

Credila Financial Services Private Limited

A Subsidiary of
Housing Development Finance Corporation Limited

Board of Directors

Mr. V. Srinivasa Rangan (DIN 00030248)
 Mr. B. Mahapatra (DIN 06990345)
 Mr. Amitabh Chaudhry (DIN 00531120)
 Mr. Sudhin Choksey (DIN 00036085)
 Mrs. Madhumita Ganguli (DIN 00676830)
 Mr. Subodh Salunke (DIN 03053815)
 Mr. Anil Bohora (DIN 00694396)
 Mr. Ajay Bohora (DIN 00694444)

Key Managerial Personnel

Mr. Anil Bohora
 Managing Director
 (PAN No. AHPPB9080M)
 Mr. Ajay Bohora
 Managing Director & Chief Executive Officer
 (PAN No. AELPA4301A)
 Mr. Sebastian Fernandez
 Chief Financial Officer
 (Membership No. 112793)
 Ms. Shivangi Dave
 Company Secretary
 (Membership No. A26498)

Auditors

Deloitte Haskins & Sells
 Chartered Accountants

Bankers

HDFC Bank Ltd	Syndicate Bank
Corporation Bank	Indian Bank
Bank of India	Allahabad Bank
Andhra Bank	IndusInd Bank
IDBI Bank	Punjab National Bank

Debenture Trustee

IDBI Trusteeship Services Limited.
 Asian Building, Ground Floor, 17,
 R. Kamani Marg, Ballard Estate,
 Mumbai, Maharashtra - 400001.
 Phone : +91 022 40807000
 Email : itsl@idbitrustee.com

Registered Office:

B-301, Citi Point, Andheri Kurla Road,
 Andheri East, Mumbai 400 059.
 Tel. No. : 022-2471 2448
 Fax No. : 022-2471 2447
 CIN: U67190MH2006PTC159411

Directors' Report

TO THE MEMBERS

Your Directors are pleased to present the Eleventh Annual Report of your Company with the audited accounts for the year ended March 31, 2016.

Financial Results

	For the year ended March 31, 2016 (` in Crore)	For the year ended March 31, 2015 (` in Crore)
Total Income	300.54	215.23
Total Operating Expenses	43.33	35.34
Gross Profit before Interest and Depreciation	257.21	179.89
Less : Interest and Finance Charges	187.98	138.60
Less : Depreciation	0.37	0.79
Profit Before Tax	68.86	40.50
Less : Provision for Taxation	25.10	14.50
Add : MAT Credit Entitlement	—	—
Add : Provision for Deferred tax	1.30	1.80
Profit After tax	45.06	27.80
Less : Transfer to Reserve as per Section 45-IC (1) of RBI Act	9.01	5.56
Less : Dividend on Compulsorily Convertible Preference Shares	0.01	0.01
Less : Dividend Distribution Tax	0.001	0.001
Balance carried to Balance Sheet	36.04	22.23

Dividend

The Board has recommended dividend amount of ` 67,000/- on the 0.01% Compulsorily Convertible Preference Shares having fully paid up value of ` 66,99,99,560. In order to conserve resources for future, the Board does not recommend any equity dividend for the year ended March 31, 2016.

Review of Operations

During the financial year ended March 31, 2016 the Company earned a profit before tax of ` 68.86 crore as compared to the profit of ` 40.50 crore in the last financial year. Company's loan book has grown over 43% in this financial year and its total income is increased by 40% with a marginal increase in its operating costs. While achieving robust growth,

the Company also maintained its quality of the portfolio with Net Non Performing Loans of 0.03%. During the year, there was no change in the nature of business of your Company nor was there any material change or commitment that would affect its financial position.

Profit to be carried forward to Reserves

The Directors propose to transfer ` 9,01,30,000/- as per section 45-IC of Reserve Bank of India Act, 1934 to the Special Reserve of the Company for the year ended on March 31, 2016.

Business Scenario

In India, higher education is seen as a key contributor towards social mobility, reducing economic disparities, and achieving sustainable

economic growth. There are over 33.3 million students in the Indian higher education system. There are currently over 38,056 institutes imparting higher education in India. They have been expanding at a rapid pace offering a variety of courses. With the increase in the cost of higher education, the ability of students to finance their education through their own funds or with funds from their families is likely to be difficult. It is, therefore, becoming increasingly important for students to get access to education loans. The Company is India's First Dedicated Education Loan Company. The Company provides education loans to students pursuing higher education for studies in India & studies abroad. During the financial year, the Company has shown robust growth in business. As on March 31, 2016 the Company's education loan portfolio stood at ` 2,465 crore, registering an increase to 43% over the previous financial year. The Company has also worked on establishing a multi-channel strategy to distribute its products. The strategy includes reaching customers through the Internet, channel partners which includes select education institutes as well as other entities of the higher education sector.

The Company is India's First Dedicated Education Loan Company. The Company is registered with the Reserve Bank of India as a Systemically Important Non-Deposit taking Non-Banking Financial Company.

The Company with specialized focus, in-depth understanding of the requirements of students who wish to pursue higher education both in India and abroad, offers Customized Education Loans Home Delivered. With growing costs of education, the

expenditure on children's education is one of the key components of expenditure by an average Indian household.

The Company funds students for higher education both in India and Abroad. Education stands between poverty and prosperity. The mission of the Company is to Transform Lives and contribute towards Building the Nation!

The institute from where student completes the education remains with his/her name for life time. With education loan approval even before the admission process, the Company enables numerous students to pursue higher education in their dream institute! Thus, Students Don't Have to Downsize Their Dreams!

The Company has funded tens of thousands of students from India to study in over 2,100+ unique educational institutes across 35+ countries.

Repayments

During the year under review, ` 405 crore was received by way of scheduled repayment of principal through monthly installments as well as redemptions ahead of schedule, as compared to ` 267 crore received last year.

Resource Mobilisation

Perpetual Debt

During the year, the Company has raised ` 50 crore through the issue of listed long-term unsecured redeemable non-convertible perpetual debt instruments in the nature of debentures. The perpetual debt was assigned rating of 'ICRA AA' and 'CARE AA' by ICRA and CARE respectively. As at March 31, 2016 the Company's outstanding perpetual debt stood at ` 150 crore and was considered as Tier I &

Tier II capital under the guidelines issued by the Reserve Bank of India (RBI) for the purpose of capital adequacy computation. The debt is subordinated to the present and future senior indebtedness of the Company and is perpetual in nature with a call option after 10 years from the date of the issue. The Company's perpetual debt is listed on the Bombay Stock Exchange Limited (BSE Limited). The Company has been regular in its payment obligations towards the Perpetual Debt.

Subordinated Debt

During the year, the Company raised ` 100 crore through the issue of listed long-term unsecured redeemable non-convertible subordinated debentures and repaid unlisted subordinated debt of ` 79 crore. The subordinated debt was assigned a rating of 'CRISIL AA+' and 'CARE AA+' by CRISIL and CARE respectively.

As at March 31, 2016, the Company's outstanding subordinated debt stood at ` 100 crore. The debt is subordinated to the present and future senior indebtedness of the Company. Based on the balance term to maturity, as at March 31, 2016, ` 100 crore of the book value of subordinated debt was considered as Tier II capital under the guidelines issued by the Reserve Bank of India (RBI) for the purpose of capital adequacy computation. The Company has been regular in its payment obligations towards the Subordinated Debt.

Non-Convertible Debentures (NCD)

During the year, the Company issued Secured, Rated, Listed NCD amounting to ` 400 crore on a private placement basis. The Company's NCD issues have been listed on the Wholesale Debt Market segment of the BSE Limited. The NCD issues have

been assigned the rating of 'CRISIL AA+' and 'ICRA AA+'. As at March 31, 2016, the Company's outstanding NCD stood at ₹ 400 crore.

The Company has been regular in its payment obligations towards the NCD. The Company is in compliance with the provisions of the Reserve Bank of India's Circular on Raising Money through Private Placement of Non-Convertible Debentures (NCD) by NBFCs.

Loans

Term Loans from Banks and Institutions

As at March 31, 2016, the total term loans outstanding from banks amounted to ₹ 1,172 crore as compared to ₹ 1,186 crore as at March 31, 2015.

Commercial Paper

The Company's Commercial Paper have been assigned the highest rating of 'ICRA A1+' by ICRA, signifying highest safety for timely servicing of debt obligations. The face value of Commercial Papers outstanding as at March 31, 2016 was ₹ 425 crore as compared to ₹ 200 crore as at March 31, 2015.

Deposits

Your Company has not accepted any deposits during the year and as such, no amount of principal or interest was outstanding as at March 31, 2016.

Non Performing Loans

Gross non-performing loans as at March 31, 2016 amounted to ₹ 1.34 crore. This is equivalent to 0.05% of the loan portfolio (as against 0.05% in the previous year). The Company has made a total provision of ₹ 0.61 crore. The provision for Non-Performing Loans as at March 31, 2016 stood at ₹ 0.61 crore (as against ₹ 0.24 crore in the previous year) and the provision for standard assets as at March 31,

2016 stood at ₹ 7.39 crore (as against ₹ 4.29 crore in the previous year).

Regulatory Guidelines/Amendments

The Company has complied with the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (P.N. 2015) prescribed by the Reserve Bank of India (RBI) regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, etc.

The Company's capital adequacy ratio (CAR) stood at 18% as at March 31, 2016. Of this, Tier I capital was 9% and Tier II capital was 9%. As per the regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital as at March 31, 2016 is 15% and 8.5% respectively.

Subsidiary / Associate Companies

Your Company does not have any subsidiary or associate companies.

Particulars of Employees' Remuneration

The Company had 207 employees as of March 31, 2016. During the year, one employee employed throughout the year was in receipt of remuneration of ₹ 60 lac or more per annum. In accordance with the provisions of Rule 5.2 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of such employees and the remuneration policy are set out in the Annex to the Directors' Report. In terms of the provisions 136(1) of the Companies Act, 2013 read with the said rule, the Directors' Report is being sent to all the shareholders of the Company excluding the Annex. Any shareholder interested in obtaining a copy of the said Annex may write to the Company. Further disclosures on managerial

remuneration are provided in Annex 1 appended to the Directors' Report.

Vigil Mechanism/Whistle Blower Policy

The Company has in place a Vigil Mechanism & Whistleblower Policy and to ensure that all employees / directors of the Company work in a conducive environment and are given a platform to freely express their concerns or grievances on various matters pertaining to any malpractice, actual/suspected fraud or violation of the Company's Code of Conduct.

In order to ensure highest standards of governance within the Company, under the Whistleblower Policy, other stakeholders including borrowers, key partners, direct selling agents and vendors can report any misconduct or act that is not in the interests of the Company. The policy provides that the whistleblower shall be protected against any detrimental action as a result of any allegations made in good faith. The policy is placed on the website of the Company i.e. www.credila.com.

Loans, Guarantees or Investments

The provisions of Section 186 of the Companies Act, 2013 pertaining to investment and lending activities is not applicable since the Company is a non-banking financial company.

During the year, your Company has not provided any guarantee.

Particulars of Contracts or Arrangements with Related Parties

Your Company has not entered into any contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 requiring disclosure in Form AOC-2, as prescribed under Rule 8(2) of the Companies (Accounts) Rules, 2014.

Details of related party transactions

as required to be disclosed under Accounting Standard – 18 on “Related Party Disclosures” specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, are given in the Notes to the Financial Statements.

The Company’s Policy on dealing with Related Party Transactions is available on its website www.credila.com.

Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

During the year, your Company received an amount of ` 2.45 crore (previous year ` 1.08 crore) in foreign currency towards repayment of education loans.

During the year, your Company expended ` 1.11 crore (previous year ` 1.30) resulting in an outgo in foreign currency

Since your Company does not own any manufacturing facility, the other particulars regarding conservation of energy, technology absorption stipulated in the Companies (Accounts) Rules, 2014 are consequently not applicable.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. V. Srinivasa Rangan and Mr. Ajay Bohora retires by rotation at the ensuing Annual General Meeting (AGM). They are eligible for re-appointment.

Necessary resolutions and the brief profile for the appointment/re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM.

All the directors of the Company have confirmed that they are not

disqualified from being appointed as directors, in terms of Section 164(2) of the Companies Act, 2013.

The Independent Directors of the Company have also confirmed that they meet the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013.

Board Meetings

During the year, the board met five times. The meetings were held on April 16, 2015, May 28, 2015, July 10, 2015, October 19, 2015, and January 19, 2016.

The attendance of each Director at the above mentioned board meetings is listed below:

Directors	Number of Meetings attended
Mr. V. Srinivasa Rangan (Chairman)	5
Mr. B. Mahapatra	4
Mr. Amitabh Chaudhry	5
Mr. Sudhin Choksey	5
Mrs. Madhumita Ganguli	5
Mr. Subodh Salunke	3
Mr. Anil Bohora	4
Mr. Ajay Bohora	5

Leave of absence was granted to the concerned directors who could not attend the respective board meetings.

Audit Committee

The Audit Committee consists of a majority of independent directors. The members of the committee are Mr. Sudhin Choksey (Chairman), Mr. Amitabh Chaudhry, Mr. Biswamohan Mahapatra, Mrs. Madhumita Ganguli and Mr. Subodh Salunke. All the members of the Audit Committee have accounting and financial management expertise. The quorum for the Audit Committee is two members.

The terms of reference of the Audit Committee *inter alia* include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, financial statements, internal control systems and procedures, records relating to related party transactions, analysis of risks and compliance of regulatory guidelines. The committee also ensures that an information systems audit of the internal systems and processes is conducted to assess operational risks faced by the Company. The financial results are made available to the committee in advance. This enables a review and discussions with the auditors before recommending it to the Board of Directors for its approval.

During the year, the committee met four times. The meetings were held on April 16, 2015, July 10, 2015, October 19, 2015, and January 19, 2016.

The details of the attendance of the members of the committee at the meetings are listed below:

Members	Number of Meetings attended
Mr. Sudhin Choksey (Chairman)	4
Mr. B. Mahapatra	3
Mr. Amitabh Chaudhry	4
Mrs. Madhumita Ganguli	4
Mr. Subodh Salunke	2

Leave of absence was granted to the concerned directors who could not attend the respective Audit Committee meetings.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee consists of an equal number of Independent Directors. The members of the committee are Mr. Amitabh Chaudhry (Chairman),

Mr. V. Srinivasa Rangan, Mr. Sudhin Choksey and Mr. Subodh Salunke. The quorum for the Nomination & Remuneration Committee is two members.

The terms of reference of the committee *inter alia* include identifying persons who are qualified to become directors of the Company, ensuring that such persons meet the relevant criteria prescribed under applicable laws and reviewing and approving the remuneration payable to the directors within the overall limits at the time of appointment, ensuring the fit and proper criteria at the time of appointment of directors of the Company and on a continuing basis, to scrutinize the declarations received from the proposed directors / existing directors and carry out evaluation of every director's performance and formulate the criteria for determining qualifications, positive attributes and independence of a director and for evaluating their performance.

The committee met twice during the year. The meetings were held on April 16, 2015 and January 19, 2016.

The details of the attendance of the members of the committee at the meetings are listed below:

Members	Number of Meetings attended
Mr. Amitabh Chaudhry (Chairman)	2
Mr. V. Srinivasa Rangan	2
Mr. Sudhin Choksey	2
Mr. Subodh Salunke	1

Leave of absence was granted to the concerned director who could not attend the respective Nomination & Remuneration Committee meeting.

Board Evaluation

With the objective of enhancing the effectiveness of the board,

the Nomination & Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board, committees thereof and each director.

The overall performance evaluation of the board, committees thereof and of each director is done through a questionnaire, based on criteria such as the board composition, active participation, strategic planning, role of the Chairman, non-executive and executive directors, assessment of the timeliness and quality of the flow of information by the Company to the board and adherence to compliance and other regulatory issues.

The Nomination & Remuneration Committee at its meetings discussed and reviewed the criteria and responses received from directors. The independent directors also held a separate meeting to review the performance of the non-executive directors, the Chairman of the Company and the overall performance of the board.

Subsequently, at the meeting of the Board of Directors, the responses received from the directors were tabled.

The board reviewed the performance of each of the directors of the Company, the board as a whole, committees of directors and expressed its satisfaction on the same.

Corporate Social Responsibility Committee

In accordance with the provisions of Section 135 of the Companies Act, 2013 and rules framed there under, the Company has a Corporate Social Responsibility (CSR) Committee of Directors comprising of Mr. B. Mahapatra (Chairman), Mr. V. Srinivasa Rangan, Mrs. Madhumita Ganguli and Mr. Ajay Bohora. The quorum for the CSR Committee is two members.

The terms of reference of the committee *inter alia* is to review the CSR policy, indicate activities to be undertaken by the Company towards CSR and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR.

The committee met twice during the year. The meetings were held on April 16, 2015 and January 19, 2016.

The details of the attendance of the members of the committee at the meetings are listed below:

Members	Number of Meetings attended
Mr. B. Mahapatra (Chairman)	2
Mr. V. Srinivasa Rangan	2
Mrs. Madhumita Ganguli	2
Mr. Ajay Bohora	2

Further details on the prescribed CSR spend under Section 135 of the Companies Act, 2013 during the year is provided in the Annual Report on CSR activities annexed to this report.

Allotment Committee

The Allotment Committee consists of Mr. V. Srinivasa Rangan (Chairman), Mr. Subodh Salunke and Mr. Anil Bohora. The quorum for the meeting of the committee is two members.

The terms of reference of the Allotment Committee *inter alia* include to ensure compliance with the Companies Act, 2013 and rules made thereunder relating to the issue and allotment of securities as may be issued by the Company from time to time and to oversee the process of application for issue of securities and decide on the allotment of securities. During the year, the committee met four times. The meetings were held on June 17, 2015, August 7, 2015,

October 9, 2015 and February 26, 2016.

The details of the attendance of the members of the committee at the meetings are listed below:

Members	Number of Meetings attended
Mr. V. Srinivasa Rangan (Chairman)	4
Mr. Subodh Salunke	4
Mr. Anil Bohora	4

Risk Management Committee

During the year, the Risk Management Committee (RMC) was re-constituted to comprise of Mr. V. Srinivasa Rangan (Chairman), Mr. Subodh Salunke and Mr. Ajay Bohora. The quorum for the RMC is two members.

The terms of reference of the committee *inter alia* include formulation and implementation of the Risk Management Framework & Policy and reviewing the risk profile of the Company.

With the objective of ensuring that the risks impacting the business of the Company are identified and appropriate measures are taken to mitigate the same, the Company has formulated and adopted a Risk Management Framework & Policy. The Risk Management Framework & Policy lays the procedures for identification of risks, assessment of its impact on the business of the Company and the efficacy of the measures taken to mitigate the same. The risks are evaluated at an inherent and residual level, based on the impact of such risks and the likelihood of its occurrence.

Your directors are of the opinion that the Company is managing its risks through well defined risk management system and risk mitigation measures and that there are no risks that

may threaten the existence of the Company.

The new committee met on March 30, 2016.

The details of the attendance of the members of the committee at the meetings are listed below:

Members	Number of Meetings attended
Mr. V. Srinivasa Rangan (Chairman)	1
Mr. Subodh Salunke	1
Mr. Ajay Bohora	1

Asset Liability Management Committee

The Asset Liability Management Committee of the Company comprises Mr. V. Srinivasa Rangan (Chairman), Mr. Ajay Bohora, Mr. Shridhar Hebbar, Mr. Sebastian Fernandez and Mr. Laxmikant Tople. During the year, Mr. Ajay Bohora was appointed as a member of the Committee. The quorum for the Asset Liability Management Committee is two members.

The terms of reference of the committee *inter alia* include asset liability management of the Company. The committee met four times during the year.

The details of the attendance of the members of the committee at the meetings are listed below:

Members	Number of Meetings attended
Mr. V. Srinivasa Rangan (Chairman)	4
Mr. Ajay Bohora	1
Mr. Shridhar Hebbar	4
Mr. Sebastian Fernandez	4
Mr. Laxmikant Tople	4

Leave of absence was granted to the concerned director who could not

attend the respective Asset Liability Management Committee meeting.

Auditors

At the Ninth AGM held on April 16, 2014, the members had appointed Messrs Deloitte Haskins & Sells, Chartered Accountants, having registration number 117365W as the statutory auditors of the Company, for a period of 3 years, to hold office as such until the conclusion of the Twelfth AGM, subject to them ratifying the said appointment at every AGM.

The Company has received a confirmation from Messrs Deloitte Haskins & Sells, to the effect that their appointment, if ratified, at the ensuing AGM would be in terms with Sections 139 and 141 of the Companies Act, 2013 and rules made thereunder. The board proposes the ratification of the said appointment of Messrs Deloitte Haskins & Sells as the auditors of the Company.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Messrs Vinod Kothari & Company, Practising Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this report.

Litigations

During the year under review, no order was passed by any regulatory/ statutory authority or court/ tribunal against the Company.

Subsequent Events

There are no material changes and commitments affecting the financial position of the company which have occurred between March 31, 2016 and the date of the report.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

a) In the preparation of annual accounts, the applicable accounting standards have been followed;

b) Accounting policies selected have been applied consistently. Reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2016 and the profit of the Company for the year ended on that date;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for

preventing and detecting fraud and other irregularities;

d) The annual accounts of the Company have been prepared on a going concern basis;

e) Internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Directors' Report.

Extract of Annual Return – Form MGT-9

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed to this report.

Acknowledgements

Your directors would like to acknowledge the role of all its stakeholders for their continuing support to the Company.

Your directors appreciate the guidance received from various regulatory authorities including the RBI, Ministry of Corporate Affairs, Registrar of Companies, Maharashtra and the Financial Intelligence Unit (India).

Your directors recognise and appreciate the sincere hard work, loyalty and efforts of the employees whose professionalism has ensured excellent all-round performance of the Company.

On behalf of the Board of Directors

MUMBAI
April 18, 2016

V. SRINIVASA RANGAN
Chairman

Annexure to Directors' Report - 1

DISCLOSURES ON MANAGERIAL REMUNERATION

Details of remuneration as required under Rule 5.1 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided below:

Ratio of remuneration of each director to the median employees' remuneration for financial year 2015-16

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. V. Srinivasa Rangan	Chairman	0.88 :1
Mr. B. Mahapatra	Independent Director	0.52 :1
Mr. Amitabh Chaudhry	Independent Director	0.63 :1
Mr. Sudhin Choksey	Independent Director	0.63 :1
Mrs. Madhumita Ganguli	Non- Executive Director	0.58 :1
Mr. Subodh Salunke	Non- Executive Director	0.54 :1
Mr. Anil Bohora	Managing Director	21.58 :1
Mr. Ajay Bohora	Managing Director & CEO	21.58 :1

Percentage increase in the remuneration of each director and key managerial personnel in Financial Year 2015-16

Name	Designation	Increase in Remuneration (%)
Mr. Anil Bohora	Managing Director	150
Mr. Ajay Bohora	Managing Director & CEO	150
Mr. Sebastian Fernandez	Chief Financial Officer	39
Ms. Shivangi Dave	Company Secretary	17

Further details are provided in Form MGT 9.

Explanation on the relationship between the average increase in remuneration and the Company's performance

The percentage increase in the median remuneration of employees in financial year 2015-16 stood at 18%. Given below are some key financial parameters which reflected the Company's performance. Despite a challenging environment, the Company delivered a good financial performance in financial year 2015-16.

Parameter	March 31, 2015 (` crore)	March 31, 2014 (` crore)	%
Total Income	215	147	46
Profit Before Tax	41	24	71
Profit After Tax	28	19	47
Total Borrowings	1,562	1,082	44
Total Outstanding Loan Book	1,718	1,198	43
Non-performing loans (%)	0.05	0.09	
Book Value per share (`)	29	24	

Other efficiency parameters included:

The average assets per employee in March 31, 2016 was ` 10 crore (Previous Year ` 7 crore), while the profit per employee in financial year 2015-16 stood at ` 22 lac (Previous Year ` 13 lac).

Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in managerial remuneration

The average increase in the remuneration of all employees was 15.7% in financial year 2015-16. The average increase in remuneration of the executive directors was at 150% on account of commission for the Financial Year 2015-16 of ` 1.20 crore (Previous Year ` Nil).

Annexure to Directors' Report - 1 (Continued)

The average increase in the remuneration of both, the managerial and non-managerial personnel was determined based on the overall performance of the Company. Further, the criteria for remuneration of non-managerial personnel is based on an internal evaluation, while the remuneration of the managerial personnel is based on the Remuneration Policy as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

The Company reiterates that there were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

The increase in remuneration of Key Managerial Personnel is based on the overall performance of the Company. As elucidated above, the Company performed well on various financial parameters. In addition, a peer comparison of other education finance companies reaffirmed the Company's strong performance in financial year 2015-16.

Annexure to Directors' Report - 2 Management Discussion and Analysis

Overview

Educated, trained and skilled human resources lay the foundation for the growth and prosperity for any country. India has been the hub of global learning right from the days of The Nalanda and Takshashila Universities. Education has been identified as one of the key priorities by the Indian policy makers across the center and the states.

India is one of the youngest nation in the world. With 364 million¹ 10-24 year-olds, India has the world's largest youth population. The youth of India is poised to build the future of India. Education has the potential to make the person more competent, skilled and productive. Highly educated Indians can be the Global Citizens with the opening of the global doors of opportunities!

Industry structure and developments

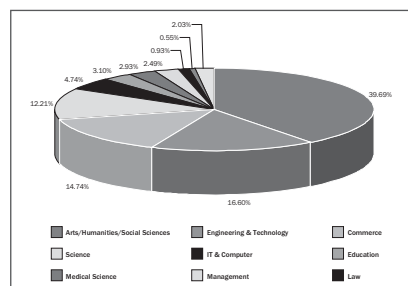
India has over 757 Universities and over 38,056 educational institutes which include 68 institutions of national importance. There are 19 IIMs & 16 IITs in India. India has over 33.3 million² students studying in the tertiary education segment. With the massification of primary and secondary education, the pool of students aspiring to pursue higher education has increased. With that increase in demand, in the recent past, the supply of education institutes increased to the extent where for some Engineering and MBA institutes, there is a scenario in which number of seats are remaining vacant. With more choices, students and parents have started evaluating educational institutes and the courses based on various expected outcomes.

Most of the banks in India offer education loans. As per the latest data released by the Reserve Bank

of India, as on March 31, 2015 the total education loan outstanding of all banks were Rs. 57,065 crore out of which State Bank of India contribution was Rs. 13,214 crore (as on March 31, 2015) as the largest player of this segment.

Joint Entrance Exam (JEE) is the most widely taken entrance exam for the undergraduate admission in Engineering colleges. The year 2015 has seen de-growth in number of candidates registered for JEE. In 2015, there were 13.03 lac candidates who registered in 2015 as compared to 13.56 lac in the previous year.

Distribution of Under Graduate Enrolment by Stream²



Opportunities and Threats

With continued efforts, Gross Enrollment Ratio (GER) for higher education is steadily rising in India. However, with India's current GER ratio of 23.6%², India still lags behind Japan with 62%³, China with 30%³ and UK with 57%⁴.

With the rising cost of higher education, its getting increasingly difficult for the families to support the higher education of their children in India or abroad solely based on the family savings. This has been resulting in a surge in the education loan aspirants. As per section 80E of the Income Tax Act, 1961, an individual can avail of tax benefit on interest paid on an education loan for self or a relative, viz his/her children, spouse or any student for whom the

individual is a legal guardian. There is no upper limit to claim the exemption. One will get the full amount of interest paid, as the deduction. One has to take loan from the Approved Financial Institutions to avail this benefit. The Company being one of the Approved Financial Institutions. Income Tax benefit can be taken for continuous 8 years or until the interest is paid in full, whichever is earlier.

Also in India, the Education loan as an asset class is in the nascent phase with huge growth potential. In the matured markets globally, education loan portfolio is extremely high as compared to that of India.

As the lender of education loan, the biggest threat the Company faces is at the macroeconomic level in India and abroad. Depending on the growth of the economies, corresponding new employment and opportunities open up for the graduating students. There is an ongoing and potential competition from various banks for education loans for the terms of education loans, related parameters and structure of education loans etc. Vast geographical reach and corresponding distribution capabilities of the banks is another threat.

Segment-wise or product-wise performance

The Company focuses on only one segment, which is Education Loans.

The Company has two main product categories. viz Secured education loans and Unsecured education loans. Currently, the Company has 54% of its education loan portfolio as secured and 46% as unsecured. Both of these product categories continue to do well. The net non-performing assets of the Company are at 0.03% as on March 31, 2016.

Annexure to Directors' Report - 2 (Continued)

Company has funded a variety of courses, ranging from MBA, M. Tech, MS, MMS to PGDBM, numerous undergraduate courses & are now witnessing a surge in unconventional and unique courses like Bachelor of Arts-Sports Management, Bachelor of Media Arts-Commercial Music, Bachelor and Masters of Physiotherapy, Bachelor of Science Music, Sports Events Management, Associate of Art-Music, Master of Arts-Sport Business, Master of Science Advanced Cardio-respiratory Physiotherapy, MS-Advanced Sports Therapy And Rehabilitation Science, MS Applying Physiotherapy, MS Optics And Photonics, MS Acoustics And Music Technology, Masters In Renewable Energy, etc.

As the education loan domain expert, the Company continues to dynamically roll out new products with enhanced engagement with the ecosystem by adopting the following philosophy;



Outlook

As per the report over 253 million⁵ students are in K-12 (Kindergarten to Std. XII), there is a huge pipeline of talented Indian youth, who will enter the Indian higher education system.

As per the recent reports, the trend among Indian students to pursue their dreams of higher education abroad still continues as is evident

from the rising number of students going abroad.

For over a decade now, the Company has been developing huge domain expertise in education loans. Also, the Company is constantly learning, unlearning and relearning from the entire higher education ecosystem. This is getting coupled with the state of the art, end to end home grown customized education loan specific technology platform of the Company. This efficient and domain specific technology platform enables the Company to continue to grow and still remain cost competitive. The Company's focus will continue to be prudent in credit norms, constantly monitor portfolio performance and tweak policies accordingly. The Company is also committed to upgrade and enhance recovery mechanism and capabilities. The Company will continue to develop insights about unsecured loans, build capabilities for unsecured loans.

The Company is technology friendly and uses most updated technology platforms for Loan Sourcing & Lead Management, Loan Processing, Credit & Underwriting and Operations.

Risks and concerns

Top potential risks of the Company include the following:

- **Credit, Collection & Risk Management:** Education loan as the asset class across the world and in India has high NPAs, 46% of the education loan portfolio of the Company is unsecured, collection and recovery related inefficiencies can be a potential risk;
- **Accounts, Finance & Compliance:** Fluctuations in Interest Rate affecting spread, Liquidity Risk affecting fund raising, Non-Compliance with laws and regulations;

- **Sales & Marketing:** Banks offering education loan at lower rates is a business risk. The Company not generating adequate quality leads and misrepresentation or wrong commitments on the part of the sales team can also pose risks to the Company; and
- **Human Resources:** Potential non-adherence to Company's policies can pose risk.

The cost of higher education has been rising steadily over the years. Strong employment and business opportunities would be required for students to start paying and continue to repay their education loan obligations. Also, the depreciation of the Indian currency against the US dollar has resulted in higher cost of education and consequent increase in the amount of education loan required and availed by Indian students. This continues to be the concern of education lenders.

Marketing & Distribution

The distribution network of the Company consists of 24 branches including small and one person offices.

The Company has also worked on establishing a multi-channel strategy to distribute its products. The strategy includes reaching customers through various sourcing partners, channel partners which include education consultants and counselors, test prep-centers, direct university and institute tie-ups, as well as other entities of the higher education sector and financial service providers.

There are various entrance tests conducted for the admission for Management and Engineering courses. Amongst those Common Admission Test (CAT) is most widely taken test for higher studies in

Annexure to Directors' Report - 2 (Continued)

management. 2,18,664 candidates registered for CAT in 2015. This reflects the growth of 15% as compared to previous year.

Company's education loan domain expertise helps to build quality portfolio, structure customized products, understanding total cost of education for optimal funding. In order to reach out and connect more effectively with customers, the Company embarked on a number of digital initiatives including a revamped website, development of a mobile application, conducting webinars for the customers along with various stakeholders in the ecosystem and building a stronger presence on various digital media platforms. During the year the Company also participated and sponsored a number of education events across the country.

Internal Audit and Control

The Company has undertaken comprehensive exercise for documentation of Standard Operating Procedures (SOPs), including that of internal financial controls. The Company has also prepared Risk Registers as per the Risk Management Policy. Physical verification of fixed assets was conducted by Independent Chartered Accountants firm at all the branch offices of the Company. Also, the Company has put together internal control systems which

commensurate with the nature and size of the business. Internal Audit has been carried out during the year by independent firm of Chartered Accountants. The Audit Committee has been constituted under section 177 of the Companies Act, 2013 with specified terms of reference.

The SOPs got implemented for operations, customer grievances, complaints & service, recovery, accounts and finance, etc. Also, risk registers were prepared for various departments including credit, operations, strategic, human resource, information technology, accounts, finance and compliance, etc.

Secretarial Audit was conducted by a Practising Company Secretaries. During the year, an Independent Chartered Accountant Firm has carried out Compliance Audit of filing of returns with RBI.

Discussion on financial performance with respect to operational performance

The Company disbursed ₹ 1,102 crore during the year as against ₹ 762 crore in the previous year and registered a growth of over 44%. The Company disbursed education loans to 6,646 students (previous year 5,562 students) and the average education loan was ₹ 16.57 lac during the year as against ₹ 13.70 lac

during the previous year. The financial and operational performance of the company for the year ended on March 31, 2016 has been good with an increase in loan book by 43% and the net Non-Performing Asset staying at 0.03%. The Company has also seen an increase in Net profit after tax by over 62% to ₹ 45.06 crore.

Material developments in Human Resources/Industrial Relations front, including number of people employed

The number of employees in the Company as of March 31, 2016 is 207. During the year, various training programs were held at locations on numerous topics on Knowledge, Skill, Audit and Compliances, KYC & AML Policies, Risk Management, Attitude, etc. There has been no Industrial Dispute during the year.

Sources:

¹<http://www.censusindia.gov.in/2011census>

²<http://mhrd.gov.in>, AISHE Report, All India Survey on Higher Education 2014-15

³data.worldbank.org of 2014

⁴data.worldbank.org of 2013

⁵*E & Y, Private sector's contribution to K-12 education in India report, March 2014*

Annexure to Directors' Report - 3

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 and Companies
(Corporate Social Responsibility Policy) Rules, 2014]

1. **Brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken:**

The Company believes in conducting its business responsibly, fairly and in a most transparent manner. It continually seeks ways to bring about an overall positive impact on the society and environment where it operates and as a part of its social objectives.

The main objective of the CSR Policy of the Company is to lay down guidelines to make CSR a key business process for sustainable development of the society and the environment in which it operates. It aims in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of the Company's activities in India.

The CSR Policy of the Company is available on Company's website.

2. **The Composition of the CSR Committee:**

Mr. B. Mahapatra (Chairman), Mr. V. Srinivasa Rangan, Mrs. Madhumita Ganguli and Mr. Ajay Bohora

3. **Average net profit of the Company for last three financial years:** ` 2,435.38 lac

4. **Prescribed CSR Expenditure (2% of the amount in Point 3 above):** ` 48.71 lac

5. **Details of CSR spent during the financial year.**

(a) **Total amount to be spent for the financial year:** ` 48.71 lac

(b) **Amount unspent, if any:** Nil.

(c) **Manner in which the amount spent during the financial year is detailed below:**

Sr. No.	CSR project or activity Identified	Sector	Locations District (State)	Amount Outlay (Budget) on Projects or Programmes ` Lac	Amount Spent (Direct) on Project or Programmes ` Lac	Cumulative Expenditure upto Reporting Period ` Lac	Amount spent Direct or through Implementation Agency* ` Lac
1	Empowering women & Adolescent Girls Through Reproductive Health Education & Services	Empowering Women	Bangalore (Karnataka)	10.00	10.00	10.00	Through Implementing Agency
2	Providing high quality education to children from low income communities	Promoting Education	Mumbai (Maharashtra)	20.00	20.00	20.00	
3	Providing healthcare, education, skill development and support services to intellectually disabled children	Promoting Special Education for Children	Mumbai (Maharashtra)	17.71	17.71	17.71	
4	Promoting and encouraging the fields of education having Indian heritage value	Education (Promoting Education)	Chennai (Tamil Nadu)	1.00	1.00	1.00	
	GRAND TOTAL			48.71	48.71	48.71	48.71

* **Details of the implementing agencies:**

Smile Foundation (Empowering Women), Akanksha Foundation (Promoting Education), Jai Vakeel Foundation (The Research Society) (Promoting Special Education) and Om Charitable Trust (Promoting Education).

Annexure to Directors' Report - 3 (Continued)

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. - Not Applicable.**
7. **The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and Policy of the Company.**

MUMBAI
April 18, 2016

Sd/-
MR. AJAY BOHORA
Managing Director & CEO

For Credila Financial Services Private Limited

Sd/-
MR. B. MAHAPATRA
Chairman – CSR Committee

Annexure to Directors' Report - 4

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	U67190MH2006PTC159411
Registration Date	February 1, 2006
Name of the Company	CREDILA FINANCIAL SERVICES PRIVATE LIMITED
Category/Sub-Category of the Company	Company limited by shares / Non-Government Company
Address of the Registered office and contact details	B - 301, Citi Point, Next to Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai, 400 059. Tel No.: 022-2826 6636
Whether listed company Yes / No	Yes (The Debt securities of the company are listed on the BSE Ltd.)
Name, Address and Contact details of Registrar and Transfer Agent, if any	Adroit Corporate Services Private Limited 19 / 20 Jaferbhoy Ind. Estate, 1st floor, Makwana Road, Marol, Andheri (E), Mumbai – 400 059. Telephone No. +91-22- 4227 0400 / 2859 6060 Email id: info@adroitcorporate.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service	% of total turnover of the Company
1	Providing Education Loans for higher education	64920	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED Ramon House, 165-166 Backbay Reclamation, H T Parekh Marg, Churchgate, Mumbai, 400020.	L70100MH1977PLC019916	Holding Company	78.66	2(46)

Annexure to Directors' Report - 4 (Continued)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares Held at the beginning of the year				No. of Shares Held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	57,35,000	–	57,35,000	10.67	57,35,000	–	57,35,000	10.67	–
(b) Central Govt.	–	–	–	–	–	–	–	–	–
(c) State Govt.(s)	–	–	–	–	–	–	–	–	–
(d) Bodies Corp.	–	–	–	–	–	–	–	–	–
(e) Banks/FI	4,22,72,003	–	4,22,72,003	78.66	4,22,72,003	–	4,22,72,003	78.66	–
(f) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	4,80,07,003	–	4,80,07,003	89.33	4,80,07,003	–	4,80,07,003	89.33	–
(2) Foreign									
(a) Non Resident Indians-Individuals	57,35,000	–	57,35,000	10.67	57,35,000	–	57,35,000	10.67	–
(b) Other Individuals	–	–	–	–	–	–	–	–	–
(c) Bodies Corp.	–	–	–	–	–	–	–	–	–
(d) Banks/FI	–	–	–	–	–	–	–	–	–
(e) Any Other	–	–	–	–	–	–	–	–	–
Sub total (A)(2)	57,35,000	–	57,35,000	10.67	57,35,000	–	57,35,000	10.67	–
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	5,37,42,003	–	5,37,42,003	100.00	5,37,42,003	–	5,37,42,003	100.00	–
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	5,37,42,003	–	5,37,42,003	100.00	5,37,42,003	–	5,37,42,003	100.00	–

Annexure to Directors' Report - 4 (Continued)

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	
1	Housing Development Finance Corporation Limited	4,22,72,003	78.66	—	4,22,72,003	78.66	—	—
2	Anil Bohora	57,35,000	10.67	—	57,35,000	10.67	—	—
3	Ajay Bohora	57,35,000	10.67	—	57,35,000	10.67	—	—
	Total	5,37,42,003	100.00	—	5,37,42,003	100.00	—	—

(iii) **Change in Promoters' Shareholding:** During the year there has been no change in promoters' shareholding.

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NIL.

(v) **Shareholding of Directors and Key Managerial Personnel:** The shareholding of Mr. Anil Bohora, Managing Director and Mr. Ajay Bohora, Managing Director & CEO are as per point (ii) above.

V. INDEBTEDNESS

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	11,856,440,668	3,767,420,550	—	15,623,861,218
ii) Interest due but not paid	26,663,216	—	—	26,663,216
iii) Interest accrued but not due	—	53,160,270	—	53,160,270
Total (i+ii+iii)	11,883,103,884	3,820,580,820	—	15,703,684,704
Change in Indebtedness during the financial year				
• Addition	—	—	—	—
• Reduction	—	—	—	—
Net Change	(150,676,920)	3,128,277,814	—	2,977,600,894
Indebtedness at the end of the financial year				
i) Principal Amount	11,719,689,351	6,675,766,901	—	18,395,456,252
ii) Interest due but not paid	11,883,625	—	—	11,883,625
iii) Interest accrued but not due	853,988	273,091,733	—	273,945,721
Total (i+ii+iii)	11,732,426,964	6,948,858,634	—	18,681,285,598

Annexure to Directors' Report - 4 (Continued)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Anil Bohora Managing Director	Mr. Ajay Bohora Managing Director & CEO	
1	Gross salary	4,005,000	4,005,000	8,010,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,005,000	4,005,000	8,010,000
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission			
	— as % of profit	—	—	—
	— others	60,00,000	60,00,000	1,20,00,000
5	Others, please specify	—	—	—
	Total (A)	1,00,05,000	1,00,05,000	2,00,10,000
	Overall Ceiling as per the Companies Act, 2013	3.54 crore each (5% each of the net profits of the Company)		7.09 crore (10% of the net profits of the Company)

B. Remuneration to other Directors:

Name of Directors	Particulars of Remuneration			
	Fees for attending board/ committee meetings (₹)	Commission paid for financial year* (₹)	Others, please specify (₹)	Total Amount (₹)
Mr. V. Srinivasa Rangan	4,10,000	—	—	4,10,000
Mr. B. Mahapatra	2,40,000	—	—	2,40,000
Mr. Amitabh Chaudhry	2,90,000	—	—	2,90,000
Mr. Sudhin Choksey	2,90,000	—	—	2,90,000
Mrs. Madhumita Ganguli	2,70,000	—	—	2,70,000
Mr. Subodh Salunke	2,50,000	—	—	2,50,000
Total	17,50,000	—	—	17,50,000
Overall Ceiling as per the Companies Act, 2013	1,00,000*	0.71 crore (1% of Net Profit)		0.71 crore (1% of Net Profit)**

* Per meeting sitting fees. The Company pays sitting fees per meeting to directors (other than Managing Directors) for attending the meeting of board or committee thereof as follows:

For Board Meeting - ₹ 30,000 per meeting

For Committee Meeting - ₹ 20,000 per meeting

** Excludes sitting fees

Annexure to Directors' Report - 4 (Continued)

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Ms. Shivangi Dave Company Secretary	Mr. Sebastian Fernandez Chief Financial Officer	
1	Gross salary	5,45,378	26,42,318	31,87,696
	(a) (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,45,378	26,42,318	31,87,696
	(b) (b) Value of perquisites under Section 17(2) Income-tax Act, 1961	—	—	—
	(c) (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission	—	—	—
	- as % of profit	—	—	—
	- others, specify	—	—	—
5	Others, please specify	—	—	—
	Total	5,45,378	26,42,318	31,87,696

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

During the year, no penalties were levied against the Company, its directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its directors or any of its officers.

Independent Auditor's Report

TO THE MEMBERS OF CREDILA FINANCIAL SERVICES PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **CREDILA FINANCIAL SERVICES PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a

true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view 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

Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.

Independent Auditor's Report (Continued)

e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position in its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts as at year end for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred

to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

G. K. Subramaniam
Partner
MUMBAI, April 18, 2016 (Membership No. 109839)

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of CREDILA FINANCIAL SERVICES PRIVATE LIMITED (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an

opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control

over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become

Annexure "A" to the Independent Auditor's Report (Continued)

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company

has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the

essential components of internal control stated in the Guidance Note.

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

MUMBAI, April 18, 2016
G. K. Subramaniam
Partner
(Membership No. 109839)

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.

(ii) According to the information and explanations given to us, the Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) The Company has not granted any loans, made investments or provide guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under clause 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals. In respect of unclaimed deposits,

the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act.

(vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, Service Tax, cess, Provident Fund and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Service Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax and Service Tax as on March 31, 2016 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, the money raised by way of the term loans and debentures have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer/ further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material

fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No.117365W)

G. K. Subramaniam

MUMBAI, Partner
April 18, 2016 (Membership No. 109839)

Secretarial Audit Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Credila Financial Services Private
Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Credila Financial Services Private Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company as specified in Annexure I and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period covered by our audit, that is to say, from April 01, 2015 to March 31, 2016 (hereinafter referred to as "Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016, according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - b. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable during the Audit Period.
5. Laws specifically applicable to an NBFC-ND-SI, as identified by the management, that is to say:
 - a. Reserve Bank of India Act, 1934;
 - b. Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;
 - c. Miscellaneous Instructions to NBFC-ND-SI;
 - d. Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008;
 - e. RBI guidelines on Frauds – Future approach towards monitoring of frauds in NBFCs;
 - f. RBI guidelines on Fair Practices Code (FPC) for all NBFCs;
 - g. Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015;
 - h. RBI guidelines on Raising Money through Private Placement by NBFCs- Non Convertible Debentures;
 - i. RBI guidelines on Rounding off transactions to the Nearest Rupee by NBFCs;
 - j. 'Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards (AML) -'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder;
 - k. RBI guidelines on Returns to be Submitted by NBFCs;
 - l. RBI guidelines on Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalizing Distressed Assets in the Economy.

We have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India;
- b. The Listing Agreement entered into by the Company with the BSE Limited for listing debt securities issued on private placement basis.

We report that during the period under review the Company has

Secretarial Audit Report (Continued)

complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

Management Responsibility:

i. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;

ii. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;

iii. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company;

iv. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc;

v. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;

vi. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Recommendations as a matter of best practice:

In the course of our audit, we have made certain recommendations for good corporate practices,

separately placed before the Board, for its necessary consideration and implementation by the Company.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting

and for meaningful participation at the meeting.

Resolutions have been approved by majority while the dissenting members', if any, views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period, the Company has not incurred any specific event/ action listed below that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

i. Private Placement of Non Convertible Debentures:

Date of Issue	Subscriber to the issue	Maturity	Amount (INR in crore)	Nature & Terms of security
17.06.2015 (PDIs)	• Darashaw & Company Pvt. Ltd.	Perpetual	50 crores	Unsecured
07.08.2015 (NCDs)	• Edelweiss Commodities Services Limited; • Tata Trustee Company Limited	2 years Redemption date: 7/8/2017	200 crores	Paripassu charge with other existing lenders on the loan receivables of the Company's underlying portfolio of loans. Minimum Asset Cover 1.05 times
9.10.2015 (Sub-debt)	• Edelweiss Commodities Services Limited; • STCI Primary Dealer Limited • ICICI Securities Primary Dealership Limited	10 years Redemption date: 9/10/2025	100 crores	Unsecured
26.02.2016 (NCDs)	• HDFC Bank Limited	3 years Redemption date: 26/2/2019	200 crores	Paripassu charge with other existing lenders on the loan receivables of the Company's underlying portfolio of loans Minimum asset cover – 1.05 times

Secretarial Audit Report (Continued)

ii. **Increase in Borrowing limit to Rs. 5,000 crores:** Special resolution, in terms of section 180 (1) (c) was passed on 11th May, 2015 to affirm the borrowing powers of the Company to the extent of ₹ 5,000 crores, as per details provided in the resolution.

For **Vinod Kothari & Company**
Practising Company Secretaries
Vinita Nair
Partner
Membership No.: A31669
C P No.:11902
Mumbai
April 15, 2016

ANNEXURE I LIST OF DOCUMENTS

1. Corporate Matters
 - 1.1 Minutes books of the following Committees were provided:
 - 1.1.1 Board Meeting;
 - 1.1.2 Audit Committee;
 - 1.1.3 Nomination and Remuneration Committee;
 - 1.1.4 Corporate Social Responsibility Committee;
 - 1.1.5 Risk Management Committee;
 - 1.1.6 Asset Liability Management Committee;
 - 1.1.7 General Meeting;
 - 1.2 Agenda papers for Board Meeting along with Notice;
 - 1.3 Annual Report 2015;
 - 1.4 Financial Statement upto December 31, 2015;
 - 1.5 Memorandum and Articles of Association;
 - 1.6 Disclosures under Act, 2013 and Rules made thereunder;
 - 1.7 Policies framed under Act, 2013 and RBI regulations for NBFCs;
 - 1.8 Documents pertaining to Debt Listing Agreement compliance and Listing Regulations;
 - 1.9 Forms and returns filed with the ROC & RBI;
 - 1.10 Documents under SEBI (Prohibition of Insider Trading) Regulations, 2015;
 - 1.11 Documents relating to issue of Non-Convertible Debentures;
 - 1.12 Registers maintained under Companies Act, 2013;
 - 1.13 Loan Agreement

Balance Sheet as at March 31, 2016

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	1,207,419,590	1,207,419,590
(b) Reserves and surplus	4	789,389,219	338,826,735
		<u>1,996,808,809</u>	<u>1,546,246,325</u>
(2) Non-current liabilities			
(a) Long-term borrowings	5	16,554,729,351	12,364,280,668
(b) Long-term provisions	6	80,559,582	49,019,171
(c) Other long term liabilities	7	1,754,366	1,878,093
		<u>16,637,043,299</u>	<u>12,415,177,932</u>
(3) Current liabilities			
(a) Short-term borrowings	8	4,175,766,900	1,978,081,955
(b) Trade payables			
(i) Total outstanding dues of Micro Enterprises & Small Enterprises		—	83,476
(ii) Total outstanding dues other than Micro Enterprises & Small Enterprises	9	49,628,611	25,386,127
(c) Other current liabilities	10	1,997,251,072	1,411,625,951
(d) Short-term provisions	11	2,837,047	2,074,603
		<u>6,225,483,630</u>	<u>3,417,252,112</u>
Total		<u><u>24,859,335,738</u></u>	<u><u>17,378,676,369</u></u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets (net)	12		
(i) Tangible assets		10,987,535	8,503,866
(ii) Intangible assets		453,661	504,027
		11,441,196	9,007,893
(b) Deferred tax assets (net)	13	31,000,000	18,000,000
(c) Long-term loans and advances	14	23,100,843,315	15,988,731,914
		<u>23,143,284,511</u>	<u>16,015,739,807</u>
(2) Current assets			
(a) Trade Receivables	15	3,491,206	889,046
(b) Cash and Bank Balances	16	58,089,684	81,568,095
(c) Short-term loans and advances	17	1,558,018,761	1,202,704,232
(d) Other current assets	18	96,451,576	77,775,189
		<u>1,716,051,227</u>	<u>1,362,936,562</u>
Total		<u><u>24,859,335,738</u></u>	<u><u>17,378,676,369</u></u>

See accompanying notes forming part of the financial statements 1 to 34

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

G.K. Subramaniam
Partner

MUMBAI
April 18, 2016

Directors

V.S. Rangan
Chairman
(DIN:00030248)

Madhumita Ganguli
(DIN:00676830)

Subodh Salunke
(DIN:03053815)

Biswamohan Mahapatra
(DIN:06990345)

Anil Bohora
Managing Director
(DIN:00694396)

Amitabh Chaudhry
(DIN:00531120)

Sudhin Choksey
(DIN:00036085)

Ajay Bohora
Managing Director & CEO
(DIN:00694444)

Sebastian Fernandez
Chief Financial Officer
(FCA:112793)

Shivangi Dave
Company Secretary
(ACS:26498)

Statement of Profit and Loss for the Year Ended March 31, 2016

Particulars	Note No.	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
I. Revenue from operations	19	3,005,451,835	2,152,269,961
Total Revenue		3,005,451,835	2,152,269,961
II. Expenses:			
(a) Employee benefits expense	20	174,834,357	140,791,405
(b) Finance costs	21	1,879,805,319	1,386,038,512
(c) Depreciation and amortisation expenses	12	3,692,934	7,848,267
(d) Other expenses	22	223,851,666	199,351,862
(e) Provisions for non-performing assets	27.2	3,649,468	267,240
(f) Contingent provisions against standard assets	6.1	30,974,967	12,999,546
Total expenses		2,316,808,711	1,747,296,832
III. Profit before tax (I - II)		688,643,124	404,973,129
IV. Tax expense:			
(a) Current tax		251,000,000	145,000,000
(b) Deferred tax	13	(13,000,000)	(18,000,000)
		238,000,000	127,000,000
V. Profit for the year (III - IV)		450,643,124	277,973,129
VI. Earnings per share (of ₹ 10 each):	25		
(a) Basic		8.38	5.17
(b) Diluted		4.14	2.56
See accompanying notes to the financial statements	1 to 34		

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

G.K. Subramaniam
Partner

MUMBAI
April 18, 2016

Directors

V.S. Rangan
Chairman
(DIN:00030248)

Madhumita Ganguli
(DIN:00676830)

Subodh Salunke
(DIN:03053815)

Biswamohan Mahapatra
(DIN:06990345)

Anil Bohora
Managing Director
(DIN:00694396)

Amitabh Chaudhry
(DIN:00531120)

Sudhin Choksey
(DIN:00036085)

Ajay Bohora
Managing Director & CEO
(DIN:00694444)

Sebastian Fernandez
Chief Financial Officer
(FCA:112793)

Shivangi Dave
Company Secretary
(ACS:26498)

Cash Flow Statement for the Year Ended March 31, 2016

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
A. Cash flow from operating activities		
Profit Before Taxation	688,643,124	404,973,129
<i>Adjustments for :</i>		
Depreciation/Amortisation	3,692,934	7,848,267
Loss on Fixed Assets discarded	17,632	18,107
Education Loans written off	90,000	854,432
Provisions for Non-Performing Assets	3,649,468	267,240
Contingent Provisions against Standard Assets	30,974,967	12,999,546
Dividend Income from Current Non-Trade Investments	(3,794,168)	(973,821)
Provision for employee benefits	1,327,644	2,496,101
Bad Debts Written Off	—	32,692
Liability Written Off	(296,852)	—
	<u>35,661,625</u>	<u>23,542,564</u>
Operating profit before working capital changes	724,304,749	428,515,693
<i>Adjustments for :</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Current and Non-Current Assets	(7,491,939,886)	(5,224,702,602)
<i>Adjustments for (increase) / decrease in operating liabilities:</i>		
Current and Non-Current Liabilities	<u>227,157,254</u>	<u>(46,012,572)</u>
Cash Used in Operations	(6,540,477,883)	(4,842,199,481)
Income tax paid	<u>(251,504,058)</u>	<u>(120,183,480)</u>
Net Cash Used in Operating Activities (A)	<u>(6,791,981,941)</u>	<u>(4,962,382,961)</u>
B. Cash flow from investing activities		
Purchase of Fixed Assets	(6,155,550)	(4,943,110)
Sale of Fixed Assets	11,680	—
Purchase of current investments	(710,000,000)	(710,000,000)
Sale of current investments	713,794,168	710,973,821
Bank balances not considered as Cash and cash equivalents [Deposit with original maturity of more than 3 months]		
— Placed	(13,000,000)	(13,000,000)
— Matured	<u>13,000,000</u>	<u>12,800,000</u>
Net Cash Used in Investing Activities (B)	<u>(2,349,702)</u>	<u>(4,169,289)</u>

Cash Flow Statement for the Year Ended March 31, 2016 (Continued)

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
C. Cash flow from financing activities		
Short Term Borrowings [Net]	2,197,684,945	(420,672,758)
Long Term Borrowings		
— Taken during the year	8,320,000,000	7,100,000,000
— Repaid during the year	(3,746,751,317)	(1,818,559,332)
Dividend on Compulsorily Convertible Preference Shares	(80,396)	—
Net Cash From Financing Activities (C)	6,770,853,232	4,860,767,910
Net Increase/(Decrease) in Cash and cash equivalents (A+B+C)	(23,478,411)	(105,784,340)
Cash and cash equivalents at the beginning of the year	68,568,095	174,352,436
Cash and cash equivalents at the end of the year	45,089,684	68,568,096
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and Bank balance as per Balance Sheet [Refer Note 16]	58,089,684	81,568,095
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements [Deposits with original maturity of more than 3 months]	13,000,000	13,000,000
Cash and cash equivalents at the end of the year [as defined in AS 3 Cash Flow Statements] included in Note 16	45,089,684	68,568,095

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

G.K. Subramaniam
Partner

MUMBAI
April 18, 2016

Directors

V.S. Rangan
Chairman
(DIN:00030248)

Madhumita Ganguli
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Subodh Salunke
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Managing Director & CEO
(DIN:00694444)

Sebastian Fernandez
Chief Financial Officer
(FCA:112793)

Shivangi Dave
Company Secretary
(ACS:26498)

Notes forming part of the financial statements

1. CORPORATE INFORMATION

Credila Financial Services Private Limited (the “Company”) is engaged in the business of originating, funding and servicing loans for the education of Indian students in India and Overseas 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 Systematically Important Non-deposit taking Non-Banking Financial Company (“NBFC”).

2. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Accounting and Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (the “2013 Act”), as applicable, so far as these are not inconsistent with Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (prudential norms) issued by the Reserve Bank of India (RBI). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(ii) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

(iii) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation/amortisation and impairment loss, if any. Cost comprises of purchase/acquisition price, import duties, non-refundable taxes, duties, freight and directly attributed cost of bringing the assets to its working condition for its intended use.

The cost of internally generated software comprises all expenditure that can be directly attributed or allocated on a reasonable and consistent basis to create the software for its intended use.

Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, is recognised.

Capital work-in-progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.

(iv) Depreciation/Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

(a) Tangible Assets

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Computers and data processing equipment which are depreciated over 4 years in whose case the life of the assets has been assessed as under 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.

Notes forming part of the financial statements (Continued)

- (b) **Intangible Assets**
Intangible assets are amortised over their estimated useful life as follows:
Education Loan Software (Internally generated) & Other software is amortised over the period of five years on straight line method.
- (c) Fixed Assets would exclude minor items that are generally regarded as expendable, repair part or supply even though their useful lives may extend beyond one year. Any items which have cost less than one thousand per unit & even though it has an extended useful life beyond one year would not be treated as Fixed Asset.
- (v) **Revenue Recognition**
- (a) Interest on Education Loans
Interest income is recognised in the Statement of Profit and Loss as it accrues except in case of non-performing assets (NPAs) it is recognised, upon realisation, as per the prudential norms of RBI.
- (b) Interest on Deposits
Interest on Deposits is recognised on accrual basis.
- (c) Front End Origination Fees
Front end origination fees on loans is collected towards processing of loan and documentation charges. This is recognised as income when the amount become due and there is no uncertainty in realisation.
- (d) Commission Income
Income from Commission includes [i] fees received from the Authorised Dealers on referral of foreign exchange and travel insurance business, [ii] income on sourcing of home loan and fixed deposits to Holding Company. The Company recognise commission income in accordance with the terms of the relevant agreement.
- (e) Dividend Income is accounted as and when right to receive dividend is established.
- (f) Other fees represents Pre-payment charges for foreclosure of loan taken by borrowers, 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.
- (vi) **Investments**
Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.
Current investments are carried individually, at the lower of cost and fair value.
Cost of investments include acquisition charges such as brokerage, fees and duties.
- (vii) **Foreign Currency Transactions and Translations**
Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Foreign currency monetary items as at the Balance Sheet date are restated at the year end rates. Exchange differences arising on realisation and year end restatements are recognised as income or expense in the Statement of Profit and Loss.
- (viii) **Borrowing Cost**
Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.

Notes forming part of the financial statements (Continued)

(ix) Employee Benefits

(a) Provident Fund

The company's contribution paid/payable during the year towards Provident Fund are charged to statement of profit & loss every year.

(b) Gratuity & Compensated Absences

The Company's liability towards gratuity and compensated absences is determined on the basis of actuarial valuation done by an independent actuary. The actuarial gains and losses determined by the actuary are recognised immediately in the Statement of Profit and Loss as an income or expense.

(x) Leases

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 under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

(xi) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax ("MAT") paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set-off.

Deferred tax assets are reviewed at each balance sheet date for their realisability.

(xii) Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(xiii) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(xiv) Earnings Per Share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Notes forming part of the financial statements (Continued)

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented.

(xv) Provisions for Non-Performing Assets (“NPAs”)

Provisions for Non-Performing Assets comprising of Education Loans are made based on the prudential norms issued by the Reserve Bank of India.

Provision for contingencies is made in respect of Standard Assets comprising of Education Loans based on the guidelines issued by the Reserve Bank of India (RBI). This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Company’s management considers adequate, after consideration of the prescribed minimum under RBI guidelines, to absorb credit related losses in its portfolio of loan items after individual allowances or write-offs.

(xvi) Service Tax Input Credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

(xvii) Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. SHARE CAPITAL

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	₹	Number of Shares	₹
Authorised				
Equity Shares of ₹ 10 each with voting rights	65,000,000	650,000,000	65,000,000	650,000,000
Compulsorily Convertible Preference Shares (“CCPS”) of ₹ 10 each	85,000,000	850,000,000	85,000,000	850,000,000
Total	150,000,000	1,500,000,000	150,000,000	1,500,000,000
Issued, Subscribed and Fully Paid up				
Equity Shares of ₹ 10 each with voting rights	53,742,003	537,420,030	53,742,003	537,420,030
Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up	66,999,956	669,999,560	66,999,956	669,999,560
Total	120,741,959	1,207,419,590	120,741,959	1,207,419,590

Notes forming part of the financial statements (Continued)

3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	Equity Shares			
	As at March 31, 2016		As at March 31, 2015	
	Number of Shares		Number of Shares	
Shares outstanding at the beginning of the year	53,742,003	537,420,030	53,742,003	537,420,030
Shares outstanding at the end of the year	53,742,003	537,420,030	53,742,003	537,420,030

Particulars	Compulsorily Convertible Preference Shares			
	As at March 31, 2016		As at March 31, 2015	
	Number of Shares		Number of Shares	
Shares outstanding at the beginning of the year	66,999,956	669,999,560	66,999,956	669,999,560
Shares outstanding at the end of the year	66,999,956	669,999,560	66,999,956	669,999,560

3.2 a) 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

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.

Terms of Conversion of Compulsorily Convertible Preference Shares :

- 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. March 28, 2014.
- 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. February 27, 2012 and 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. September 2, 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. September 2, 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. September 2, 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. September 2, 2013.

Notes forming part of 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. August 30, 2013.
- 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. August 13, 2012.
- 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. July 6, 2012.
- 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. April 30, 2012.

b) **The rights, preferences and restrictions attached to equity shares including restrictions of distribution of dividends and the repayment of capital**

The Company has only one class of equity shares having a par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share. Also each shareholder has right to receive dividend as and when declared by the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing 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.

3.3 Details of the shares held by each shareholder holding more than 5% shares/the holding company:

(a) Particulars	Equity Shares			
	As at March 31, 2016		As at March 31, 2015	
	Number of Shares Held	% Holding	Number of Shares Held	% Holding
Housing Development Finance Corporation Limited - Holding Company	42,272,003	78.66%	42,272,003	78.66%
Mr. Anil Bohora	5,735,000	10.67%	5,735,000	10.67%
Mr. Ajay Bohora	5,735,000	10.67%	5,735,000	10.67%
Total	53,742,003	100%	53,742,003	100%

(b) Particulars	Compulsorily Convertible Preference Shares			
	As at March 31, 2016		As at March 31, 2015	
	Number of Shares Held	% Holding	Number of Shares Held	% Holding
Housing Development Finance Corporation Limited - Holding Company	66,999,956	100%	66,999,956	100%

Notes forming part of the financial statements (Continued)

4. RESERVES AND SURPLUS

	As at March 31, 2016	As at March 31, 2015
(a) Securities Premium	96,959,966	96,959,966
	<u>96,959,966</u>	<u>96,959,966</u>
(b) Special Reserve [under section 45-IC (1) of the Reserve Bank of India Act, 1934]		
Opening Balance	112,080,000	56,480,000
Add: Transfer from the Statement of Profit and Loss	90,130,000	55,600,000
	<u>202,210,000</u>	<u>112,080,000</u>
(c) Surplus/(Deficit) in Statement of Profit and Loss		
Opening Balance	129,786,769	(92,505,963)
Add: Profit for the year	450,643,124	277,973,128
	<u>580,429,893</u>	<u>185,467,165</u>
Less: Appropriations during the year		
Transfer to Special Reserve [under section 45-IC (1) of the Reserve Bank of India Act, 1934]	90,130,000	55,600,000
Dividend on Compulsorily Convertible Preference Shares	67,000	67,000
Dividend Distribution Tax	13,640	13,396
	<u>490,219,253</u>	<u>129,786,769</u>
Total	<u><u>789,389,219</u></u>	<u><u>338,826,735</u></u>

5. LONG-TERM BORROWINGS

	As at March 31, 2016	As at March 31, 2015
Debentures		
— Secured [Refer Note 5.1]		
Non Convertible Debentures	4,000,000,000	—
— Unsecured [Refer Note 5.1]		
Non-Convertible Subordinated Debentures from		
— Holding Company [Refer Note 24.3]	—	790,000,000
— Other	1,000,000,000	—
Non Convertible Perpetual Debt Instruments	1,500,000,000	1,000,000,000
	<u>6,500,000,000</u>	<u>1,790,000,000</u>
Term loans from banks		
— Secured [Refer Note 5.2]	10,054,729,351	10,574,280,668
Total	<u><u>16,554,729,351</u></u>	<u><u>12,364,280,668</u></u>

Notes forming part of the financial statements (Continued)

5.1 Terms of redemption of debentures :

(a) Debentures - Secured

Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
8.99% - 9.00%	4,000,000,000	—	—	4,000,000,000
Previous Year	—	—	—	—
Total	4,000,000,000	—	—	4,000,000,000
Previous Year	—	—	—	—

(b) Debentures - Unsecured

Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
09.30% - 11.99%	—	—	2,500,000,000	2,500,000,000
Previous Year (10.01% - 11.99%)	—	—	(1,000,000,000)	(1,000,000,000)
12.00% - 12.75%	—	—	—	—
Previous Year 12.00% - 12.75%	(200,000,000)	(590,000,000)	—	(790,000,000)
Total	—	—	2,500,000,000	2,500,000,000
Previous Year	(200,000,000)	(590,000,000)	(1,000,000,000)	(1,790,000,000)

- (c) During the year, the Company raised ` 400,00,00,000 (Previous Year ` Nil) 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 and related collaterals.
- (d) During the year, Company got No Objection from Reserve Bank Of India for the replacement of subordinated debt with similar instrument. Accordingly, Company has issued subordinated debt of ` 100,00,00,000 and repaid subordinated debt of ` 79,00,00,000. As on March 31, 2016 the Company's outstanding subordinated debt is ` 100,00,00,000 (Previous Year ` 79,00,00,000). These 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 March 31, 2016, 100% (Previous Year 57.47%) of the book value of the Subordinated Debt is considered as Tier II Capital for the purpose of the Capital Adequacy Computation.
- (e) During the year, the Company raised ` 50,00,00,000 (Previous Year ` 100,00,00,000) through issue of Perpetual Debt Instruments. ` 22,91,64,153 (Previous Year ` 19,00,96,298) of Perpetual Debt Instrument qualifies as Tier I Capital under RBI guidelines.

5.2 Repayment Terms of Term Loans:

(a) Term Loans - Secured

Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
From Scheduled Banks				
Rates of Interest				
09.65% - 09.95%	4,923,920,000	3,370,320,000	1,760,489,351	10,054,729,351
Previous Year (10.00% - 10.75%)	(4,648,448,571)	(3,737,005,714)	(2,188,826,383)	(10,574,280,668)
Total	4,923,920,000	3,370,320,000	1,760,489,351	10,054,729,351
Previous Year	(4,648,448,571)	(3,737,005,714)	(2,188,826,383)	(10,574,280,668)

- (b) All term loans from banks are secured by *pari passu* charge by way of hypothecation of education loan receivables of the Company's underlying portfolio of education loans and related collaterals.

Notes forming part of the financial statements (Continued)

6. LONG-TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
— Gratuity [Refer Note 20.2 (ii)]	6,662,139	6,096,695
	<u>6,662,139</u>	<u>6,096,695</u>
Others		
— Contingent provisions against standard assets [Refer Note 6.1 & 6.2]	73,897,443	42,922,476
	<u>73,897,443</u>	<u>42,922,476</u>
Total	<u><u>80,559,582</u></u>	<u><u>49,019,171</u></u>
 6.1 Contingent Provisions against standard assets	 FY 2015-16	 FY 2014-15
Opening Provision	42,922,476	29,922,930
Additional Provision	30,974,967	12,999,546
Utilisation/Reversal	—	—
Closing Provision	<u>73,897,443</u>	<u>42,922,476</u>
 6.2 The Company has made an additional standard asset provision of ₹ 1,23,16,240 for year ended March 31, 2016. As specified in RBI circular No. DNBR (PD) CC. No. 043/03.10.119/2015-16 dated July 01, 2015, the company has made provision @ 0.30% of the standard assets as compared to the provision made @ 0.25% of the standard assets during last year.		
 7. OTHER LONG TERM LIABILITIES	 As at March 31, 2016	 As at March 31, 2015
Instalments on education loans received in advance [Including interest received in advance]	1,749,514	1,824,618
Lease equalisation [Refer Note 22.3]	4,852	53,475
Total	<u><u>1,754,366</u></u>	<u><u>1,878,093</u></u>
 8. SHORT-TERM BORROWINGS	 As at March 31, 2016	 As at March 31, 2015
Loans repayable on demand from banks		
— Book Overdraft - Unsecured	—	661,405
Other Loans and Advances		
— Commercial papers - Unsecured [Unexpired Discount ₹ 7,42,33,100 (Previous Year: ₹ 2,25,79,450)]	4,175,766,900	1,977,420,550
Total	<u><u>4,175,766,900</u></u>	<u><u>1,978,081,955</u></u>

Notes forming part of the financial statements (Continued)

9. TRADE PAYABLES	As at March 31, 2016	As at March 31, 2015
Trade payables other than acceptances		
— Payable to MSMED [Refer Notes 9.1]	—	83,476
— Payable to vendors [Refer Notes 9.1 & 9.2]	5,309,574	7,127,803
— Provisions for expenses	44,319,037	18,258,324
Total	49,628,611	25,469,603

9.1 There is no interest paid/payable during the year by the Company to suppliers covered under the MSMED. This information takes into account those suppliers who have responded to the enquiries made by the Company for this purpose.

9.2 The year end foreign currency exposure that are not hedged by a derivative instrument or otherwise are as follows:

Particulars	As at March 31, 2016	As at March 31, 2015
Payables		
— USD	13,003	3,054
— Equivalent Indian Rupees	862,500	191,152

10. OTHER CURRENT LIABILITIES	As at March 31, 2016	As at March 31, 2015
Current maturities of long-term borrowings		
— Term loans from Banks - Secured [Refer Note 10.1]	1,664,960,000	1,282,160,000
Interest accrued and due	11,883,625	26,663,216
Interest accrued but not due	273,091,733	53,160,270
Instalments on education loans received in advance (including interest received in advance)	43,908,353	47,940,228
Statutory dues	3,226,369	1,564,319
Lease equalisation [Refer 22.3]	56,251	16,965
Stale cheques	124,741	120,953
Total	1,997,251,072	1,411,625,951

10.1 All term loans from banks are secured by *paripassu* charge by way of hypothecation of education loan receivables of the Company's underlying portfolio of education loans and related collaterals.

11. SHORT-TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
— Compensated absences [Refer Note 20.1]	2,526,288	1,764,088
Provision for Income Tax [Net of Advance Tax ` 5,17,69,881 (Previous Year ` 5,17,69,881)]	230,119	230,119
Proposed Dividend on Compulsorily Convertible Preference Shares	67,000	67,000
Dividend Distribution Tax	13,640	13,396
Total	2,837,047	2,074,603

Notes forming part of the financial statements (Continued)

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Particulars	Gross Block			Accumulated depreciation/amortisation			Net Block		
	As at April 1, 2015	Additions During the year	Deletions/ Write-off During the year	As at March 31, 2016	As at April 1, 2015	For the year	Deletions/ Write-off during the year	As at March 31, 2016	As at March 31, 2015
A Tangible Assets:									
Office equipment	3,155,407	369,686	284,339	3,240,754	1,863,343	632,155	275,114	1,020,370	1,292,064
Previous Year	(2,406,042)	(759,965)	(10,600)	(3,155,407)	(1,204,893)	(667,403)	(8,953)	(1,292,064)	(1,201,149)
Computers	17,546,677	5,223,547	575,317	22,194,907	13,396,517	2,220,611	573,837	7,151,617	4,150,160
Previous Year	(15,524,152)	(2,925,540)	(261,553)	(18,188,139)	(8,819,247)	(5,472,135)	(253,405)	(4,150,160)	(6,723,623)
Furniture & Fixtures	5,667,771	452,294	175,223	5,944,842	2,606,129	679,779	156,614	2,815,548	3,061,641
Previous Year	(5,035,641)	(739,314)	(107,184)	(5,667,771)	(2,074,194)	(630,806)	(98,872)	(3,061,642)	(2,961,447)
Sub-total (A)	26,369,855	6,045,527	1,034,879	31,380,503	17,865,989	3,532,545	1,005,565	10,987,535	8,503,865
Previous Year	(22,965,835)	(4,424,819)	(379,337)	(27,011,317)	(12,098,334)	(6,770,344)	(361,230)	(8,503,866)	(10,886,219)
B Intangible Assets:									
Education Loan Software (Internally Generated)	6,934,600	—	—	6,934,600	6,934,600	—	—	6,934,600	—
Previous Year	(6,934,600)	—	—	(6,934,600)	(5,889,660)	(1,044,940)	—	(6,934,600)	(1,044,940)
Other Software	1,178,472	110,023	323,727	964,768	674,445	160,389	323,727	453,661	504,027
Previous Year	—	(537,011)	—	(537,011)	—	(32,983)	—	(504,027)	—
Sub-total (B)	8,113,072	110,023	323,727	7,899,368	7,609,045	160,389	323,727	453,661	504,028
Previous Year	(6,934,600)	(537,011)	—	(7,471,611)	(5,889,660)	(1,077,923)	—	(504,027)	(1,044,940)
Total (A+B)	34,482,927	6,155,550	1,358,606	39,279,871	25,475,034	3,692,934	1,329,292	11,441,196	9,007,893
Previous Year	(29,900,435)	(4,961,830)	(379,337)	(34,482,928)	(17,987,994)	(7,848,267)	(361,230)	(9,007,893)	(11,931,159)

Notes forming part of the financial statements (Continued)

13. In compliance with Accounting Standard relating to "Accounting for Taxes on Income" (AS-22), the Company has taken credit of ₹ 1,30,00,000 (Previous Year ₹ 1,80,00,000) in the Statement of Profit and Loss for the year ended March 31, 2016 towards deferred tax asset (net) for the year, arising on the account of timing differences. Major components of deferred tax assets and liabilities are:

Deferred Tax Assets	As at March 31, 2016	As at March 31, 2015
Deferred Tax Liability		
Depreciation	560,438	175,984
Deferred Tax Assets		
Compensated Absences	874,298	610,516
Gratuity	2,505,633	1,879,987
Provision for non performing assets	2,293,879	830,871
Contingent provisions against standard assets	25,886,628	14,854,610
	<u>31,560,438</u>	<u>18,175,984</u>
Total	<u>31,000,000</u>	<u>18,000,000</u>

- 13.1 Deferred tax assets are recognised only to the extent that there are timing differences and there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

14. LONG-TERM LOANS AND ADVANCES	As at March 31, 2016	As at March 31, 2015
Receivable under Financing Activity - Education Loans [Refer Note 14.1]		
— Secured [Refer Notes 14.2, 14.4 & 14.5]	12,395,464,682	9,151,394,966
— Unsecured [Refer Notes 14.4 & 14.6]	10,702,561,606	6,828,300,031
	<u>23,098,026,288</u>	<u>15,979,694,997</u>
Less: Provision for Non-Performing Loans [Refer Note 27.2]	6,050,275	2,400,807
	<u>23,091,976,013</u>	<u>15,977,294,190</u>
Others [Unsecured, considered good]		
— Loan & Advances	165,000	165,000
— Capital Advances	25,008	—
— Advance payments of Income tax [Net of provision of ₹ 38,73,00,000 (Previous Year ₹ 13,63,00,000)]	2,855,296	2,351,239
— Security Deposits		
Related Party	200,000	—
Others	5,621,998	8,921,485
	<u>8,867,302</u>	<u>11,437,724</u>
Total	<u>23,100,843,315</u>	<u>15,988,731,914</u>

Notes forming part of the financial statements (Continued)

	As at March 31, 2016	As at March 31, 2015
14.1 Of the above		
— Considered good -Standard assets	23,084,640,744	15,970,434,006
— Others — Sub-standard assets	9,129,279	7,622,427
— Others — Doubtful assets	4,256,265	1,638,564
14.2 Secured Loans granted by the Company are secured or partly secured by:		
(a) Immovable Property and/or		
(b) Fixed Deposits and/or		
(c) Life Insurance Policies.		
14.3 Undisbursed Commitments in respect of the education loan agreements amount to ` 5,79,83,89,983 (Previous Year ` 4,68,31,05,655). However the Company has unconditional right under the loan agreements to cancel these commitments at any time.		
14.4 Includes current portion of interest accrued but not due on Education Loans which is not readily ascertainable.		
14.5 Includes interest accrued but not due on Education Loans amounting to ` 37,53,60,406 (Previous Year ` 18,51,98,778) to be converted in to Education Loans (secured) at future date.		
14.6 Includes interest accrued but not due on Education Loans amounting to ` 24,68,55,708 (Previous Year ` 8,95,43,730) to be converted in to Education Loans (unsecured) at future date.		
14.7 During the period, the Company has changed its NPA provisioning policy pursuant to which loans outstanding for a period exceeding 150 days are classified as non-performing assets. There is no material impact on the results on account of this change.		
15. TRADE RECEIVABLE	As at March 31, 2016	As at March 31, 2015
Sundry Debtors [Unsecured, considered good] [less than six months from the date they become due]	3,491,206	889,046
Total	3,491,206	889,046
16. CASH AND BANK BALANCES	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents		
Balances with Bank		
— In current accounts	44,239,684	66,068,095
— In deposits accounts	850,000	2,500,000
	45,089,684	68,568,095
Other bank balances		
— In deposits accounts [Refer Note 16.1]	13,000,000	13,000,000
	13,000,000	13,000,000
Total	58,089,684	81,568,095
16.1 Deposits of ` 1,20,00,000 (Previous Year ` 1,20,00,000) are marked as lien for overdraft facility from Punjab National Bank.		

Notes forming part of the financial statements (Continued)

17. SHORT-TERM LOANS AND ADVANCES	As at March 31, 2016	As at March 31, 2015
Current maturities of Long Term Receivable under Financing Activity - Education Loans [Considered good]		
– Secured [Refer Notes 14.2 & 14.4]	743,763,261	541,247,859
– Unsecured [Refer Note 14.4]	800,168,957	654,099,005
	<u>1,543,932,218</u>	<u>1,195,346,864</u>
Amounts due from borrowers [Considered Good]		
– Secured [Refer Note 14.2]	2,007,705	1,307,586
– Unsecured	1,900,077	1,901,628
Others - [Unsecured, considered good]		
– Security deposits	4,962,500	1,250,000
– Loan and advances to employees	1,323,806	828,244
Other Loans and advances (Unsecured, considered good)		
– Service tax input credit receivable	138,539	97,217
– Prepaid expenses		
Related party [Refer Note 24.3]	250,525	149,814
Others	3,329,129	1,232,603
– Others		
Related party [Refer Note 24.3]	14,668	17,864
Others	159,594	572,412
	<u>14,086,543</u>	<u>7,357,368</u>
Total	<u><u>1,558,018,761</u></u>	<u><u>1,202,704,232</u></u>
18. OTHER CURRENT ASSETS	As at March 31, 2016	As at March 31, 2015
Interest accrued but not due on Education Loans	93,453,038	75,950,475
Interest accrued and due on Education Loans	2,232,250	975,230
Interest accrued but not due on bank deposits	766,288	849,484
Total	<u><u>96,451,576</u></u>	<u><u>77,775,189</u></u>

Notes forming part of the financial statements (Continued)**19. REVENUE FROM OPERATIONS**

	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Interest		
– Interest on Education Loans	2,791,555,548	1,999,637,324
– Interest on Fixed Deposits with Banks	1,210,116	1,402,383
	<u>2,792,765,664</u>	<u>2,001,039,707</u>
Dividend Income from Current Non-Trade Investments	3,794,168	973,821
Other financial services		
– Front End Origination Fees [Refer Note 19.1]	134,438,480	100,803,704
– Commission [Refer Note 24.2]	61,823,691	36,094,298
– Other Fees	12,629,832	13,358,430
	<u>208,892,003</u>	<u>150,256,432</u>
Total	<u><u>3,005,451,835</u></u>	<u><u>2,152,269,961</u></u>

19.1 Front End Origination Fees is net of the amounts paid to Direct Selling Agents ` 3,46,81,380 (Previous Year ` 2,25,91,475)

20. EMPLOYEE BENEFIT EXPENSES

	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Salaries and Bonus [Refer Note 20.1]	162,076,997	127,839,716
Contribution to provident fund [Refer Note 20.2]	5,861,686	5,027,905
Gratuity [Refer Note 20.2 (ii)]	1,834,675	3,501,620
Staff welfare expenses [Refer Note 24.2]	5,060,999	4,422,164
Total	<u><u>174,834,357</u></u>	<u><u>140,791,405</u></u>

20.1 Salaries and Bonus include ` 7,62,200 (Previous Year ` 4,34,702) towards provision made in respect of accumulated compensated absences which is in the nature of Long Term Employee Benefits and has been actuarially determined as per Accounting Standard 15 -"Employee Benefits".

Notes forming part of the financial statements (Continued)

20.2 Employee Benefits

As required by Accounting Standard 15 - "Employee Benefits", the following disclosures have been made :

i) 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 ₹ 58,61,686 (Previous Year ₹ 50,27,905) for Provident Fund contributions and ₹ 18,085 (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.

ii) Defined Benefit Plan

(a) 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. Vesting occurs upon completion of five year of service.

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

	2015-16	2014-15
I. Components of employer expense		
1. Current Service cost	1,862,701	1,088,446
2. Interest Cost	448,195	359,005
3. Expected Return on Plan Assets	(48,618)	5,277
4. Actuarial Loss/(Gain)	(427,603)	1,985,061
5. Losses/(Gains) on Curtailments & Settlement	—	63,831
6. Total expense recognised in the Statement of Profit and Loss	<u>1,834,675</u>	<u>3,501,620</u>
	2015-16	2014-15
II. Net liability recognised in the Balance Sheet		
1. Present Value of Defined Benefit Obligation	8,496,671	6,704,416
2. Fair Value of Plan Assets	1,834,532	607,721
3. Net liability recognised in the Balance Sheet	<u>6,662,139</u>	<u>6,096,695</u>
— Short-term provisions	2,063,076	1,916,647
— Long-term provisions	<u>4,599,063</u>	<u>4,180,048</u>
	2015-16	2014-15
III. Changes in Defined Benefit Obligation		
1. Present value of Defined Benefit Obligation as at the beginning of the year	6,704,416	4,011,065
2. Current Service Cost	1,862,701	1,088,446
3. Interest Cost	448,195	359,005
4. Actuarial Gain	(449,410)	1,990,338
5. Prior Year Charges	—	63,831
6. Benefits paid	(69,231)	(808,269)
7. Present value of Defined Benefit Obligation as at the end of the year	<u>8,496,671</u>	<u>6,704,416</u>

Notes forming part of the financial statements (Continued)

	2015-16	2014-15			
IV. Reconciliation of Liability					
1. Opening Net Liability	6,096,695	4,011,065			
2. Expenses Recognised	1,834,675	3,501,620			
3. Benefits Paid	(69,231)	(808,269)			
4. Contribution to Plan Assets	(1,200,000)	(607,721)			
5. Amount recognised in the Balance Sheet under Provision for Employee Benefits	6,662,139	6,096,695			
– Short-term provisions	2,063,076	1,916,647			
– Long-term provisions	4,599,063	4,180,048			
	2015-16	2014-15			
V. Reconciliation of Plan Assets					
1. Opening Value of Plan Assets	607,721	–			
2. Expenses incurred in the Fund	–	–			
3. Expected return	48,618	(5,277)			
4. Actuarial gains and (losses)	(21,807)	5,277			
5. Contribution by employer	1,200,000	607,721			
6. Benefits paid	–	–			
Closing Value of Plan Assets	1,834,532	607,721			
	2015-16	2014-15			
VI. Actual Return on Plan Assets					
1. Expected Return on Plan Assets	48,618	–			
2. Actuarial Gain on Plan Assets	(21,807)	(5,277)			
3. Actual Return on Plan Assets	–	5,277			
	2015-16	2014-15			
VII. Actuarial Assumptions					
1. Discount Rate	7.80%	7.80%			
2. Return on Plan Assets	7.80%	8.00%			
3. Attrition Rate	1% - 5%	1% - 5%			
4. Salary escalation Rate	7.00%	7.00%			
5. Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult.				
VIII.	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.				
IX. Experience Adjustments	2015-16	2014-15	2013-14	2012-13	2011-12
1. Present value of Defined Benefit Obligation	8,496,671	6,704,416	4,011,065	3,114,313	2,254,020
2. Present value of Defined Benefit Assets	1,834,532	607,721	–	–	–
3. Experience adjustment on Plan Liabilities	(449,410)	284,744	345,929	(306,613)	(13,032)
	2015-16	2014-15			
X. Investment Pattern					
Policy of Insurance	100%	100%			
Total	100%	100%			

Notes forming part of the financial statements (Continued)

21. FINANCE COSTS	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Interest expenses on		
– Loans	1,128,907,166	991,749,235
– Debentures [Refer Note 24.2]	384,210,287	151,173,634
– Commercial Papers	348,056,351	233,600,838
	<u>1,861,173,804</u>	<u>1,376,523,707</u>
Other borrowing costs	18,631,515	9,514,805
Total	<u><u>1,879,805,319</u></u>	<u><u>1,386,038,512</u></u>
22. OTHER EXPENSES	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Electricity expenses	3,410,898	2,829,179
Rent [Refer Note 22.3]	19,657,669	17,321,201
Repairs and maintenance - Others	3,184,831	3,892,302
Computer expenses [Refer Note 22.2]	5,025,721	5,177,767
Corporate Social Responsibility expenses [Refer Note 29]	4,871,000	1,657,000
Insurance	82,580	39,268
Rates and taxes	2,302,399	3,110,286
Travelling and Conveyance	13,448,853	12,344,241
Postage, Telephone and Bandwidth charges	8,582,524	8,107,797
Advertisement and Sales Promotion expenses [Refer Note 22.2 & 24.2]	30,205,369	31,195,782
Outsourcing charges	82,159,172	69,635,525
Professional fees [Refer Note 22.2]	27,834,169	23,761,991
Loss on Fixed Assets discarded	17,632	18,107
Education Loans written off	90,000	854,432
Auditors' Remuneration [Refer Note 22.1]	2,543,650	1,734,995
Net loss on foreign currency transaction and translation	87,317	51,515
Directors' insurance [Refer Note 24.2]	179,847	171,725
Directors' fees	1,670,000	780,000
Interest on Delayed Payment of Statutory Charges	32,940	178,628
Miscellaneous expenses	18,465,095	16,490,121
Total	<u><u>223,851,666</u></u>	<u><u>199,351,862</u></u>

Notes forming part of the financial statements (Continued)

22.1 Auditors' Remuneration comprises of:

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
— Audit fees	1,000,000	1,000,000
— For other services	1,540,000	734,995
— For reimbursement of expenses	3,650	-
— Service tax	123,600	76,014
— Less: Service tax input credit availed	(61,800)	(38,007)
— Less: Service tax input credit expensed	(61,800)	(38,007)
Total	2,543,650	1,734,995

22.2 Expenditure in foreign currency

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Professional fees	468,734	284,580
Advertisement and Sales Promotion expenses	7,422,987	9,038,865
Computer expenses	3,228,630	3,697,988

22.3 Lease Obligations

In accordance with the Accounting Standard 19 - "Leases" the Company has entered into operating lease arrangements for office premises. The certain leases are cancellable after completion of the notice period of 1 month to 2 months and are for a period of 2 to 3 years and may be renewed for a further period of 0 to 3 years based on mutual agreement of both the parties. The lease agreements provide for an increase in the lease payments by 7% to 10% every year.

Particulars	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Lease payments recognised in the Statement of Profit and Loss	18,124,004	16,280,525
The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:		
(i) Not later than one year	6,969,062	6,951,114
(ii) Later than one year and not later than five years	4,653,928	10,304,592

23. SEGMENT REPORTING

The Company is primarily engaged in providing Education Loans in India. As such, there are no separate reportable segments, as per Accounting Standard on "Segment Reporting" (AS-17).

Notes forming part of the financial statements (Continued)

24. RELATED PARTY DISCLOSURES

As per the Accounting Standard on "Related Party Disclosure" (AS-18), following disclosure are made:

24.1 Details of Related Parties

- 1 Holding Company
Housing Development Finance Corporation Limited
- 2 Fellow subsidiaries with whom transactions have taken place
HDFC ERGO General Insurance Company Limited
HDFC Standard Life Insurance Company Limited
- 3 Key Management Personnel
Mr. Anil Bohora, Managing Director (Brother of Mr. Ajay Bohora)
Mr. Ajay Bohora, Managing Director & CEO (Brother of Mr. Anil Bohora)

24.2 The nature and volume of transactions of the Company with the above Related Parties were as follows:

Particulars	Holding Company		Fellow Subsidiaries		Key Management Personnel		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
1 Issue of Non Convertible Debentures [NCD]	–	50,000,000	–	–	–	–	–	50,000,000
2 Repayment of Non Convertible Debentures [NCD]	790,000,000	–	–	–	–	–	790,000,000	–
3 Interest on Non Convertible Debentures [NCD]	52,743,089	99,153,087	–	–	–	–	52,743,089	99,153,087
4 Commission received for sourcing Home Loans	660,665	210,869	–	–	–	–	660,665	210,869
5 Commission received for sourcing of Fixed Deposits	776,251	–	–	–	–	–	776,251	–
6 Directors' Insurance	–	–	179,847	171,725	–	–	179,847	171,725
7 Staff Welfare Expenses	–	–	1,089,538	848,108	–	–	1,089,538	848,108
8 Gratuity Funding	–	–	1,200,000	–	–	–	1,200,000	–
9 Advertisement and Sales Promotion expenses	–	59,529	–	–	–	–	–	59,529
10 Preference Share Dividend Paid	67,000	–	–	–	–	–	67,000	–
11 Preference Share Dividend Provided	67,000	67,000	–	–	–	–	67,000	67,000
12 Remuneration								
- Ajay Bohora	–	–	–	–	10,005,000	4,005,000	10,005,000	4,005,000
- Anil Bohora	–	–	–	–	10,005,000	4,005,000	10,005,000	4,005,000

24.3 Balance outstanding at the end of the year

Particulars	Holding Company		Fellow Subsidiaries		Key Management Personnel		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
1 Non Convertible Debentures [NCD]	–	790,000,000	–	–	–	–	–	790,000,000
2 Advance Employee Health Insurance Premium	–	–	14,668	15,643	–	–	14,668	15,643
3 Employee Health Insurance Premium (Prepaid Expense)	–	–	108,808	–	–	–	108,808	–
4 Advance for Employee Training	–	–	–	2,221	–	–	–	2,221
5 Directors' Insurance Premium (Prepaid Expense)	–	–	141,717	149,814	–	–	141,717	149,814
6 Security Deposit	–	–	200,000	–	–	–	200,000	–
7 Preference Share Dividend Provision	67,000	67,000	–	–	–	–	67,000	67,000
8 Remuneration payable								
- Ajay Bohora	–	–	–	–	6,000,000	–	6,000,000	–
- Anil Bohora	–	–	–	–	6,000,000	–	6,000,000	–

Notes forming part of the financial statements (Continued)**25. EARNINGS PER SHARE**

In accordance with the Accounting Standard 20 - "Earnings Per Share", following disclosures are made:

Particulars	Units	2015-16	2014-15
Profit After Tax	`	450,562,484	277,892,732
Weighted Average Number of Equity Shares for calculating Basic Earnings Per Share	Numbers	53,742,003	53,742,003
Weighted Average Number of Equity Shares for calculating Diluted Earnings Per Share	Numbers	108,737,694	108,737,694
Earnings Per Share			
– Basic	`	8.38	5.17
– Diluted	`	4.14	2.56

i) In calculating the Basic Earnings Per Share, the Profit After Tax of ` 45,06,43,124 (Previous Year ` 27,79,73,128) has been adjusted for amounts utilised for Preference Shares Dividend & Dividend Distribution Tax on Preference Shares Dividend of ` 80,640 (Previous Year ` 80,396).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax of ` 45,05,62,484 (Previous Year ` 27,78,92,732) and the weighted average number of shares during the year of ` 5,37,42,003 (Previous Year 5,37,42,003).

ii) Weighted average number of shares outstanding during the year for Diluted Earnings Per Share:

Particulars	2015-16 Numbers	2014-15 Numbers
Weighted average number of shares of ` 10 each outstanding during the year – for calculating Basic Earnings Per Share	53,742,003	53,742,003
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	108,737,694	108,737,694

26. Disclosures pursuant to Reserve Bank of India Circular: DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015, to the extent applicable to the Company.

26.1 Capital to Risk Assets Ratio (CRAR)

Items	2015-16	2014-15
CRAR (%)	18	18
CRAR - Tier I capital (%)	9	10
CRAR - Tier II capital (%)	9	8
Amount of subordinated debt raised as Tier-II capital (`)	1,000,000,000	790,000,000
Amount raised by issue of Perpetual Debt (`)	500,000,000	1,000,000,000

26.2 During financial year under review, no penalty has been levied by any regulator.

Notes forming part of the financial statements (Continued)

26.3 Asset Liability Management

Maturity pattern of certain items of assets and liabilities As on March 31, 2016:

Particulars	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	Total
Liabilities									
Borrowings*	407,489,732	–	247,972,633	213,940,971	298,742,044	6,558,745,591	9,383,602,656	5,284,962,625	22,395,456,252
Foreign Currency liabilities	862,500	–	–	–	–	–	–	–	862,500
Assets									
Advances	361,885,065	362,240,292	358,566,615	1,060,435,981	2,065,291,142	7,851,043,485	6,261,191,786	6,320,744,186	24,641,398,552
Investments	–	–	–	–	–	–	–	–	–
Deposits	–	–	–	–	–	–	–	–	–
Foreign Currency assets	–	–	–	–	–	–	–	–	–

*Excludes interest accrued and due on borrowings ` 1,18,63,625 and interest accrued but not due ` 27,30,91,733.

Maturity pattern of certain items of assets and liabilities As on March 31, 2015:

Particulars	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	Total
Liabilities									
Borrowings*	10,000,000	410,484,110	35,538,000	60,538,000	156,496,000	3,535,165,623	7,367,247,712	4,048,391,773	15,623,861,218
Foreign Currency liabilities	191,152	–	–	–	–	–	–	–	191,152
Assets									
Advances	262,017,735	260,346,487	257,538,213	758,996,446	1,473,895,008	5,612,658,954	4,101,452,500	4,451,345,732	17,178,251,075
Investments	–	–	–	–	–	–	–	–	–
Deposits	–	–	–	–	–	–	–	–	–
Foreign Currency assets	–	–	–	–	–	–	–	–	–

*Excludes interest accrued and due on borrowings ` 2,66,63,216 and interest accrued but not due ` 5,31,60,270. Excludes loans repayable on demand from banks of ` 6,61,405 being book overdraft.

In computing the above information, certain estimates, assumptions and adjustments have been made by the management which has been relied upon by the auditors.

Notes forming part of the financial statements (Continued)

26.4 Exposure to Real Estate Sector

Category	Current Year (2015-16)	Previous Year (2014-15)
Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	11,462,844,490	8,219,632,305
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	917,587,543	910,746,367
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential Mortgages –	–	–
b. Commercial Real Estate –	–	–
Total Exposure to Real Estate Sector [on limit basis or outstanding basis, whichever is higher]	12,380,432,033	9,130,378,672

26.5 Rating assigned by Credit rating agencies and migration of Rating During the year:

Sr. No.	Rating Agency	Type	Current Year (2015-16)	Previous Year (2014-15)
1	CARE	Issuer Rating	CARE AA+ (Is)	CARE AA+ (Is)
		Perpetual Debt Instrument	CARE AA	CARE AA
		Non-Convertible Debenture	CARE AA+	CARE AA+
		Subordinated Debt	CARE AA+	–
2	ICRA	Commercial Paper	ICRA A1+	ICRA A1+
		Perpetual Debt Instrument	ICRA AA	ICRA AA
		Line of Credit	–	ICRA AA+
3	CRISIL	Non-Convertible Debenture	CRISIL AA+	–
		Subordinated Debt	CRISIL AA+	–

26.6 The Company does not have any Capital Market Exposure.

26.7 The Company does not have any exposure to Derivatives including Forward Rates Agreements, Interest Rate Swaps and Exchange Traded Derivatives.

26.8 The Company has not securitised any of its exposures during the year.

26.9 The Company has not purchased or sold any non-performing financial assets during the year.

26.10 The Company has not exceeded Single Borrower Limit (SGL) and nor has exceeded the Group Borrower Limit (GBL).

Notes forming part of the financial statements (Continued)

27. Provisions and Contingencies

Breakup of 'Provisions and Contingencies' shown under the head Expenses in Statement of Profit and Loss		Current Year (2015-16)	Previous Year (2014-15)
Provisions for depreciation on Investment		—	—
Provision towards NPA		3,649,468	267,240
Provision made towards Income tax (net)		251,000,000	127,000,000
Other Provision and Contingencies (with details)			
Provision for Employee benefits			
—	Compensated absences	762,200	434,702
—	Gratuity	1,834,675	3,501,620
Provision for Standard Assets		30,974,967	12,999,546
27.1 Concentration of Advances, Exposures and NPAs :			
27.1.1 Concentration of Advances			
		Current Year (2015-16)	Previous Year (2014-15)
Total Advances to twenty largest borrowers		157,645,167	139,519,610
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC		0.64%	0.81%
27.1.2 Concentration of Exposures [on limit basis or outstanding basis, whichever is higher]			
		Current Year (2015-16)	Previous Year (2014-15)
Total Exposure to twenty largest borrowers/customers		303,100,000	226,100,000
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers		0.88%	0.94%
27.1.3 Concentration of NPAs			
		Current Year (2015-16)	Previous Year (2014-15)
Total Exposure to top four NPA accounts		3,848,405	4,712,610
27.1.4 Sector-wise NPAs			
Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector Current Year (2015-16)	Percentage of NPAs to Total Advances in that sector Previous Year (2014-15)
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	0.05%	0.05%

Notes forming part of the financial statements (Continued)**27.2 Movement of NPAs**

Sr. No.	Particulars	Current Year (2015-16)	Previous Year (2014-15)
(i)	Net NPAs to Net Advances	0.03%	0.04%
(ii)	Movement of NPAs (Gross)	-	-
	(a) Opening balance	9,260,991	10,689,325
	(b) Additions during the year	7,985,431	4,141,490
	(c) Reductions during the year	3,860,878	5,569,824
	(d) Closing balance	13,385,544	9,260,991
(iii)	Movement of Net NPAs	-	-
	(a) Opening balance	6,860,184	8,555,758
	(b) Additions during the year	6,364,685	3,727,341
	(c) Reductions during the year	5,889,601	5,422,915
	(d) Closing balance	7,335,268	6,860,184
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)	-	-
	(a) Opening balance	2,400,808	2,133,567
	(b) Provisions made during the year	4,418,716	1,519,906
	(c) Write-off / write-back of excess provisions	769,248	1,252,665
	(d) Closing balance	6,050,276	2,400,808

27.3 The Company does not have any overseas assets.

27.4 The Company has not sponsored any Off-Balance Sheet SPVs.

27.5 The Company is a non deposit accepting NBFC and as such does not have any depositors.

27.6 Customer Complaints

Sr. No.	Particulars	Current Year (2015-16)	Previous Year (2014-15)
(a)	No. of complaints pending at the beginning of the year	3	3
(b)	No. of complaints received during the year	211	140
(c)	No. of complaints redressed during the year	214	140
(d)	No. of complaints pending at the end of the year	0	3

Notes forming part of the financial statements (Continued)

28. Schedule to the Balance Sheet of a non-deposit taking non-banking financial Company [as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

Particulars		As at March 31, 2016		As at March 31, 2015	
Liabilities Side :					
(₹)					
1. Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid:					
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(a)	Debentures – Secured	4,134,133,241	–	–	–
	– Unsecured	2,638,104,504	–	1,842,020,547	–
	(Other than falling within the meaning of Public Deposit)				
(b)	Deferred Credit	–	–	–	–
(c)	Term Loan	10,054,729,351	11,883,625	11,857,580,391	26,663,216
(d)	Inter-corporate loans and borrowing	–	–	–	–
(e)	Commercial Paper	4,175,766,900	–	1,977,420,550	–
(f)	Other Loan	–	–	–	–
(g)	Book Overdraft	–	–	661,405	–
<hr/>					
Asset Side :		As at March 31, 2016		As at March 31, 2015	
2. Breakup of Loans and Advances including bills receivables [other than those included in (4) below] :					
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(a)	Secured	13,139,227,943	2,007,705	9,692,642,825	1,307,586
(b)	Unsecured	11,502,730,563	1,900,077	7,482,399,036	1,901,628
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 forming part of the financial statements (Continued)

(C)

Particulars	As at March 31, 2016	As at March 31, 2015
4. Break of Investments:		
Current Investments:		
1. <u>Quoted:</u>		
i) Shares: (a) Equity	—	—
(b) Preference	—	—
ii) Debentures and Bonds	—	—
iii) Units of mutual funds	—	—
iv) Government Securities	—	—
v) Others (please specify)	—	—
2. <u>Unquoted :</u>		
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. <u>Quoted :</u>		
i) Shares: (a) Equity	—	—
(b) Preference	—	—
ii) Debentures and Bonds	—	—
iii) Units of mutual funds	—	—
iv) Government Securities	—	—
v) Others (please specify)	—	—
2. <u>Unquoted :</u>		
i) Shares : (a) Equity	—	—
(b) Preference	—	—
ii) Debentures and Bonds	—	—
iii) Units of mutual funds	—	—
iv) Government Securities	—	—
(v) Others (please specify)	—	—

Notes forming part of the financial statements (Continued)

5. Borrower group-wise classification of assets financed as in (2) and (3) above :	As at March 31, 2016		As at March 31, 2015		() Total
	Secured	Unsecured	Secured	Unsecured	
1. Related Parties					
(a) Subsidiaries	—	—	—	—	—
(b) Companies in the same group	—	—	—	—	—
(c) Other related parties	—	—	—	—	—
2. Other than Related Parties	13,140,936,159	11,500,462,394	9,693,787,629	7,482,062,639	17,175,850,268
Total	13,140,936,159	11,500,462,394	9,693,787,629	7,482,062,639	17,175,850,268
6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):					
Category	Market Value / Breakup or fair value or NAV	Book Value (Net of Provisions)	Market Value / Breakup 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, 2016 Amount		As at March 31, 2015 Amount		
i) Gross Non Performing Assets					
a) Related Parties	—		—		
b) Other than Related Parties	13,385,544		9,260,991		
ii) Net Non Performing Assets					
a) Related Parties	—		—		
b) Other than Related Parties	7,335,268		6,860,184		
iii) Assets acquired in satisfaction of debt					
	—		—		

Notes forming part of the financial statements (Continued)

29. The Company has incurred CSR expenses are as follows:
- (a) Gross amount required to be spent by the Company during the current financial year is ` 48,71,000/-.
- (b) Amount spent during the year:
- | Sr. No. | CSR project or activity | In cash
(`) | Yet to be paid
in cash (`) | Total
(`) |
|---------|---|------------------|-------------------------------|------------------|
| 1 | Empowering women and Adolescent Girls Through Reproductive Health Education & Services | 1,000,000 | — | 1,000,000 |
| 2 | Providing high quality education to children from low income communities | 2,000,000 | — | 2,000,000 |
| 3 | Providing healthcare, education, skill development and support services to intellectually disabled children | 1,771,000 | — | 1,771,000 |
| 4 | Promoting and encouraging the fields of education having Indian heritage value | 100,000 | — | 100,000 |
| | Total | 4,871,000 | — | 4,871,000 |
30. The Company does not have any contingent liabilities and capital commitments as on the balance sheet date.
31. The Company does not have any investment balance as on March 31, 2016 and hence no disclosure regarding value of investment and movement of provision held towards depreciation on investment is made.
32. During the year, the Company has not obtained registration from other financial sector regulators.
33. The Company does not have any draw down of reserves during the year.
34. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Directors			
V.S. Rangan Chairman (DIN:00030248)	Anil Bohora Managing Director (DIN:00694396)	Ajay Bohora Managing Director & CEO (DIN:00694444)	
Madhumita Ganguli (DIN:00676830)	Amitabh Chaudhry (DIN:00531120)	Sebastian Fernandez Chief Financial Officer (FCA:112793)	
Subodh Salunke (DIN:03053815)	Sudhin Choksey (DIN:00036085)	Shivangi Dave Company Secretary (ACS:26498)	
Biswamohan Mahapatra (DIN:06990345)			

MUMBAI
April 18, 2016