

Hinduja Leyland Finance

Special Situation Opportunity: A Diversified NBFC at an Inflection Point

Executive Summary

- Hinduja Leyland Finance Limited (HLFL) is one of India's leading vehicle-focused Non-Banking Financial Companies (NBFCs), promoted by the Hinduja Group and Ashok Leyland, hence having strong parentage backing them.
- Incorporated in November 2008 and licensed by RBI in March 2010, the company has compounded **AUM at 27% CAGR** and **PAT at 22% CAGR** over the last twelve years (FY14–FY26).
- The company has scaled into a **~₹75,500 Crore consolidated AUM franchise**, delivering:
 - **₹871 Crore PAT** in FY26
 - **₹7,436 Crore Net Worth**
 - **AA+ Credit Rating** from CRISIL & CARE
 - **1,750+ locations** across India
- With a consolidated AUM of **~₹75,500 Crore**, a pan-India footprint of 1,750+ branches, an AA+ credit rating, and a clear runway to reverse listing by Sep-Oct 2026, HLFL represents a rare pre-listing **arbitrage** opportunity in a high-quality, promoter-backed NBFC franchise.
- The company is strategically diversifying from a traditional CV-focused NBFC into higher-growth housing finance, with HHF scaling from **~₹88 Crore AUM** in FY16 to **~₹15,937 Crore AUM** currently
- HLF continues to trade at a discount to peers (**1.42x PB** vs median peer PB of **~2.7x**), leaving room for further valuation rerating and value unlocking.
- At current trading levels, the transaction highlights a meaningful undervaluation in HLF, with the implied reverse listing value indicating potential upside from current acquisition levels.

- HLF is set to go public through a reverse listing with NDL Ventures Limited.
 - NDL Ventures Limited is currently trading at **~₹130 per share**, while Hinduja Leyland Finance Limited is trading at an implied value of **~₹260 per share**.
 - Under the proposed reverse listing structure, the approved swap ratio is **25:10**, implying that for every **10 shares of HLF**, shareholders will receive **25 shares of NDL Ventures**.
 - At the current market price of ₹130 per NDL share, the implied value receivable becomes: $25 \times ₹130 = ₹3,250$
 - This effectively values each HLF share at $₹3,250 / 10 = ₹325$ per HLF share
 - Compared to the current implied acquisition price of **~₹260 per HLF share**, this translates into an upside of: $(325 - 260) / 260 \times 100 \approx 25\%$

Snapshot - Key Metrics at a Glance

Key Metric (FY26)	Value	Context
Consolidated AUM	~₹75,500 Crore	27% CAGR since FY14
PAT	₹871 Crore	23% CAGR since FY14
Net Worth	₹7,436 Crore	Excl. OCI component
Credit Rating	AA+ (Stable)	CRISIL & CARE
GNPA / NNPA	3.5% / 2.0%	Improving trend
Borrowing Cost	8.7%	Stable; AA+ rated
Capital Adequacy (CRAR)	19%	Well above regulatory minimum
Branch Network	1,750+	Pan-India presence
Promoter Holding	~73%	Hinduja Group + Ashok Leyland