

Hinduja Leyland Finance Limited

December 29, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	17,503.00	CARE AA; Stable (Double A; Outlook: Stable)	Revised from CARE AA-; Stable (Double A Minus; Outlook: Stable)
Short-term bank facilities	200.00	CARE A1+ (A One Plus)	Reaffirmed
Total bank facilities	17,703.00 (₹ Seventeen thousand seven hundred three crore only)		
Non-convertible debenture issue - XVII	50.00 (Reduced from 150.00)	CARE AA; Stable (Double A; Outlook: Stable)	Revised from CARE AA-; Stable (Double A Minus; Outlook: Stable)
Non-convertible debenture issue - XVIII	250.00	CARE AA; Stable (Double A; Outlook: Stable)	Revised from CARE AA-; Stable (Double A Minus; Outlook: Stable)
Non-convertible debenture issue - XIX	250.00	CARE AA; Stable (Double A; Outlook: Stable)	Revised from CARE AA-; Stable (Double A Minus; Outlook: Stable)
Non-convertible debenture issue - XIX	300.00	CARE AA; Stable (Double A; Outlook: Stable)	Revised from CARE AA-; Stable (Double A Minus; Outlook: Stable)
Principal protected market-linked debenture issue - I	100.00	CARE PP-MLD AA; Stable (Principal Protected-Market Linked Debentures Double A; Outlook: Stable)	Revised from CARE PP-MLD AA-; Stable (Principal Protected-Market Linked Debentures Double A Minus; Outlook: Stable)
Principal protected market-linked debenture issue - II	100.00	CARE PP-MLD AA; Stable (Principal Protected-Market Linked Debentures Double A; Outlook: Stable)	Revised from CARE PP-MLD AA-; Stable (Principal Protected-Market Linked Debentures Double A Minus; Outlook: Stable)
Subordinated debt - III	200.00	CARE AA; Stable (Double A; Outlook: Stable)	Revised from CARE AA-; Stable (Double A Minus; Outlook: Stable)
Subordinated debt - IV	200.00	CARE AA; Stable (Double A; Outlook: Stable)	Revised from CARE AA-; Stable (Double A Minus; Outlook: Stable)
Subordinated debt - V	175.00	CARE AA; Stable (Double A; Outlook: Stable)	Revised from CARE AA-; Stable (Double A Minus; Outlook: Stable)
Subordinated debt - VI	200.00	CARE AA; Stable (Double A; Outlook: Stable)	Revised from CARE AA-; Stable (Double A Minus; Outlook: Stable)
Subordinated debt - Principal protected market-linked debenture	150.00	CARE PP-MLD AA; Stable (Principal Protected-Market Linked Debentures Double A; Outlook: Stable)	Revised from CARE PP-MLD AA-; Stable (Principal Protected-Market Linked Debentures Double A Minus; Outlook: Stable)
Subordinated debt - II	-	-	Withdrawn
Total Long-term instruments	1,975.00 (₹ One thousand nine hundred seventy-five crore only)		

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Commercial paper	1,800.00	CARE A1+ (A One Plus)	Reaffirmed
Total Short-term instruments	1,800.00 (₹ One thousand eight hundred crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the long-term ratings assigned to the bank facilities and various debt instruments of Hinduja Leyland Finance (HLF) factors in the improvement in capitalisation levels of the company supported by recent equity infusion of ₹910 crore in October 2022 and sustained improvement in scale of operations. Total CAR and Tier I CAR stood at 17.61% and 15.36% as on September 30, 2022 (18.71% and 15.93% as on March 31, 2022).

Including recent capital infusion, Tier I CAR (est.) stood at 20% as on September 30, 2022. HLF has also achieved significant growth in scale of operations in the past five years ended March 2022 wherein loan book almost doubled from ₹9,766 crore as on March 31, 2017 to ₹18,063 crore. During the same period, AUM also grew at a CAGR of 13% to reach ₹26,021 crore as on March 31, 2022.

The rating also factors in support from parent Ashok Leyland Limited (rating revised from 'CARE AA; Negative/ CARE A1+' to 'CARE AA; Stable/ CARE A1+' in November 2022) and benefits derived from being a part of the Hinduja group including periodic infusion of equity on need basis.

The ratings continue to factor-in the experienced management team of HLF, demonstrated ability of HLF to raise funds to support business growth, diversified product profile, geographically-diversified loan portfolio and relatively diversified funding profile. The ratings continue to be constrained by moderate profitability and moderate asset quality.

On January 14, 2022, the Board of NXTDIGITAL Limited (NDL) decided that the Digital Media & Communication Business undertaking of NDL would be transferred to Hinduja Global Solutions Limited (HGS) and HLF will be merged into NDL subsequently. It is to be noted that media and communication Business undertaking which is being transferred to HGS accounted for 100% of NDL's total income in FY21 (refers to the period April 1 to March 31). Post transfer, NDL will have no meaningful operations and will have assets such as cash and small parcel of land (real estate) which is expected to be small in relation to HLF's network. The merger is unlikely to have an impact on the credit profile of HLF. However, HLF will be listed providing immediate access to equity capital market as existing shareholders of HLF will receive shares of NDL as per share swap valuation.

The Board of Directors of HLF at their meeting held on November 25, 2022 inter alia have unanimously approved the Scheme of Merger by Absorption. The share exchange or swap ratio for the merger of HLF with and into NDL has been finalized. The proposed merger shall be subject to applicable regulatory and shareholder approvals.

CARE Ratings Limited (CARE Ratings) has withdrawn the rating assigned to the Subordinated Debt-II of HLF with immediate effect, as the company has repaid the subordinated debt issue in full and there is no amount outstanding under the issue as on date.

Rating Sensitivities

Positive Factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Significant increase in the scale of operations along with improvement in asset quality and profitability parameters on a sustained basis
- Improvement in the credit profile of the parent

Negative Factors - Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Further moderation in asset quality and delinquency levels with GNPA (AUM basis) on a sustained basis.
- Deterioration in capital adequacy parameters with total CAR falling below 16% on a sustained basis
- Significant deterioration in the credit profile of the parent

Detailed description of the key rating drivers

Key rating strengths

Strong parentage and benefits derived from being part of the Hinduja group:

The Hinduja group, established in Mumbai in 1918, has global presence across 30 countries. The group has presence in various industries, including automotive, banking & finance, information technology (IT)/ information technology-enabled services (ITES) and energy & chemicals. HLF is the subsidiary of Ashok Leyland Limited (ALL, rated 'CARE AA; Stable/ CARE A1+'), one of the leading players in domestic commercial vehicle segment. HLF is a strategically-important subsidiary for ALL, and ALL vehicles constitute 35% of HLF's AUM as on March 31, 2022. Being part of the Hinduja group, HLF enjoys significant financial flexibility in terms of mobilising funds from various sources at competitive rates. CARE Ratings Limited (CARE Ratings) expects the parent to continue provide need-based support to HLF.

Experienced promoters and senior management team:

The Hinduja group has a track record of establishing and successfully running banking & finance companies. The experience of the management team in running the similar business is a key strength for HLF. Mr. Dheeraj Hinduja, chairman of ALL, is also the chairman of HLF. The board of HLF consists of eleven directors, including six independent directors with rich experience in the financial services sector. Also, the company has an experienced senior management team which takes care of the day-to-day operations of the company.

Established credit appraisal, risk monitoring and collection:

The branch structure consists of one Branch Manager, one Marketing Executive (M.E) and one Collection Executive. The Marketing Executive (M.E) obtains the applications on pre-printed Proposal Booklet and Proposal Evaluation Form. The Field Investigation is carried out by the Marketing Executive. The Branch Manager or Location Manager reviews the proposal. The documents are sent for Approval / Sanction to appropriate authority as per delegation of powers. Post approval and completion of pre-disbursal documentation, the loan amount is to be disbursed post creation of the contract and checking of complete file. Credit Audit team will do the review on documents and policy adherence points and give feedback to location for any discrepancies. The collection process has been strengthened by employing larger supervisory levels and launch of a collections app. The collections happen in the form of National Automated Clearing House (NACH)/cheque and cash.

Based on the knowledge and expertise gained in the financial services sector, the management has developed an in-house enterprise IT system. In addition to providing complete information about each account throughout its credit life cycle, the IT system also aids the management in monitoring/reviewing its portfolio on a daily basis.

HLF has an associate company, HLF Services Limited, which provides employee support to HLF in addition to the on-role employees. As on March 31, 2022, on-roll and off-roll employees (through HSL) stood at 1,531 (PY: 1,564) and 5,266 (PY: 5,799), respectively.

Diversified funding profile; however, bank funding remains a major source in the recent years:

HLF's funding profile is well diversified with access towards low-cost funding from banks, market instruments like non-convertible debentures (NCDs) and subordinated debt and short-term commercial papers. HLF's bank borrowings are diversified with borrowings from various banks which include a good mix of both public and private sector banks. As on March 31, 2017, bank capital market borrowings (NCD and Sub-debt) stood at 30% of total borrowings. However, over the years same has declined to 16% as on March 31, 2022.

The share of bank borrowings (including CC/WCDL) stood at 80% as on March 31, 2022 as against 79% as on March 31, 2021.

NCDs constituted 8% of total borrowings, followed by Sub-debt constituting 7% of the total borrowings, and term loan from financial institutions (FIs/NBFCs) (Small Industries Development Bank of India [SIDBI] and Mudra, 4%), and PTC (1%) as on March 31, 2022. As on September 30, 2022 the share of bank borrowings stood at 80% followed by NCD (7%), sub-debt (6 %), term loan from FIs/NBFCs (7%), and PTC (0.3%). CP outstanding as on September 30, 2022, continues to remain Nil. CARE expects, share of capital market borrowings to increase going forward in the medium term.

Improved capitalisation levels supported by recent capital infusion of ₹910 crore:

With moderate growth in the portfolio and internal accruals during FY22, total capital adequacy ratio (CAR) and Tier I CAR improved and stood at 18.71% and 15.93% as on March 31, 2022 as against 17.98% and 15.30% as on March 31, 2021.

Further, with growth in AUM during H1FY23, Total CAR and Tier I CAR slightly moderated to 17.61% and 15.36% as on September 30, 2022. During October 2022, HLF has mobilised ₹910 crore from Qualified Institutional Buyers (QIB), thus resulting in improvement in CRAR levels. Considering the equity infusion, Tier I CAR would have gone up by around 5% as on September 30, 2022. Going forward, consequent to merger with NXT Digital, networth is expected to improve further. The recent capital infusion is to support AUM growth over the medium term in the existing business segments.

It is to be noted that in the recent past, IndusInd International Holdings Limited, Mauritius reportedly submitted bids to acquire assets of Reliance Capital Limited which is under IBC. However, no cash outflow is expected from HLF in this regard.

The overall gearing stood at 4.2x as on March 31, 2022 as against 4.6x as on March 31, 2021. Overall gearing (ON AUM basis) stood at 5.5x as on March 31, 2022 as against 5.9x as on March 31, 2021. The Hinduja group has been providing need-based support to the company in the form of fresh equity infusion as and when required.

HLF has a wholly-owned subsidiary, Hinduja Housing Finance Limited (HHFL), incorporated in FY16 to operate in the housing finance segment. HLF has been continuously infusing equity to support the growth of HHFL and as on March 31, 2022, HLF has infused ₹292 crore (including ₹77 crore in FY22) since inception. HHFL's AUM stood at ₹4,048 crore as on March 31, 2022, as against ₹2,585 crore as on March 31, 2021 (₹5,241 crore as on September 30, 2022). HLF has made investments in Gro Digital Platform (a 50:50 joint venture between ALL and HLF) which provides various solutions to Transporters and Gaadimandi Platform (100% owned by HLF) which is a digital platform for buying & selling of pre-owned vehicles.

Diversified product portfolio along with geographical diversification:

With the slowdown in auto sales (mainly in commercial vehicle segment) during FY20 and FY21 and lockdown because of COVID-19, HLF had reported a modest growth in AUM of 4% and 3% during FY20 and FY21, respectively. Further impacted by the second wave of COVID-19 induced pandemic in H1FY22, and low disbursement during H1FY22, AUM degrow by 5% in FY22. AUM stood at ₹26,021 crore as on March 31, 2022 as against ₹27,294 crore as on March 31, 2021. However, in the past five years ended March 2022, AUM has almost doubled from ₹14,070 crore as on March 31, 2017. AUM stood at ₹26,502 crore as on September 30, 2022. Disbursements de-grew by 5% in FY22 and stood at ₹8,550 crore as against ₹9,010 crore in FY21. During H1FY23, disbursements have improved to ₹6,222 crore, thus reaching pre-COVID-19 levels.

The share of heavy commercial vehicle (HCV) in outstanding loan portfolio continues to remain high at 24% as on March 31, 2022, as against 23% as on March 31, 2021, and share of the top three products (HCV, loan against property (LAP) and construction equipment (CE)) stood at 54% as on March 31, 2022, as against 49% as on March 31, 2021.

HLF has presence across 21 states and 3 union territories, and AUM of the company is well diversified. The share of top three states has improved on a y-o-y basis from 31% as on March 31, 2021 to 38% as on March 31, 2022. CARE expects the portfolio and geographical diversification to continue with an increase in share of HCV in total AUM as the parent ALL is likely to record good sales volume growth in FY23 on y-o-y basis. It is to be noted that ALL reported volume growth of 142.9% on a y-o-y basis in the MHCV segment (domestic) during H1FY23. The MHCV truck segment (domestic) volumes improved by 135.7% on a Y-o-Y basis during H1FY23. The MHCV bus segment (domestic) volumes improved by 280.1% on a Y-o-Y basis during H1FY23. The volumes in the LCV segment (domestic) also improved during H1FY23.

Key Rating Weaknesses

Moderate asset quality:

The gross stage III assets (on AUM basis) and net stage III asset (on AUM basis) moderated marginally from 4.04% and 2.00% as on March 31, 2021 to 4.2% and 2.8% as on March 31, 2022, respectively. However, gross stage III assets (on AUM basis) and net stage III asset improved to 3.9% and 2.7% respectively as on September 30, 2022. Gross repossessed assets witnessed reduction from ₹ 312.52 crore (1.2% of AUM) as on March 31, 2021 to ₹ 244.56 crore (0.94% of AUM). HLF has restructured portfolio amounting to ₹1,491 crore (6% of AUM) as on March 31, 2022 (₹ 1,481 crore (6% of AUM) as on September 30, 2022). 30+ days past due (DPD) (On AUM basis) has also witnessed moderation.

Gross stressed assets (GNPA+Restructured portfolio+Repossessed assets) stood at 10.83% as on March 31, 2022 as against 6.39% as on March 31, 2021. HLF also has outstanding ECLGS loans aggregating to ₹ 769 crore as on September 30, 2022 (2.9% as on September 30, 2022). The ability of the company to improve asset quality/contain slippages will be key monitorable.

Moderate profitability levels:

Impacted by the second wave of COVID-19-induced pandemic and lower disbursements in H1FY22, the yield on advances has moderated from 13.04% during FY21 to 12.57% during FY22. Thus, net interest margin (NIM) witnessed slight moderation to 5.12% during FY22 from 5.15% during FY21. Operating expenses increased to 1.43% in FY22 from 1.22% in FY21. Credit cost reduced to 3.28% in FY22 from 3.45% in FY21. With increase in operating expenses, ROTA moderated to 1.08% in FY22 from 1.27% in FY21. HLF reported PAT of ₹232 crore in FY22 (₹270 crore in FY21). However, with significant reduction in credit cost during H1FY23, ROTA improved to 1.18%.

During H1FY23, the company reported a PAT of ₹126 crore on a total income of ₹1,310 crore as against PAT of ₹135 crore on a total income of ₹1,327 crore in H1FY22. HLF reported ROTA of 1.18% in H1FY23 as against 1.25% in H1FY22. CARE Ratings expects, the improved capitalisation levels to support the growth envisaged by the company, which would further improve the profitability levels.

Industry outlook and prospects:

Aggregate AUM of CV financing NBFCs witnessed low growth in FY20 to FY22 following three successive years of high growth rate during FY17-FY19. Such moderation in AUM growth was due to a combination of a slowdown in new CV sales volume which in turn impacted by various factors including cyclical associated with the CV sector, changes in emission norms, and COVID-19 induced economic slowdown. With the revival in economic activity supported by increased spending in infrastructure by the government, aggregate AUM growth of CV financing NBFCs is expected to be in double digits in FY23.

Liquidity: Adequate

HLF's asset liability management (ALM) had no negative cumulative mismatch in any of the time buckets upto one year as on September 30, 2022, and repayment obligation (Principal alone) during H2FY23 stood at Rs. 3,156 crore. As on September 30, 2022, the company has free cash and cash equivalents of around Rs. 750 crore and unavailed lines of credit (including CC) of ₹3,736 crore. During H1FY23, HLF has availed ₹4,175 crore through term loan, and ₹1,530 crore through DA. The ability of the company to mobilise funds from the banks at a competitive rate adds comfort.

Analytical approach: Standalone approach also factoring in linkages with parent.

HLF enjoys strong operational linkages with access to dealer network of Ashok Leyland Limited (ALL) and common brand name and logo. Apart from the demonstrated track record of equity infusion in the part, HLF also enjoys significant financial flexibility in terms of mobilising funds from various sources at competitive rates.

Applicable Criteria

[Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial Ratios-Financial Sector](#)

[CARE's Rating Methodology for Non-Banking Finance Companies \(NBFCs\)](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology: Notching by Factoring Linkages in Ratings](#)

[Rating Methodology - Market linked Notes](#)

[Policy on Withdrawal of Ratings](#)

About the Company

HLF is a non-deposit taking systemically important (ND-SI) NBFC based out of Chennai, Tamil Nadu, belonging to the Hinduja group. Established in 2008, HLF started its lending operations in FY11 subsequent to receipt of RBI license in March 2010. The company has been promoted by the group's flagship automobile manufacturing company, Ashok Leyland Ltd (ALL, rated 'CARE AA; Stable/ CARE A1+') including the aim of providing funding support to ALL vehicles. HLF's exposure to ALL vehicles stood around 35% of AUM as on March 31, 2022. HLF is also engaged in extending loans to three-wheelers, two-wheelers, small commercial vehicles (SCVs), light commercial vehicles (LCV), tractor, construction equipment, loan against property (LAP), used CV financing and is also engaged in portfolio buyout. As on September 30, 2022, the shareholding of the Hinduja group in HLF stands at 99.34% wherein ALL holds 68.79% stake. During October 2022, HLF mobilised ₹910 crore via QIB. The shareholding of the Hinduja group in HLF stands at 87% wherein ALL holds 60% stake post capital infusion.

During FY22, the company reported a PAT of ₹ 232 crore (PY: ₹ 270 crore) on a total income of ₹ 2,660 crore (PY: ₹ 2,775 crore).

Brief Financials (₹ Crore)	FY21 (A)	FY22 (A)	H1FY23(P)
Total Operating Income	2,775	2,660	1,310
PAT	270	232	126
Interest Coverage (Times)	1.2	1.2	1.3
Total Assets	21,922	20,961	21,696
Net NPA/stage III (%)	2.0	2.8	2.7
ROTA (%)	1.3	1.1	1.3

A - Audited; Prov. - Provisional

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Please refer Annexure-3

Complexity level of various instruments: Please refer Annexure-4

Bank Lender Details: Please refer Annexure-5

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating assigned along with Rating Outlook
Fund-based-Long Term	-	-	-	April 2028	17,503.00	CARE AA; Stable
Fund-based-Short Term	-	-	-	-	200.00	CARE A1+
Debentures-Non-Convertible Debentures-XVII	INE146O07417	-	-	-	-	Withdrawn
Debentures-Non-Convertible Debentures-XVIII	INE146O07375	05-Jun-20	9.25%	02-Jun-23	200.00	CARE AA; Stable
Debentures-Non-Convertible Debentures-XIX	INE146O07425	15-Dec-20	8.50%	15-Dec-23	200.00	CARE AA; Stable
Debentures-Non-Convertible Debentures-XX	INE146O07441	14-May-21	7.95%	14-Feb-23	250.00	CARE AA; Stable
	INE146O07466	02-Nov-21	7.80%	29-Dec-23	50.00	CARE AA; Stable
		29-Sep-21	7.80%	29-Dec-23	50.00	CARE AA; Stable
	Proposed	-	-	-	100.00	CARE AA; Stable
Debentures-Market Linked Debentures-I	INE146O07433	30-Dec-20	G-Sec Linked	28-Jun-23	55.00	CARE PP-MLD AA; Stable
Debentures-Market Linked Debentures-II	INE146O07458	25-May-21	G-Sec Linked	24-Nov-23	125.00	CARE PP-MLD AA; Stable
	Proposed	-	-	-	20.00	CARE PP-MLD AA; Stable
Debt-Subordinate Debt-II	INE146O08092	-	-	-	-	Withdrawn
Debt-Subordinate Debt-III	INE146O08100	28-Aug-17	9.40%	28-Aug-24	100.00	CARE AA; Stable
	INE146O08118	13-Sep-17	9.20%	13-Sep-24	100.00	CARE AA; Stable
Debt-Subordinate Debt-IV	INE146O08134	27-Mar-18	10.15%	27-Mar-25	100.00	CARE AA; Stable
	INE146O08126	28-Mar-18	9.50%	28-Sep-23	50.00	CARE AA; Stable
	INE146O08209	22-Apr-21	9.75%	21-Apr-28	50.00	CARE AA; Stable
Debt-Subordinate Debt-V	INE146O08159	29-Mar-19	11.60%	29-Sep-24	100.00	CARE AA; Stable
	INE146O08191	26-Mar-21	9.75%	25-Sep-26	75.00	CARE AA; Stable
Debt-Subordinate Debt-VI	INE146O08175	30-Apr-21	9.75%	08-Oct-26	50.00	CARE AA; Stable
	INE146O08217	19-Jul-21	9.70%	19-Jan-27	50.00	CARE AA; Stable
	Proposed	-	-	-	100.00	CARE AA; Stable
Debt-Subordinated debt - Market Linked Debenture	INE146O08142	18-Sep-18	G-Sec Linked	17-Sep-24	150.00	CARE PP-MLD AA; Stable
Commercial Paper-Commercial Paper (Standalone)	-	-	-	7 days to 1 Year	1,800.00	CARE A1+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based-Long Term	LT	17503.00	CARE AA; Stable	-	1)CARE AA-; Stable (25-Mar-22) 2)CARE AA-; Stable (29-Sep-21)	1)CARE AA-; Stable (02-Mar-21) 2)CARE AA-; Stable (30-Sep-20) 3)CARE AA-; Stable (03-Jul-20)	1)CARE AA-; Stable (01-Oct-19)
2	Commercial Paper-Commercial Paper (Standalone)	ST	1800.00	CARE A1+	-	1)CARE A1+ (25-Mar-22) 2)CARE A1+ (29-Sep-21)	1)CARE A1+ (30-Sep-20)	1)CARE A1+ (01-Oct-19) 2)CARE A1+ (29-Aug-19)
3	Debt-Subordinate Debt	LT	-	-	-	1)Withdrawn (29-Sep-21)	1)CARE AA-; Stable (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
4	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
5	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (01-Oct-19)
6	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
7	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
8	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
9	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (01-Oct-19)
10	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (01-Oct-19)
11	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (01-Oct-19)
12	Debt-Subordinate Debt	LT	-	-	-	1)CARE AA-; Stable (25-Mar-22) 2)CARE AA-; Stable (29-Sep-21)	1)CARE AA-; Stable (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
13	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
14	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (01-Oct-19)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
15	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (01-Oct-19)
16	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
17	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
18	Debt-Subordinate Debt	LT	200.00	CARE AA; Stable	-	1)CARE AA-; Stable (25-Mar-22) 2)CARE AA-; Stable (29-Sep-21)	1)CARE AA-; Stable (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
19	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
20	Debt-Subordinate Debt	LT	200.00	CARE AA; Stable	-	1)CARE AA-; Stable (25-Mar-22) 2)CARE AA-; Stable (29-Sep-21)	1)CARE AA-; Stable (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
21	Debentures-Non Convertible Debentures	LT	50.00	CARE AA; Stable	-	1)CARE AA-; Stable (25-Mar-22) 2)CARE AA-; Stable (29-Sep-21)	1)CARE AA-; Stable (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
22	Debt-Subordinate Debt	LT	175.00	CARE AA; Stable	-	1)CARE AA-; Stable (25-Mar-22) 2)CARE AA-; Stable (29-Sep-21)	1)CARE AA-; Stable (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
23	Debentures-Non Convertible Debentures	LT	250.00	CARE AA; Stable	-	1)CARE AA-; Stable (25-Mar-22) 2)CARE AA-; Stable (29-Sep-21)	1)CARE AA-; Stable (30-Sep-20)	1)CARE AA-; Stable (01-Oct-19)
24	Debt-Subordinated debt - Market Linked Debenture	LT	150.00	CARE PP-MLD AA; Stable	-	1)CARE PP-MLD AA-; Stable (25-Mar-22) 2)CARE PP-MLD AA-; Stable (29-Sep-21)	1)CARE PP-MLD AA-; Stable (30-Sep-20)	1)CARE PP-MLD AA-; Stable (01-Oct-19)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
25	Debentures-Non Convertible Debentures	LT	250.00	CARE AA; Stable	-	1)CARE AA-; Stable (25-Mar-22) 2)CARE AA-; Stable (29-Sep-21)	1)CARE AA-; Stable (30-Sep-20) 2)CARE AA-; Stable (03-Jul-20)	-
26	Debentures-Market Linked Debentures	LT	100.00	CARE PP-MLD AA; Stable	-	1)CARE PP-MLD AA-; Stable (25-Mar-22) 2)CARE PP-MLD AA-; Stable (29-Sep-21)	1)CARE PP-MLD AA-; Stable (29-Dec-20)	-
27	Debentures-Non Convertible Debentures	LT	300.00	CARE AA; Stable	-	1)CARE AA-; Stable (25-Mar-22) 2)CARE AA-; Stable (29-Sep-21)	1)CARE AA-; Stable (29-Dec-20)	-
28	Fund-based-Short Term	ST	200.00	CARE A1+	-	1)CARE A1+ (25-Mar-22) 2)CARE A1+ (29-Sep-21)	1)CARE A1+ (02-Mar-21)	-
29	Debt-Subordinate Debt	LT	200.00	CARE AA; Stable	-	1)CARE AA-; Stable (25-Mar-22) 2)CARE AA-; Stable (29-Sep-21) 3)CARE AA-; Stable (23-Apr-21)	-	-
30	Debentures-Market Linked Debentures	LT	100.00	CARE PP-MLD AA; Stable	-	1)CARE PP-MLD AA-; Stable (25-Mar-22) 2)CARE PP-MLD AA-; Stable (29-Sep-21) 3)CARE PP-MLD AA-; Stable (24-May-21)	-	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

	Detailed explanation
A. Financial covenants	
i. The capital adequacy ratio shall be maintained at a minimum of the levels stipulated by the RBI at all points in time (currently 15.0%)	-
ii. Net NPA (PAR 90 less provisions) on a standalone basis shall not exceed 6% of the Assets under Management of the Issuer.	-
B. Non-financial covenants	
i. Hinduja Group to maintain atleast 51% stake in the company on fully diluted basis till maturity	-
ii. The rating of the Issuer should not be downgraded below 'A-' by any rating agency	-

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Market Linked Debentures	Complex
3	Debentures-Non Convertible Debentures	Simple
4	Debt-Subordinate Debt	Simple
5	Debt-Subordinated debt - Market Linked Debenture	Complex
6	Fund-based-Long Term	Simple
7	Fund-based-Short Term	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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