

April 02, 2020

Hinduja Leyland Finance Limited: Rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Subordinated debenture	205.00	205.00	[ICRA]AA-(Stable); withdrawn
Total	205.00	205.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating of [ICRA]AA-(Stable) outstanding on the Rs. 205.00 crore subordinated debenture programme of Hinduja Leyland Finance Limited (HLF). The rating was withdrawn in accordance with ICRA's policy on the withdrawal and suspension of credit ratings, at the request of the company, and based on the no-objection provided by the investors in the rated subordinated debentures. ICRA does not have adequate information to suggest that the credit risk has changed since the time the rating was last reviewed.

The last detailed rationale (November 2019) is available at this [link](#).

Key rating drivers and their description

Not applicable

Liquidity position

Not applicable

Rating sensitivities

Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies Impact of Parent or Group Support on an Issuer's Credit Rating ICRA's policy on Withdrawal and Suspension of Credit Ratings
Parent/Group Support	The rating had factored in the high likelihood of support from the Hinduja Group, led by Ashok Leyland Limited (ALL), because of HLF's strategic importance.
Consolidation/Standalone	Consolidated

About the company

HLF is a systemically important non-deposit accepting non-banking finance company (NBFC) incorporated in 2008. The company received an NBFC licence in 2010 and commenced operations from 2011. As of December 2019, Ashok Leyland Limited (ALL) and other Hinduja Group entities held a stake of about 92% in HLF. HLF offers financing for ALL and non-ALL

vehicles apart from construction equipment, loan against property (LAP) and wholesale financing. The company also invests in securitisation, assignment and debenture transactions as a part of its overall growth strategy.

On a standalone basis, the company reported a net profit of Rs. 276 crore on a total income of Rs. 2,561 crore in FY2019 compared to a net profit of Rs. 182 crore on a total income of Rs. 1,961 crore in the previous year.

Key financial indicators (audited)

HLF (standalone)	FY2018	FY2019
	Ind-AS	Ind-AS
Total Income	1,961	2,561
Profit after Tax (PAT)	182	276
Net Worth	2,020	2,723
Managed Portfolio (AUM)	19,170	25,417
Total Managed Assets	18,305	24,335
PAT/AMA	1.2%	1.3%
Return on Net Worth	10.7%	11.6%
Gearing	6.8	6.4
Gross Stage 3% #	5.1%	4.7%
Net Stage 3% #	3.1%	3.0%
Net Stage 3/Net Worth	28.5%	27.9%
CRAR %	17.0%	17.0%

Amount in Rs. crore; # As a proportion of standalone AUM

HLF (consolidated)	FY2018	FY2019
	Ind-AS	Ind-AS
Total Income	2,073	2,712
Profit after Tax (PAT)	198	300
Net Worth	2,039	2,767
Managed Portfolio (AUM)	19,910	26,689
Total Managed Assets	19,181	25,569
PAT/AMA	1.3%	1.3%
Return on Net Worth	11.6%	12.5%
Gearing	7.2	6.7
Gross Stage 3%	NA	NA
Net Stage 3%	NA	NA
Net NPA/Net Worth	NA	NA
CRAR %	NA	NA

Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

	Instrument	Current Rating (FY2020)				Rating History for the Past 3 Years				
		Type	Amount Rated	Amount Outstanding	Rating		FY2019		FY2018	FY2017
					02-Apr-2020	29-Nov-2019	17-Sep-2018	14-Aug-2018	4-Oct-2017	8-Sep-2016
1	Subordinated Debt	Long Term	205.0	205.0	[ICRA]AA-(Stable); withdrawn	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]A+(Positive)	[ICRA]A+(Positive)
2	Commercial Paper	Short Term	-	-	-	-	[ICRA]A1+; withdrawn	[ICRA]A1+	[ICRA]A1+	-

Amount in Rs. crore

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE146O08068	Subordinated debenture	30-Nov-15	11.50%	31-May-21	85.00	[ICRA]AA- (Stable); withdrawn
INE146O08076	Subordinated debenture	15-Dec-15	11.40%	15-Jun-21	35.00	[ICRA]AA- (Stable); withdrawn
INE146O08084	Subordinated debenture	20-Jan-16	11.30%	21-Jul-21	85.00	[ICRA]AA- (Stable); withdrawn

Source: HLF

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Hinduja Housing Finance Limited	100.00%	Full Consolidation
HLF Services Limited	45.90%	Equity Method

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