



## Credila Financial Services Private Limited

Instrument	Amount (Rs. Crore)	Rating Action
		<b>May 2015</b>
Perpetual Debt programme	50	[ICRA]AA(stable), Assigned
Commercial Paper Programme	500 (enhanced from 300)	[ICRA]A1+, Assigned/Outstanding

ICRA has assigned the rating of [ICRA]AA (pronounced ICRA double A) with a stable outlook to the Rs. 50 crore Perpetual debt programme and [ICRA]A1+ (pronounced ICRA A one plus) to the Rs 500 crore (enhanced from Rs 300 crore) Commercial Paper Programme of Credila Financial Services Private Limited.

Credila also has ratings of [ICRA]AA+ (pronounced ICRA double A plus) with stable outlook for its Rs. 50 crore bank lines and [ICRA]AA(stable) for its Rs. 100 crore Perpetual Debt Programme.

The ratings draw support from the ownership of HDFC Limited (rated [ICRA] AAA(stable)/[ICRA]A1+), which holds ~90% stake in the company on a fully diluted basis, strong capital and financial commitment of the parent to support Credila's growth plans, and HDFC's brand sharing with Credila through the presence of HDFC's brand on Credila's logo. The ratings also draw comfort from the operational and financial support that the company enjoys from its parent, enabling Credila to share HDFC's infrastructure in the form of branch network, human resource from its legal, distribution and collection teams, and also active facilitation in fund raising at competitive rates. The ratings positively factor in Credila's strong domain knowledge and the experienced core management team, which has been on board since inception of the company, strong systems and prudent lending norms resulting in healthy asset quality indicators, and improving profitability indicators. Nonetheless, these strengths are partially offset by relatively unseasoned portfolio of the company, modest scale of operations, high pace of growth since inception and the risk perception associated with the education loan segment, given the high delinquencies faced by the Indian banking sector. While ICRA has noted the strong underwriting and risk mitigation techniques followed by the company, the portfolio is unseasoned and accordingly the asset quality remains untested. Going forward, support from the parent along with the company's ability to execute its business plan and grow profitably while maintaining healthy asset quality will remain the key rating factors.\*

### Company Profile

Credila Financial Services Private Ltd was founded by Mr Ajay Bohora & Mr Anil Bohora as a joint venture with DSP Meryll Lynch (which held 40% stake). The company was registered in 2006 and got its NBFC license in 2007. Credila is the first financial services company established as a specialized institution for originating, holding and servicing Education Loans. In 2009 DSP's stake was acquired by HDFC Ltd, which subsequently infused Equity Capital in the company and increased its stake to 78.66%. Since then HDFC also infused capital in the form of Preference shares and the share of HDFC Limited in the total capital of Credila stands at ~90% on a fully diluted basis, making Credila one of its key subsidiaries. Credila benefits from leveraging HDFC's infrastructure in the form of branch network, human resource from HDFC's legal, distribution and collection teams. In FY14, the company reported a PAT of Rs 19.18 crore over a Total Income of Rs 146.57 crore as compared to a PAT of Rs 9.05 crore over a Total income of 90.38 crore in FY13.

### Recent Results:

In FY2015 (as per provisional financials) Credila reported a PAT of Rs 27.80 crores on a total income of Rs 215.19 crores.

**May 2015**

\* Please refer to the detailed rationale released in December 2014 for more details



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