

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF
HDFC CREDILA FINANCIAL SERVICES PRIVATE LIMITED**
(formerly known as CREDILA FINANCIAL SERVICES PRIVATE LIMITED)

1. We have audited the accompanying Statement of Financial Results of **HDFC CREDILA FINANCIAL SERVICES PRIVATE LIMITED** ("the Company") for the year ended March 31, 2017 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable (hereinafter referred to as "the Listing Regulations, 2015").
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of the related financial statements which is in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.
3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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4. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - i. is presented in accordance with the requirements of the Listing Regulations, 2015; and
 - ii. gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the net profit and other financial information of the Company for the year ended March 31, 2017.
5. The Statement includes the results for the half year ended March 31, 2017 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the half year of the current financial year which were subject to limited review by us.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.117365W)



G. K. Subramaniam
Partner
(Membership No. 109839)

MUMBAI, April 18, 2017

AUDITED FINANCIAL RESULTS FOR THE HALF YEAR AND YEAR ENDED MARCH 31, 2017

(₹ In lakh)

Particulars	Half Year ended 31/03/2017	Half Year ended 31/03/2016	Year ended 31/03/2017	Year ended 31/03/2016
	(Unaudited) (Refer Note 7)	(Unaudited) (Refer Note 7)	(Audited)	(Audited)
1. Interest Earned	19,752.85	15,217.84	36,553.63	27,965.60
(a) Interest on Advances	19,734.24	15,196.94	36,503.27	27,915.56
(b) Income on Investments	13.26	15.00	39.59	37.94
(c) Interest on balances with Reserve Bank of India and other inter bank funds	5.35	5.90	10.77	12.10
2. Other Income	1,092.55	750.60	2,627.07	2,088.92
3. Total Income (1+2)	20,845.40	15,968.44	39,180.70	30,054.52
4. Interest Expended	12,560.49	10,084.38	23,724.40	18,798.05
5. Operating Expenses	2,824.91	2,178.52	5,043.48	4,023.79
(a) Employees Cost	1,264.81	999.66	2,186.21	1,748.34
(b) Advertisement & Sales Promotion Expenses	169.07	170.67	338.40	302.05
(c) Outsourcing Charges	597.37	421.01	1,081.26	821.59
(d) Professional Fees	195.33	130.40	370.43	278.34
(e) Other Operating Expenses	598.33	456.78	1,067.18	873.47
6. Total Expenditure (4+5) excluding provisions and contingencies	15,385.40	12,262.90	28,767.88	22,821.84
7. Operating Profit before Provisions and Contingencies (3-6)	5,460.00	3,705.54	10,412.82	7,232.68
8. Provisions (other than tax) and Contingencies	157.18	143.02	443.58	346.25
9. Exceptional Items	-	-	-	-
10. Profit from Ordinary Activities before tax (7-8-9)	5,302.82	3,562.52	9,969.24	6,886.43
11. Tax expense	1,817.40	1,240.00	3,421.77	2,380.00
12. Net Profit from Ordinary Activities after tax (10-11)	3,485.42	2,322.52	6,547.47	4,506.43
13. Extraordinary items (net of tax expense)	-	-	-	-
14. Net Profit for the period (12-13)	3,485.42	2,322.52	6,547.47	4,506.43
15. Paid-up Equity Share Capital (Face Value of the Share ₹ 10 each)	6,074.20	5,374.20	6,074.20	5,374.20
16. Reserves excluding Revaluation Reserves as at March 31	19,151.80	7,893.89	19,151.80	7,893.89
17. Analytical Ratios				
(a) Capital Adequacy Ratio	17.56%	17.72%	17.56%	17.72%
(b) Earnings Per Share (EPS) (Face Value of ₹ 10)				
- Basic	6.25	4.32	11.89	8.38
- Diluted	3.15	2.14	5.95	4.14
18. NPA Ratios				
(a) Gross NPA	151.95	133.86	151.95	133.86
(b) Net NPA	68.40	73.35	68.40	73.35
(c) % of Gross NPA	0.05%	0.05%	0.05%	0.05%
(d) % of Net NPA	0.02%	0.03%	0.02%	0.03%
(e) Return on Assets ^	1.15%	1.04%	2.25%	2.13%
19. Additional Information under Regulation 52(4)				
(a) Asset Cover Ratio #	1.64	2.98	1.64	2.98
(b) Debt Equity Ratio	9.24	11.22	9.24	11.22
(c) Networth	31,914.47	19,963.55	31,914.47	19,963.55
(d) Debenture Redemption Reserve *	Nil	Nil	Nil	Nil

^ Return on Assets for the half year ended March 31, 2017 and March 31, 2016 is not annualised.

Asset Cover Ratio is calculated by considering Secured Non-Convertible Debentures outstanding as on March 31, 2017.

* For NBFC's registered with the RBI under section 45-IA of the RBI (Amendment) Act, 1997, no Debenture Redemption Reserve is required to be created in the case of privately placed debentures.

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Notes:

1) Statement of Assets & Liabilities

(₹ In lakh)

Particulars	As at March 31, 2017 (Audited)	As at March 31, 2016 (Audited)
I. EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital	12,774.20	12,074.20
(b) Reserves and surplus	19,151.80	7,893.89
	31,926.00	19,968.09
(2) Non-current liabilities		
(a) Long-term borrowings	2,17,252.27	1,65,547.29
(b) Long-term provisions	1,251.79	805.60
(c) Other long term liabilities	34.06	17.54
	2,18,538.12	1,66,370.43
(3) Current liabilities		
(a) Short-term borrowings	27,201.42	41,757.67
(b) Trade payables		
(i) Total outstanding dues of Micro Enterprises & Small Enterprises	-	-
(ii) Total outstanding dues other than Micro Enterprises & Small Enterprises	682.39	496.29
(c) Other current liabilities	56,080.88	19,972.51
(d) Short-term provisions	55.84	28.37
	84,020.53	62,254.84
Total	3,34,484.65	2,48,593.36
II. ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment		
(i) Tangible assets	185.19	109.88
(ii) Intangible assets	11.53	4.54
(iii) Capital work in progress	3.82	-
	200.54	114.42
(b) Deferred tax assets (net)	465.00	310.00
(c) Long-term loans and advances	3,12,382.14	2,31,008.43
	3,13,047.68	2,31,432.85
(2) Current assets		
(a) Trade Receivables	19.68	34.91
(b) Cash and Bank Balances	1,148.35	580.90
(c) Short-term loans and advances	19,160.12	15,580.18
(d) Other current assets	1,108.82	964.52
	21,436.97	17,160.51
Total	3,34,484.65	2,48,593.36

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Notes:

- 2) The above results have been reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on April 18, 2017.
- 3) Return on Assets have been computed as percentage of profit after tax to the average assets during the year.
- 4) The Company has made an additional standard asset provision of ₹ 165.72 lakh for year ended March 31, 2017. As specified in RBI Master Direction DNBR. PD, 008/03.10.119/2016-17 dated September 01, 2016, the company has made provision @ 0.35% of the standard assets as compared to the provision made @ 0.30% of the standard assets during last year.
- 5) During the year, the Company has changed its NPA provisioning policy pursuant to which loans outstanding for a period exceeding 90 days are classified as non-performing assets. There is no material impact on the results on account of this change.
- 6) During the year, the Company has changed its accounting policy in relation to expenses incurred for the issue of certain securities. Hitherto, these expenses were charged to income statement, From April 1, 2016, for better presentation of accounts and alignment with holding company these expenses are charged to the securities premium account. As a result, the Company has utilised ₹ 1,21,28,500 (Previous Year Nil) (Net of Tax ₹ 79,31,069) in accordance with section 52 of the Companies Act 2013, towards issue expenses in respect of Non -Convertible Debentures and consequently the charge on the income statement is lower by the aforesaid amount.
- 7) The figures for the half year ended March 31, 2017 and March 31, 2016 represents the difference between the audited figures for the year ended March 31, 2017 and March 31, 2016 and the reviewed figures for the half year ended September 30, 2016 and September 30, 2015 respectively.
- 8) 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.
- 9) The Board of Directors have proposed dividend on Compulsory Convertible preference shares @ 0.01% at their meeting held on April 18, 2017. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in Annual General Meeting.
- 10) Information as required by Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Credit Rating, previous and next due date for payment of interest / principal is as below:

Name of Debt Instruments	ISIN & Scrip Code	Credit Rating	Previous Due Date for Payment of Interest & Principal	Next Due Date for Payment of Interest & Principal
11.75% Unsecured Perpetual Debt Instruments	INE539K08112, 950446	CARE AA & ICRA AA	Interest - 09/07/2016 (Paid) & Principal - N.A.	Interest - 09/07/2017 & Principal - Perpetual
10.50% Unsecured Perpetual Debt Instruments	INE539K08120, 951612	CARE AA & ICRA AA	Interest - 27/01/2017 (Paid) & Principal - N.A.	Interest - 27/01/2018 & Principal - Perpetual
10.50% Unsecured Perpetual Debt Instruments	INE539K08138, 952267	CARE AA & ICRA AA	Interest - 17/06/2016 (Paid) & Principal - N.A.	Interest - 17/06/2017 & Principal - Perpetual
8.99% Secured Non-Convertible Debentures	INE539K07015, 952514	CARE AA+ & CRISIL AA+	Interest - 08/08/2016 (Paid) & Principal - N.A.	Interest - 07/08/2017 & Principal - 07/08/2017
9.30% Unsecured Subordinated Tier II Non-Convertible Debentures	INE539K08146, 952850	CARE AA+ & CRISIL AA+	Interest - 10/10/2016 (Paid) & Principal - N.A.	Interest - 10/10/2017 & Principal - 09/10/2025
9.00% Secured Non-Convertible Debentures	INE539K07023, 953505	CRISIL AA+	Interest - 27/02/2017 (Paid) & Principal - N.A.	Interest - 26/02/2018 & Principal - 26/02/2019
9.00% Secured Non-Convertible Debentures	INE539K07031, 954280	CRISIL AA+	Interest & Principal - N.A.	Interest - 28/06/2017 & Principal - 28/06/2019
8.25% Secured Non-Convertible Debentures	INE539K07058, 955181	CARE AA+ & CRISIL AA+	Interest & Principal - N.A.	Interest - 27/11/2017 & Principal - 27/11/2021
8.00% Secured Non-Convertible Debentures	INE539K07064, 955821	CARE AA+ & CRISIL AA+	Interest & Principal - N.A.	Interest - 27/02/2018 & Principal - 25/02/2022

11) Previous period's / year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/ disclosure.

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants



G. K. Subramaniam
Partner
Place: Mumbai
Date:- April 18, 2017

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



Anil Bohora
Managing Director
(DIN - 00694396)



Ajay Bohora
Managing Director & CEO
(DIN - 00694444)