	14,437.35	–	–	–	–	14,437.35	–
Loans	533,397.10	220,093.09	6,534.06	–	226,627.15	306,769.95	502.00
Trade receivables	27.13	–	–	–	–	27.13	–
Other financial assets	235.53	–	–	–	–	235.53	–
Total financial assets at amortised cost	548,097.11	220,093.09	6,534.06	–	226,627.15	321,469.96	502.00

(b) As on 31 March 2018

(Currency: INR in Lakhs)

	Maximum exposure to credit risk	Fair value of collaterals and credit enhancements held					Associated ECLs
		Immovable properties	Fixed deposits	Insurance policies	Total collateral	Net exposure	
Financial assets							
Cash & bank balance	1,430.09	–	–	–	–	1,430.09	–
Loans	423,419.13	186,931.45	6,050.00	1.60	192,983.05	230,436.08	258.52
Trade receivables	35.84	–	–	–	–	35.84	–
Other financial assets	171.40	–	–	–	–	171.40	–
Total financial assets at amortised cost	425,056.46	186,931.45	6,050.00	1.60	192,983.05	232,073.41	258.52

(c) As on 01 April 2017

(Currency: INR in Lakhs)

	Maximum exposure to credit risk	Fair value of collaterals and credit enhancements held					Associated ECLs
		Immovable properties	Fixed deposits	Insurance policies	Total collateral	Net exposure	
Financial assets							
Cash & bank balance	1,155.34	–	–	–	–	1,155.34	–
Loans	330,035.54	158,958.60	5,012.61	2.81	163,974.02	166,061.52	135.55
Trade receivables	19.68	–	–	–	–	19.68	–
Other financial assets	138.98	–	–	–	–	138.98	–
Total financial assets at amortised cost	331,349.54	158,958.60	5,012.61	2.81	163,974.02	167,375.52	135.55

37.2 Market risk

It is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates.

37.2.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

Notes to the Financial Statements (Continued)

Interest rate risk primarily arises from floating rate financial instruments. Exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/ behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities.

(a) Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) on the statement of profit and loss.

The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate financial instruments held at the year end :-

Particulars	Impact on profit after tax	
	31 March 2019	31 March 2018
Interest rates – increase by 50 basis	1,012.45	880.96
Interest rates – decrease by 50 basis	(1,012.45)	(880.96)

37.2.2 Foreign currency exchange rate risk

The Company's financial assets and financial liabilities are primarily in INR. Hence, the Company is not significantly exposed to currency risk.

37.3 Liquidity risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value.

The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and by having access to funding through an adequate amount of committed credit lines. The Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections.

Maturities of non derivative financial liabilities

The tables below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows.

Notes to the Financial Statements (Continued)

The amounts disclosed in the table are the contractual undiscounted cash flows.

Non derivative financial liabilities 31 March 2019	Due in 1 year	Between 1 and 2 years	Between 3 and 5 years	Beyond 5 years	Total
Trade payables	1,018.39	—	—	—	1,018.39
Debt securities	96,468.58	109,879.80	—	—	206,348.37
Borrowings (other than debt securities)	59,465.83	92,666.11	44,274.60	26,237.83	222,644.38
Subordinated liabilities	—	—	—	47,376.77	47,376.77
Other financial liabilities	8,381.70	—	—	—	8,381.70
Total	165,334.50	202,545.91	44,274.60	73,614.60	485,769.61

Non derivative financial liabilities 31 March 2018	Due in 1 year	Between 1 and 2 years	Between 3 and 5 years	Beyond 5 years	Total
Trade payables	873.65	—	—	—	873.65
Debt securities	91,832.31	39,968.72	49,902.26	—	181,703.29
Borrowings (other than debt securities)	33,538.45	70,239.65	36,350.26	12,718.79	152,847.15
Subordinated liabilities	—	—	—	39,888.77	39,888.77
Other financial liabilities	5,484.78	—	—	—	5,484.78
Total	131,729.19	110,208.37	86,252.53	52,607.56	380,797.64

Non derivative financial liabilities 01 April 2017	Due in 1 year	Between 1 and 2 years	Between 3 and 5 years	Beyond 5 years	Total
Trade payables	682.39	—	—	—	682.39
Debt securities	47,194.74	39,952.46	49,913.65	—	137,060.86
Borrowings (other than debt securities)	24,905.40	47,443.19	40,758.86	19,659.34	132,766.79
Subordinated liabilities	—	—	—	24,932.89	24,932.89
Other financial liabilities	5,126.18	—	—	—	5,126.18
Total	77,908.70	87,395.65	90,672.51	44,592.23	300,569.10

38. Disclosures pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, to the extent applicable to the Company

38.1 Capital to risk assets ratio (CRAR)

(Currency: INR in Lakhs)

Items	2018-19	2017-18
CRAR (%)	18.45	17.65
CRAR - Tier I capital (%)	11.55	10.24
CRAR - Tier II capital (%)	6.90	7.41
Amount of subordinated debt raised as Tier-II capital (₹)	—	10,00,000
Amount raised by issue of Perpetual Debt Instrument (₹)	7,50,000	5,00,000

Notes to the Financial Statements (Continued)**38.2 Investments**

(Currency: INR in Lakhs)

Items	2018-19	2017-18
1. Value of investments		
i) Gross value of investments	—	—
(a) In India	—	—
(b) Outside India	—	—
ii) Provision for depreciation	—	—
(a) In India	—	—
(b) Outside India	—	—
iii) Net value of investments	—	—
(a) In India	—	—
(b) Outside India	—	—
2. Movement of provisions held towards depreciation on investments		
i) Opening balance	—	—
ii) Add: Provisions made during the year	—	—
iii) Less: Write-off/write-back of excess provisions during the year	—	—
iv) Closing balance	—	—

38.3 The Company is not registered under any other regulator other than Reserve Bank of India and Insurance Regulatory & Development Authority of India (IRDAI).

38.4 During financial year under audit, no penalty has been levied by any regulator.

38.5 Exposure to real estate sector

The primary purpose of the loan is for education. Considering the nature of business, the management believes that there is no direct/indirect exposure to real estate, hence the same has not been considered in current and previous financial year.

38.6 Rating assigned by credit rating agencies and migration of ratings during the year:

Sr. No.	Rating Agency	Type	Current year (2018-19)	Previous year (2017-18)
1	CARE	Issuer rating*	CARE AAA (Is)	CARE AAA (Is)
		Perpetual debt instrument	CARE AA+	CARE AA+
		Non-convertible debenture	CARE AAA	CARE AAA
		Subordinated debt	CARE AAA	CARE AAA
2	ICRA	Bank Loan	ICRA AAA	-
		Commercial paper	ICRA A1+	ICRA A1+
		Perpetual debt instrument	ICRA AA+	ICRA AA+
3	CRISIL	Non-convertible debenture	CRISIL AAA	CRISIL AAA
		Commercial paper	CRISIL A1+	CRISIL A1+
		Subordinated debt	CRISIL AAA	CRISIL AAA

* Company has requested to withdraw the rating and rating is placed on notice of withdrawal for 1 year.

38.7 The Company does not have any capital market exposure.

38.8 The Company does not have any exposure to derivatives including forward rates agreements, interest rate swaps and exchange traded derivatives.

38.9 The Company has not securitised/assigned any of its exposures during the year.

Notes to the Financial Statements (Continued)

38.10 The Company has neither purchased nor sold any non-performing financial assets during the year.

38.11 There is no financing of parent company product during the current year.

38.12 The Company has not exceeded single borrower limit (SGL) and nor has exceeded the group borrower limit (GBL).

38.13 The Company has not given any loans against intangible securities.

38.14 The Company has made no drawdown from existing reserves.

38.15 Provisions and contingencies

(Currency: INR in Lakhs)

Break up of 'Provisions and contingencies' shown under the head expenses in Statement of Profit and Loss	Current year (2018-19)	Previous year (2017-18)
	₹	₹
Provisions for depreciation on investment	—	—
Provision towards NPA	43.77	8.26
Provision made towards tax expenses (net)	5,521.32	4,903.89
Other provision and contingencies (with details)		
Provision for employee benefits		
— Compensated absences	10.45	14.72
— Gratuity	43.15	58.19
Provision for standard assets	227.00	126.49

38.16 Concentration of advances, exposures and NPAs:

(a) Concentration of advances

(Currency: INR in Lakhs)

	Current year (2018-19)	Previous year (2017-18)
	₹	₹
Total advances to twenty largest borrowers	1,802.89	1,710.37
Percentage of advances to twenty largest borrowers to Total advances of the NBFC	0.34%	0.40%

(b) Concentration of exposures [on limit basis or outstanding basis whichever is higher]

(Currency: INR in Lakhs)

	Current year (2018-19)	Previous year (2017-18)
	₹	₹
Total exposure to twenty largest borrowers/customers	2,931.00	2,670.00
Percentage of exposures to twenty largest borrowers/customers to Total exposure of the NBFC on borrowers/customers	0.39%	0.44%

(c) Concentration of NPAs

(Currency: INR in Lakhs)

	Current year (2018-19)	Previous year (2017-18)
	₹	₹
Total exposure to top four NPA accounts	167.73	65.26

Notes to the Financial Statements (Continued)

(d) Sector-wise NPAs

Sr. No.Sector	Percentage of NPAs to total advances in that sector Current year (2018-19)	Percentage of NPAs to total advances in that sector Previous year (2017-18)
1. Agriculture & allied activities	—	—
2. MSME	—	—
3. Corporate borrowers	—	—
4. Services	—	—
5. Unsecured personal loans	—	—
6. Auto loans	—	—
7. Other personal loans	—	—
8. Education loans	0.08%	0.05%

(e) Movement of NPAs

Sr. No.Particulars	(Currency: INR in Lakhs)	
	Current year (2018-19) ₹	Previous year (2017-18) ₹
i) Net NPAs to net advances	0.06%	0.04%
ii) Movement of NPAs (Gross)*		
(a) Opening balance	193.84	164.76
(b) Additions during the year	568.59	390.24
(c) Reductions during the year	(361.17)	(361.17)
(d) Closing balance	401.26	193.84
(iii) Movement of Net NPAs*		
(a) Opening balance	162.58	132.33
(b) Additions during the year	472.41	314.80
(c) Reductions during the year	(302.58)	(284.56)
(d) Closing balance	332.40	162.58
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)*		
(a) Opening balance	31.26	32.43
(b) Provisions made during the year	96.19	75.44
(c) Write-off/write-back of excess provisions	(58.59)	(76.61)
(d) Closing balance	68.86	31.26

* The Company has considered quarterly accruals and recoveries in presentation of Movement of NPAs.

38.17 Segment reporting

There is no separate reportable segment as per Ind AS 108 on 'operating segments' in respect of the Company.

The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which requires disclosure.

Notes to the Financial Statements (Continued)

38.18 The Company does not have any overseas assets.

38.19 The Company has not sponsored any off-balance sheet SPVs.

38.20 The Company is a non deposit accepting NBFC and as such does not have any depositors.

38.21 Customer complaints

Sr. No. Particulars	Current year (2018-19) ₹	Previous year (2017-18) ₹
(a) No. of complaints pending at the beginning of the year	—	—
(b) No. of complaints received during the year	132	94
(c) No. of complaints redressed during the year	131	94
(d) No. of complaints pending at the end of the year	1	—

Notes to the Financial Statements (Continued)

38.22 Schedule to the balance sheet of a non-deposit taking non-banking financial Company [as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016]

(Currency: INR in Lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
LIABILITIES SIDE:						
1. Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid:						
(a) Debentures - Secured	155,738.06	-	133,385.58	-	113,610.37	-
- Unsecured (Other than falling within the meaning of public deposit)	49,892.77	-	41,830.83	-	26,308.14	-
(b) Deferred credit	-	-	-	-	-	-
(c) Term loan	199,143.77	-	152,847.15	-	132,766.79	-
(d) Inter - corporate loans and borrowing	-	-	-	-	-	-
(e) Commercial paper	56,476.01	-	51,860.43	-	27,201.42	-
(f) Other loan	23,500.61	-	-	-	-	-
(g) Book overdraft	-	-	-	-	-	-
ASSETS SIDE:						
2. Break-up of loans and advances including bills receivables [other than those included in (4) below]:						
(a) Secured	236,363.43	-	200,092.09	-	168,570.52	-
(b) Unsecured	297,535.67	-	223,585.56	-	161,600.57	-
3. Break up of leased assets and stock on hire and other assets counting towards AFC activities						
i) Lease assets including lease rentals under sundry debtors:						
(a) Financial lease	-	-	-	-	-	-
(b) Operating lease	-	-	-	-	-	-
ii) Stock on hire including hire charges under sundry debtors:						
(a) Assets on hire	-	-	-	-	-	-
(b) Repossessed Assets	-	-	-	-	-	-
iii) Other loans counting towards AFC activities						
(a) Loans where assets have been repossessed	-	-	-	-	-	-
(b) Loans other than (a) above	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

38.22 Schedule to the balance sheet of a non-deposit taking non-banking financial Company [as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016] (Continued)
(Currency: INR in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
ASSETS SIDE:			
4. Breakup of investments:			
Current investments:			
1. Quoted:			
i) Shares:			
(a) Equity	—	—	—
(b) Preference	—	—	—
ii) Debentures and bonds	—	—	—
iii) Units of mutual funds	—	—	—
iv) Government securities	—	—	—
v) Others (please specify)	—	—	—
2. Unquoted:			
i) Shares:			
(a) Equity	—	—	—
(b) Preference	—	—	—
ii) Debentures and bonds	—	—	—
iii) Units of mutual funds	—	—	—
iv) Government securities	—	—	—
v) Others (please specify)	—	—	—
Long term investments:			
1. Quoted:			
i) Shares:			
(a) Equity	—	—	—
(b) Preference	—	—	—
ii) Debentures and bonds	—	—	—
iii) Units of mutual funds	—	—	—
iv) Government securities	—	—	—
v) Others (please specify)	—	—	—
2. Unquoted:			
i) Shares:			
(a) Equity	—	—	—
(b) Preference	—	—	—
ii) Debentures and bonds	—	—	—
iii) Units of mutual funds	—	—	—
iv) Government securities	—	—	—
v) Others (please specify)	—	—	—

Notes to the Financial Statements (Continued)

38.22 Schedule to the balance sheet of a non-deposit taking non-banking financial Company [as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016] (Continued)
(Currency: INR in Lakhs)

5. Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	As at 31. March 2019			As at 31. March 2018			As at April 1, 2017		
	Amount net of provisions			Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related parties									
(a) Subsidiaries	—	—	—	—	—	—	—	—	—
(b) Companies in the same group	—	—	—	—	—	—	—	—	—
(c) Other related parties	—	—	—	—	—	—	—	—	—
2. Other than related parties	236,363	297,536	533,899	200,092	223,586	423,678	168,571	161,601	330,172
Total	236,363	297,536	533,899	200,092	223,586	423,678	168,571	161,601	330,172

6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market value/ break up or fair value or NAV	Book value (Net of provisions)	Market value/ break up or fair value or NAV	Book value (Net of provisions)	Market value/ break up or fair value or NAV	Book value (Net of provisions)	Market value/ break up or fair value or NAV	Book value (Net of provisions)
1. Related parties								
(a) Subsidiaries	—	—	—	—	—	—	—	—
(b) Companies in the same group	—	—	—	—	—	—	—	—
(c) Other related parties	—	—	—	—	—	—	—	—
2. Other than related parties	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—	—

7. Other information

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Amount		Amount		Amount	
i) Gross non performing assets						
(a) Related parties	—	—	—	—	—	—
(b) Other than related parties	401.26	—	193.84	—	164.76	—
ii) Net non performing assets						
(a) Related parties	—	—	—	—	—	—
(b) Other than related parties	332.40	—	162.58	—	132.33	—
iii) Assets acquired in satisfaction of debt	—	—	—	—	—	—

Notes to the Financial Statements (Continued)

38.23 Asset liability management

(a) Maturity pattern of certain items of assets and liabilities as at 31 March 2019:

Particulars	(Currency: INR in Lakhs)										Total	
	1 day to 30 days (one month)	Over 1 month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years				
Liabilities												
Borrowings*	3,615.18	7,555.80	7,321.07	11,084.64	33,396.88	154,973.98	169,414.80	89,007.17			476,369.52	
Foreign currency liabilities	8.69	—	—	—	—	—	—	—			8.69	
Assets												
Advances	8,195.72	8,089.22	7,995.80	23,639.62	45,986.01	177,442.82	136,933.65	125,547.40			533,830.24	
Investments	—	—	—	—	—	—	—	—			—	
Deposits	—	—	—	—	—	—	—	—			—	
Foreign currency assets	—	—	—	—	—	—	—	—			—	

*Excludes interest accrued and due on borrowings ₹ Nil and interest accrued but not due ₹ 8,381.70 lakhs.

(b) Maturity pattern of certain items of assets and liabilities as at 31 March 2018:

Particulars	(Currency: INR in Lakhs)										Total	
	1 day to 30 days (one month)	Over 1 month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years				
Liabilities												
Borrowings*	519.88	5,939.68	5,618.67	1,706.15	11,262.31	1,04,868.15	1,75,165.80	69,358.55			3,74,439.21	
Foreign currency liabilities	10.92	—	—	—	—	—	—	—			10.92	
Assets												
Advances	5,950.36	5,888.84	5,819.21	17,330.01	34,112.99	1,35,968.81	1,13,539.38	1,05,036.78			4,23,646.39	
Investments	—	—	—	—	—	—	—	—			—	
Deposits	—	—	—	—	—	—	—	—			—	
Foreign currency assets	—	—	—	—	—	—	—	—			—	

*Excludes interest accrued and due on borrowings ₹ Nil and interest accrued but not due ₹ 5,484.78 lakhs.

Notes to the Financial Statements (Continued)

39. FIRST TIME ADOPTION OF IND AS:

These financial statements, for the year ended 31st March 2019, are the first financial statements that the Company has prepared in accordance with Ind AS. For the periods upto and including the year ended 31st March 2018, the Company prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Accordingly, the Company has prepared its financial statements to comply with Ind AS for the year ending 31st March 2019, together with comparative information as at and for the year ended 31st March 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1st April 2017 i.e. the transition date to Ind AS for the Company.

This note explains the principal adjustment made by the Company in restating its Previous GAAP financial statements, including the Balance Sheet as at 1st April 2017, and the financial statements as at and for the year ended 31st March 2018.

Exemptions availed:

In preparing these financial statements, the Company has applied the below mentioned optional and mandatory exceptions:

- **Deemed cost for property, plant and equipment and intangible assets:**

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of 1st April, 2017, measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date under Ind AS.

- **Classification and measurement of financial assets:**

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

- **Fair value of financial assets and liabilities:**

As per Ind AS exemption, the Company has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

- **Estimates:**

The estimates at 1 April 2017 and at 31 March 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following item where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2017, the date of transition to Ind AS and as of 31 March 2018.

Notes to the Financial Statements (Continued)

39.1 Reconciliation of equity as previously reported under IGAAP to Ind AS

(Currency: INR in Lakhs)

Particulars	Note	Opening balance sheet as at 01 April 2017		Balance sheet as at 31 March 2018	
		IGAAP	Adjustments	Ind AS	Ind AS
ASSETS					
1. Financial assets					
(a) Cash and cash equivalents		1,018.35	—	1,018.35	1,288.48
(b) Bank balances other than (a) above		136.99	—	136.99	141.61
(c) Trade receivables		19.68	—	19.68	35.84
(d) Loans	1, 2, 3	332,542.63	(2,507.09)	330,035.54	423,419.13
(e) Other financial assets		138.98	—	138.98	171.40
Total financial assets		333,856.63		331,349.54	425,056.46
2. Non-financial assets					
(a) Current tax assets (net)		6.76	—	6.76	68.16
(b) Deferred tax assets (net)	4	465.00	369.00	834.00	1,015.00
(c) Property, plant and equipment		185.19	—	185.19	226.49
(d) Other intangible assets		11.53	—	11.53	57.80
(e) Capital work in progress		3.82	—	3.82	—
(f) Intangible assets under development		—	—	—	2.00
(g) Other non-financial assets		39.26	—	39.26	133.74
Total non-financial assets		711.55		1,080.55	1,503.19
Total assets		334,568.18		332,430.09	426,559.65

Notes to the Financial Statements (Continued)

(Currency: INR in Lakhs)

Particulars	Note	Opening balance sheet as at 01 April 2017			Balance sheet as at 31 March 2018		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
LIABILITIES AND EQUITY							
LIABILITIES							
1. Financial liabilities							
(a) Trade payables		682.39	—	682.39	873.65	—	873.65
(b) Debt securities	1	137,201.42	(140.56)	137,060.86	181,860.42	(157.14)	181,703.29
(c) Borrowings (other than debt securities)	1	132,777.67	(10.88)	132,766.79	152,861.72	(14.57)	152,847.15
(d) Subordinated liabilities	1	25,000.00	(67.11)	24,932.89	40,000.00	(111.23)	39,888.77
(e) Other financial liabilities		5,126.18	—	5,126.18	5,484.78	—	5,484.78
Total financial liabilities		300,787.66	—	300,569.11	381,080.57	—	380,797.64
2. Non-financial Liabilities							
(a) Current tax liabilities (net)		2.36	—	2.36	196.27	—	196.27
(b) Provisions		1,388.80	(1,236.62)	152.18	1,993.09	(1,779.79)	213.29
(c) Other non-financial liabilities		463.36	(0.35)	463.01	459.78	(2.61)	457.17
Total non-financial liabilities		1,854.52	—	617.55	2,649.14	—	866.73
Total liabilities		302,642.18	—	301,186.65	383,729.71	—	381,664.38
EQUITY							
(a) Equity share capital		6,074.20	—	6,074.20	6,452.64	—	6,452.64
(b) Other equity		25,851.80	(682.56)	25,169.24	39,091.43	(648.79)	38,442.64
Total equity		31,926.00	—	31,243.44	45,544.07	—	44,895.28
Total equity and liabilities		334,568.19	—	332,430.09	429,273.78	—	426,559.66

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to the Financial Statements (Continued)

39.2 Reconciliation statement of profit & loss as previously reported under IGAAP to Ind AS

(Currency: INR in Lakhs)

Particulars	Note	For the year ended 31 March 2018		
		IGAAP	Adjustments	Ind AS
Revenue from operations				
(a) Interest income	1	47,818.65	(375.65)	47,443.00
(b) Dividend income		17.85	—	17.85
(c) Fee & commission income		1,021.26	—	1,021.26
I. Total revenue from operations		48,857.76		48,482.11
II. Other income		0.05		0.05
III. Total income (I + II)		48,857.81		48,482.16
IV. Expenses				
(a) Finance costs	1	28,320.99	63.00	28,383.99
(b) Impairment on financial instruments (Expected credit loss)	2, 3	554.92	(420.18)	134.74
(c) Employee benefit expense	6	2,619.65	0.20	2,619.85
(d) Depreciation and amortisation expense		63.70	0.01	63.71
(e) Other expenses		3,723.38	(4.94)	3,718.44
V. Total expenses		35,282.64		34,920.73
VI. Profit before tax (III-V)		13,575.17		13,561.43
Income tax expense				
- Current tax		5,084.98	—	5,084.98
- Deferred tax	4	(217.00)	35.91	(181.09)
Total tax expense		4,867.98		4,903.89
VII. Net profit after tax		8,707.19		8,657.54
VIII. Other comprehensive income	5, 6	—	0.12	0.12
IX. Total comprehensive income (VII + VIII)		8,707.19		8,657.66

Notes to the Financial Statements (Continued)

39.3 Summary reconciliation between Ind AS and IGAAP for equity and profit:

a. Reconciliation of equity attributable to shareholders of the Company as on 31 March 2018 and 01 April 2017

(Currency: INR in Lakhs)

Particulars	As at 31 March 2018	As at 01 April 2017
Equity under previous Indian GAAP	45,544.07	31,926.00
Impact on loans and advances using effective rate of interest and net interest on credit impaired loans	(2,744.54)	(2,371.55)
Impact on borrowing using effective rate of interest	238.86	218.55
Impact on expected credit loss	1,521.27	1,101.08
Reclassification of net actuarial loss on employee defined benefit obligation to other comprehensive income	(0.20)	-
Impact due to other adjustments	2.61	0.35
Tax on Ind AS adjustments	333.09	369.00
Net equity reserve before other comprehensive income as per Ind AS	44,895.16	31,243.44
Other comprehensive income after tax	0.12	-
Equity under Ind AS	44,895.28	31,243.44

b. Reconciliation of net profit (net of tax) for the year ended 31 March 2018

(Currency: INR in Lakhs)

Particulars	For the year ended 31 March 2018
Net profit after tax as per the previous GAAP	8,707.19
Adjustment on account of effective interest rate/ net interest on credit impaired loans	(237.87)
Adjustment on account of effective interest rate method relating to borrowing cost	(83.99)
Adjustment on account of reclassification of net actuarial gain on employee benefit obligation to other comprehensive income	(0.12)
Adjustment on account of provision for expected credit loss	270.08
Other adjustments	2.25
Net profit after tax as per Ind AS	8,657.54
Other comprehensive income (net of tax)	0.12
Total comprehensive income (net of tax) as per Ind AS	8,657.66

39.4 Impact on statement of cash flows

There is no significant impact on cash flows from operating, investing and financing activities on transition to Ind AS.

39.5 Footnotes to the reconciliation of equity as at 1 April 2017 and 31 March 2018 and profit or loss for the year ended 31 March 2018

1. Effective interest rate (EIR)

Under Indian GAAP, Origination Fees (net of DSA Commission) charged to customers was recognised upfront while under Ind AS, such Origination Fees (net of DSA Commission) is included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method. Consequently interest income for the year ended 31 March 2018 has decreased by ₹ 375.65 Lakhs.

Notes to the Financial Statements (Continued)

39.5 Footnotes to the reconciliation of equity as at 1 April 2017 and 31 March 2018 and profit or loss for the year ended 31 March 2018 (Continued)

Also, borrowing costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such borrowing costs are included in the initial recognition amount of financial liabilities and recognised as interest expense using the effective interest method. Consequently interest expense for the year ended 31 March 2018 has increase by ₹ 63.00 Lakhs.

2. Reclassification of provision of standard/non-performing assets (NPA)

Under Indian GAAP provision for NPA and standard asset were presented under provisions. However, under Ind AS financial assets measured at amortised cost are presented net of provision for expected credit losses. Consequently, the Company has reclassified the Indian GAAP provisions for standard assets and NPA's amounting to ₹ 1,243.06 lakhs and ₹ 1,788.56 lakhs as on 01 April 2017 and 31 March 2018 respectively.

3. Expected credit loss (ECL)

Under Indian GAAP, the Company has created provision for impairment of loans to customer consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the Company impaired its loans to customer by ₹ 1101.08 lakhs on 01 April 2017 which has been eliminated against retained earnings. The impact of ₹ 420.18 lakhs for year ended on 31 March 2018 has been recognised in the statement of profit and loss.

4. Deferred tax

The Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings.

5. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Under Ind AS, re-measurement of defined benefit plan liability is recognised in OCI.

6. Defined benefit obligation

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gain and losses, are charged to profit or loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of assets ceiling, excluding amounts included in net interest on the net defined benefit liability and return on plan assets excluding amount included in net interest on the net defined benefit liability) are recognised in the Balance Sheet through Other Comprehensive Income (OCI). Thus, employee benefit expense is reduced by ₹ 0.20 Lakh and is recognised in OCI during the year ended 31st March 2018.

The current tax amounting to ₹ 0.08 Lakh is also regrouped from profit or loss to OCI for the year ended 31st March 2018. The above change does not affect total equity as at 31st March 2018. However profit before tax and profit for the year ended 31st March 2018, is reduced by ₹ 0.20 Lakh and ₹ 0.12 Lakh respectively.

40. The Company does not have any capital commitments and contingent liabilities as on the balance sheet date,

Notes to the Financial Statements (Continued)

except as below:

There has been a Supreme Court (SC) judgement dated 28th February, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

41. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.
42. There are no subsequent events after the reporting date that requires disclosure in the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Regn. No.: 101248W/W-100022

Akeel Master
Partner
Membership No: 046768

Place : Mumbai
Date : 10 May 2019

For and on behalf of Board of Directors of
HDFC Credila Financial Services Private Limited
CIN No: U67190MH2006PTC159411

V.S. Rangan
Chairman
(DIN - 00030248)

Madhumita Ganguli
Director
(DIN - 00676830)

Sudhin Choksey
Director
(DIN - 00036085)

Place : Mumbai
Date : 10 May 2019

Anil Bohora
Managing Director
(DIN - 00694396)

Subodh Salunke
Executive Vice Chairman
(DIN - 03053815)

Sebastian Fernandez
Chief Financial Officer
(FCA: 112793)

Ajay Bohora
Managing Director & CEO
(DIN - 00694444)

Biswamohan Mahapatra
Director
(DIN - 06990345)

Akanksha Kandoi
Company Secretary
(FCS: 6883)