

L&T Finance Holdings

Refer to important disclosures at the end of this report

Lakshya – five-year strategic roadmap unveiled

- L&T Finance Holdings (LTFH) reported Q4 earnings of Rs3.4bn (+28% yoy/ +5% qoq). PPOP came in at Rs10.7bn, 4% above our estimates. Q4 disbursements were driven by the rural and housing book, with rural disbursements growing by 4% qoq/20% yoy and housing up 15% qoq/50% yoy. AUM grew by 3% qoq but fell 6% yoy due to the sell-down of the infra portfolio and the sale of loans worth Rs19.1bn to an ARC. As a result of the sale, GS3 improved to 3.8% (Q3: 5.9%). Excluding this, GS3 would have been 5.7%. LTFH did not release its macro prudential provisions (Rs17.3bn) in Q4 on account of Covid-related uncertainty. As per management commentary, the proceeds from the one-off gains from the sale of the mutual fund business, expected in Q3FY23, will be used to further enhance the provision buffer.
- LTFH is a play on the India growth story on the back of a structural credit growth revival in rural, a cyclical revival in housing sales and a possible upcycle in infra financing. In our view, strengthening the provision buffer from the sale proceeds of its AMC business, as well as its plan for a stake sale and exit from wholesale finance and real estate finance businesses respectively, should assuage investor concerns about LTFH's portfolio quality.
- We retain Buy on the stock with a Mar'23 TP of Rs100, valuing the consolidated entity (post sale of its AMC business-LTIM) using the excess return on equity method. Our TP implies a Mar'24E price/BVPS of 1.0x. While we raise our cost of equity from 13.1% to 13.5%, our TP-implied P/BV remains stable on account of an improved outlook for the infra business and the additional overlay buffer provided by the proceeds from the sale of the AMC business. Key downside risks: large ticket exposures slipping to NPA in housing and wholesale books; weakness in rural household balance sheets resulting in higher NPAs in the rural portfolio.

- Q4 result highlights:** The retail portfolio recorded the highest ever quarterly disbursement of Rs81bn. The micro loan book also recorded the highest ever quarterly disbursement of Rs38bn, up 21% yoy, with collection efficiency surpassing pre-Covid levels at 99.6%. While disbursements in the housing business increased 15%qoq/50% yoy, the overall housing AUM declined 1% qoq due to higher repayments, resulting in the wholesale book declining 3% qoq. RoA for the housing business declined 40bps qoq due to an equivalent decrease in NIMs (lower proportion of higher yielding wholesale book). Infrastructure book disbursements in Q4 were Rs61bn, which led to AUM growth of 5% qoq. Overall asset quality improved sequentially, with annualized credit costs declining 44bps to ~3% (Q3: 3.4%). GS3 in Q4 was 3.8% (Q3: 5.9%) and NS3 was 2% (Q3:3%). Had loans worth Rs19.1bn not been sold to the ARC, the GS3 would have been 5.7%. Stage 3 PCR was 47.4% (Q3: 48.7%)
- Strategy ahead:** In its strategy meet, LTFH has laid out the following goals for 2026. The retail book will form >80% of AUM, growing at an over 25% CAGR to ~Rs1tn. It aims to further improve asset quality with GS3<3% & NS3<1%. RoA guidance is 2.8-3%. With regard to its infrastructure book, it plans to get a strategic investor to take a stake in the business, provided it is at an appropriate valuation. There will be no further disbursements in the real estate business (disbursements for ongoing projects will be completed), with LTFH looking at inorganic routes to exiting this business.

Please see our sector model portfolio (Emkay Alpha Portfolio): [BFSI-NBFCs \(Page 12\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net income	68,801	65,698	1,00,360	84,269	99,233
Net profit	9,709	10,701	25,717	23,524	27,562
EPS (Rs)	4.5	4.3	10.4	9.5	11.1
BV (Rs)	86.5	80.5	89.6	97.9	107.8
RoA (%)	0.9	1.0	2.4	2.0	2.1
RoE (%)	5.8	5.5	12.2	10.1	10.8
PE (x)	18.9	19.6	8.2	8.9	7.6
P/BV	1.0	1.1	0.9	0.9	0.8

Source: Company, Emkay Research

CMP	Target Price
Rs 85 as of (May 2,2022)	Rs 100 (■) 12 months
Rating	Upside
BUY (■)	18.1 %

Change in Estimates

EPS Chg FY23E/FY24E (%)	-/
Target Price change (%)	-
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	10.4	9.5
Consensus	8.9	9.6
Mean Consensus TP (12M)	Rs 96	

Stock Details

Bloomberg Code	LTFH IN
Face Value (Rs)	10
Shares outstanding (mn)	2,474
52 Week H/L	101 / 59
M Cap (Rs bn/USD bn)	210 / 2.74
Daily Avg Volume (nos.)	175,37,990
Daily Avg Turnover (US\$ mn)	18.3

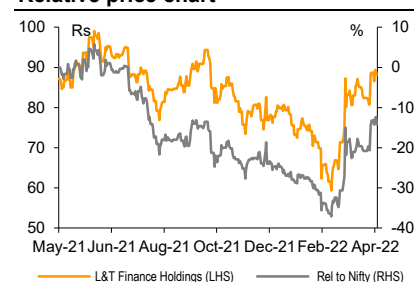
Shareholding Pattern Mar '22

Promoters	66.3%
FIIs	6.9%
DIIIs	4.6%
Public and Others	22.3%

Price Performance

(%)	1M	3M	6M	12M
Absolute	2	10	(1)	(3)
Rel. to Nifty	6	14	3	(17)

Relative price chart



This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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LTFH expects capital adequacy >30% (Q4: ~23%) post the sale of its mutual fund business – LTIM. It aims to become a retail NBFC with 'customer focus' and become a Fintech at scale. It has laid out four vectors to achieve the above: 1) a sustainable profit and growth engine, 2) demonstrable strength in risk management, 3) creating a fintech at scale, and 4) sustainable future growth through ESG. On the digital front, there has been a soft launch of its mobile app (L&T Finance 'PLANET' app) with the aim of improving it over the coming year and reaching its end state in 4-5 years, broadly covering the following at that point: rural ecosystem, two-wheeler utility portal, advisory & servicing platform, housing ecosystem, farmer's marketplace, and third-party products.

LTFH plans to grow the following books: Farm equipment, two wheeler, micro loans, retail housing, consumer loans, and SME finance. It also has plans to launch the following in the near future: 1) Rural business finance ecosystem, 2) Farmer Ecosystem, 3) Urban Consumption ecosystem, and 4) SME ecosystem. It will also look at acquiring retail books in the above products as an inorganic growth engine.

- **Changes in estimates:** We had earlier assumed the one-off gain from the sale of the mutual fund to be considered as other income and taken directly to the networth. As per management commentary, it seems more likely that the entire amount or a significant portion of the one-off gains would be utilized as management overlay provisions for future use. This, in turn, reduces our credit cost assumptions for FY24E and beyond. We have changed our estimates for FY23/24 earnings to reflect the same.

Valuation and risks: We retain Buy on the stock with a Mar'23 TP of Rs100, valuing the consolidated entity (post sale of its AMC business-LTIM) using the excess return on equity method. Our TP implies a Mar'24E price/BVPS of 1.0x. While we raise our cost of equity from 13.1% to 13.5%, our TP-implied P/BV remains stable on account of an improved outlook for the infra business and the additional overlay buffer provided by the proceeds from the sale of the AMC business. Key downside risks: large ticket exposures slipping to NPA in housing and wholesale books; weakness in rural household balance sheets resulting in higher NPAs in the rural portfolio.

Exhibit 1: Quarterly Financials

Particulars (Rs mn)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	% yoy	% qoq	FY21	FY22	% yoy
Income from operations	32,236	30,083	29,028	28,744	29,188	-9.5%	1.5%	1,31,049	1,17,042	-10.7%
Interest Expenses	16,091	15,095	14,454	14,066	13,923	-13.5%	-1.0%	71,999	57,538	-20.1%
Net Operating Income	16,145	14,987	14,574	14,678	15,265	-5.5%	4.0%	59,049	59,504	0.8%
Other Income	2,977	1,075	1,388	2,248	1,484	-50.1%	-34.0%	9,752	6,194	-36.5%
Total Income	19,122	16,062	15,962	16,925	16,749	-12.4%	-1.0%	68,801	65,698	-4.5%
Operating Expenses	6,078	5,212	5,574	5,817	6,034	-0.7%	3.7%	19,749	22,636	14.6%
PPoP	13,044	10,850	10,388	11,109	10,715	-17.9%	-3.5%	49,052	43,061	-12.2%
Provisions	5,862	9,062	7,830	7,418	6,524	11.3%	-12.1%	36,357	30,833	-15.2%
CoR	2.4%	4.0%	3.6%	3.4%	3.0%			74.1%	71.6%	
Exceptional items								2,256	-	
PBT (including exceptional items)	7,182	1,788	2,559	3,691	4,191	-41.6%	13.5%	14,951	12,229	-18.2%
Tax	4,523	489	832	1,126	1,289	-71.5%	14.5%	5,463	3,736	-31.6%
Tax rate (%)	63.0%	27.3%	32.5%	30.5%	30.8%			36.5%	30.6%	
Profit after tax	2,660	1,299	1,726	2,565	2,902	9.1%	13.1%	9,488	8,492	-10.5%
Share of profit from associates/MI	9	479	514	695	521			221	2,209	
PAT adjusting for one offs	2,669	1,778	2,240	3,260	3,422	28.3%	5.0%	9,709	10,701	10.2%
AUM	9,40,140	8,84,410	8,69,370	8,55,520	8,83,410	-6.0%	3.3%	9,40,140	8,83,410	-6.0%
Disbursement	81,060	52,240	73,390	99,080	1,47,320	81.7%	48.7%	2,83,240	3,72,020	31.3%

Source: Company, Emkay Research

Exhibit 2: Actuals vs. Estimates

Rs mn	Actual	Estimates (Emkay)	% Variation Emkay	Comments
Disbursement	1,47,320	1,18,300	25%	Stronger-than-expected disbursements in the wholesale portfolio.
AUM	8,83,410	8,49,662	4%	
NII	15,265	14,791	3%	
PPOP	10,715	10,348	4%	
PAT (ex minority interest)	3,414	4,243	-20%	Sell down of loans to ARC resulted in credit costs coming above expectation

Source: Company, Emkay Research

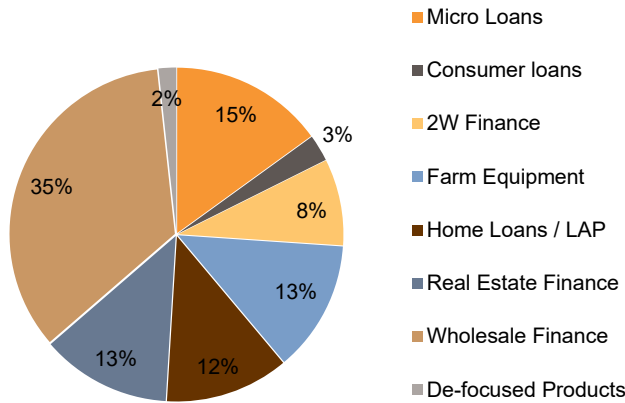
Exhibit 3: Revision in earnings estimates

Y/E Mar (Rs mn)	FY22			FY23E			FY24E		
	Earlier	Revised	% change	Earlier	Revised	% change	Earlier	Revised	% change
Disbursement	3,43,010	3,72,020	8.5%	4,11,279	4,48,860	9.1%	4,82,777	5,25,708	8.9%
AUM	8,73,010	8,83,410	1.2%	8,86,334	9,35,376	5.5%	9,52,436	10,28,331	8.0%
Net interest income	59,361	59,504	0.2%	64,077	63,612	-0.7%	73,808	74,558	1.0%
PPOP	45,537	43,061	-5.4%	71,718	73,500	2.5%	55,845	54,983	-1.5%
PAT	10,713	10,701	-0.1%	34,166	25,717	-24.7%	23,190	23,524	1.4%
EPS (Rs)	4.3	4.3	-0.1%	13.8	10.4	-24.7%	9.3	9.5	1.4%
BV (Rs)	79.6	80.5	1.0%	91.3	89.6	-1.9%	99.2	97.9	-1.3%

Source: Company, Emkay Research

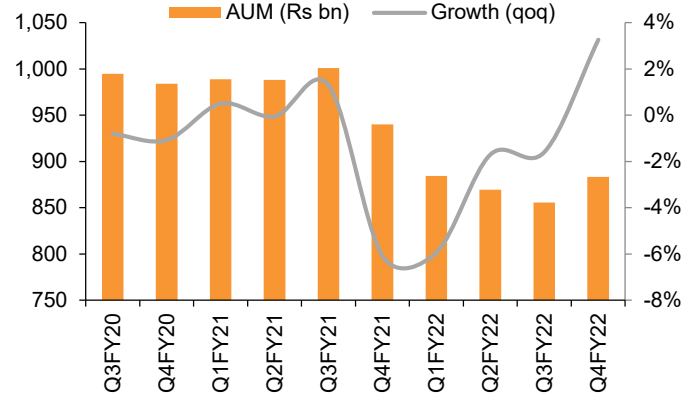
Story in Charts

Exhibit 4: AUM composition in Q4FY22



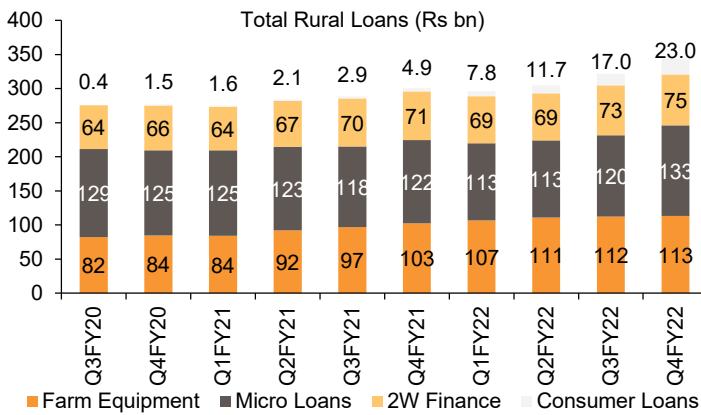
Source: Company, Emkay Research

Exhibit 5: AUM grew ~3% qoq led by micro loans (+11%) and consumer loans (+36%)



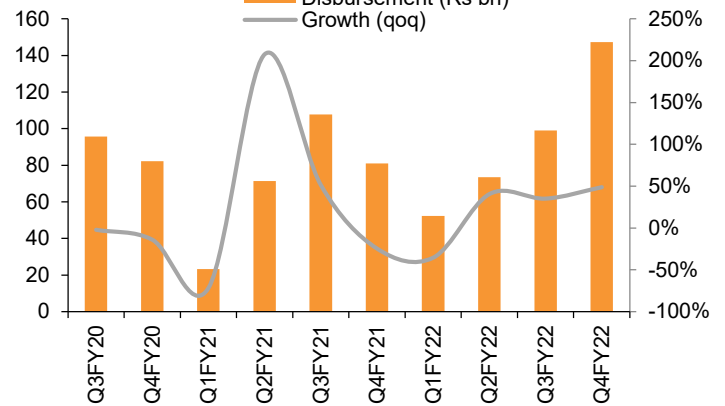
Source: Company, Emkay Research

Exhibit 6: Rural loans grew by 7%qoq led by micro-loans (+11%) and consumer loans (+36%)



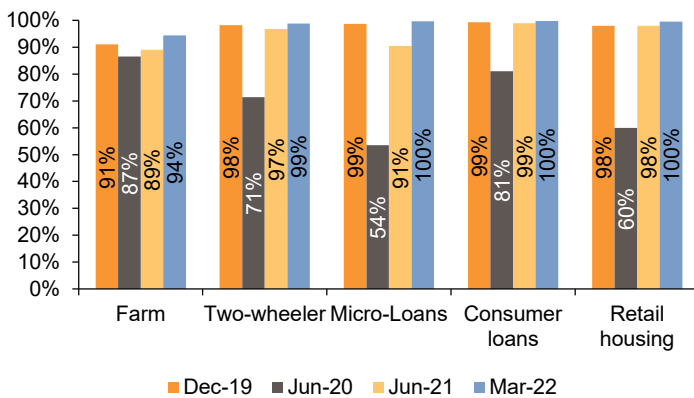
Source: Company, Emkay Research

Exhibit 7: Disbursements witnessed growth of 49% qoq led by home loans (+29%), micro loans (+23%) and consumer loans (+23%)



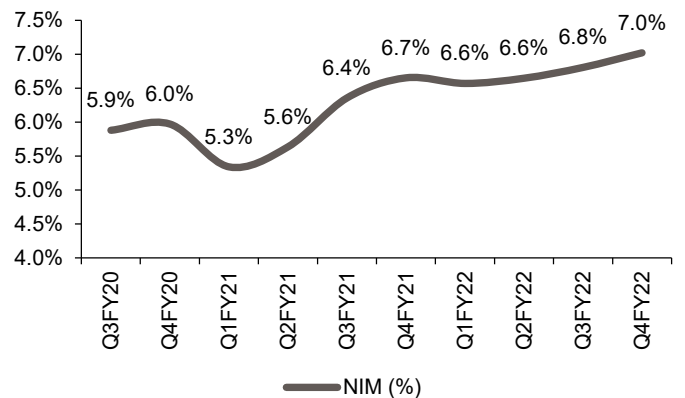
Source: Company, Emkay Research

Exhibit 8: Retail Collection efficiencies surpassed pre-covid levels



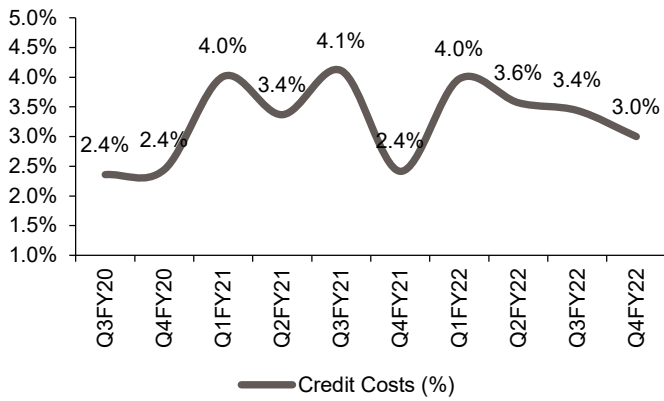
Source: Company, Emkay Research

Exhibit 9: Overall NIMs grew by 22bps qoq/37bps yoy



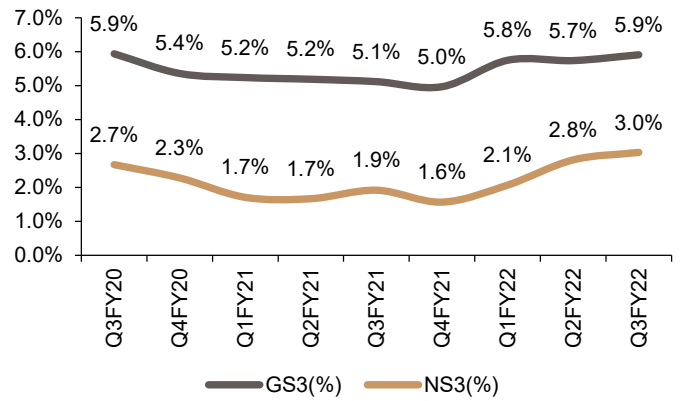
Source: Company, Emkay Research

Exhibit 10: Credit costs declined 44bps qoq/59bps yoy



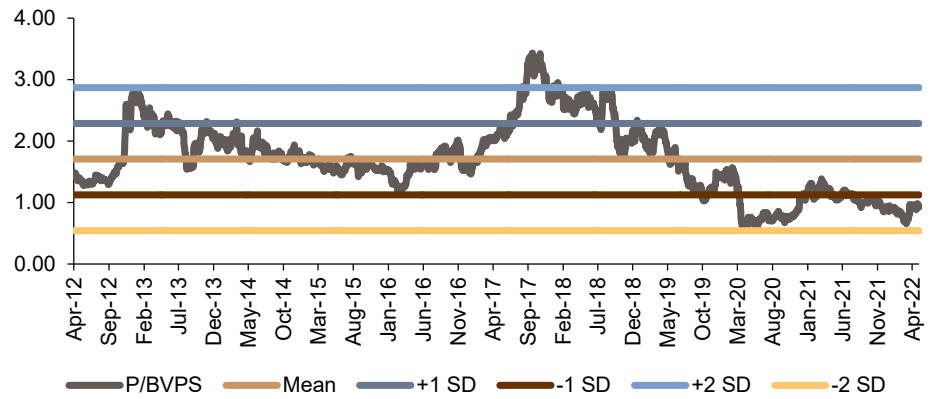
Source: Company, Emkay Research

Exhibit 11: GS3 and NS3 declined 211bps and 103bps qoq respectively



Source: Company, Emkay Research

Exhibit 12: LTFH currently trades at 0.9x one-year forward book value



Source: Company, Emkay Research

Forecast Assumptions

Exhibit 13: Combined Lending business parameters (Rural +Housing + Infra.)

	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
AUM growth (yoy)	18%	-1%	-4%	-6%	6%	10%	13%
Disbursement growth (yoy)	-28%	-36%	-24%	31%	21%	17%	17%
Slippage rate	2.0%	1.5%	2.7%	3.2%	2.2%	2.4%	2.7%
ECL provision as % of loan book	3.5%	3.1%	3.5%	2.4%	2.5%	2.5%	2.6%

Source: Company, Emkay Research

Exhibit 14: RoE decomposition of combined lending business (Rural + Housing + Infra.)

- As % of Average AUM	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Net Interest income	5.3	5.7	6.0	6.2	6.8	7.3	7.8
Fee Based Income + Other Income	1.3	1.1	0.9	1.0	4.0	1.3	1.3
Opex	1.6	1.7	1.8	2.4	2.7	2.9	3.0
Pre-Provisioning Profit	5.0	5.2	5.1	4.8	8.1	5.8	6.1
Provisions	1.7	2.7	3.5	3.2	4.5	2.4	2.5
PBT	3.3	2.5	1.6	1.5	3.5	3.4	3.5
(1-t)	0.7	0.7	0.7	0.7	0.5	0.7	0.7
RoAUM	2.4	1.8	1.1	1.1	1.9	2.5	2.6
Financial Leverage (AUM/Networth)	7.1	6.3	5.8	5.2	4.9	4.8	4.8
RoE	17.2	11.2	6.4	5.9	9.4	12.0	12.5

Source: Company, Emkay Research

Exhibit 15: Key assumptions for rural book

	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
AUM growth (yoy)	55%	8%	9%	14%	22%	22%	22%
Disbursement growth (yoy)	26%	-5%	-15%	41%	27%	22%	22%
Slippage rate	3.2%	3.7%	6.0%	3.9%	4.8%	4.7%	4.7%
ECL provision as % of loan book	2.5%	3.2%	3.5%	3.3%	3.4%	3.3%	3.3%

Source: Company, Emkay Research

Exhibit 16: RoE decomposition for rural business

- As % of Average AUM	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E
Net Interest income	12.0	11.9	12.0	12.0	12.0	12.0	12.0
Fee Based Income + Other Income	1.8	1.7	1.6	1.5	1.6	1.6	1.6
Opex	3.5	4.2	4.3	4.8	4.8	4.8	4.8
Pre-Provisioning Profit	10.2	9.3	9.3	8.6	8.8	8.8	8.8
Provisions	4.3	4.5	6.9	5.4	4.2	4.1	4.2
PBT	5.9	4.9	2.4	3.2	4.6	4.7	4.6
(1-t)	0.7	0.8	0.7	0.7	0.7	0.7	0.7
RoAUM	4.3	3.9	1.7	2.4	3.4	3.5	3.4
Financial Leverage (AUM/Networth)	6.7	6.5	6.1	5.8	5.6	5.8	5.9
RoE	28.6	24.9	10.4	13.9	19.1	20.0	20.3

Source: Company, Emkay Research

Exhibit 17: Key assumptions for housing book

	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
AUM growth (yoy)	35%	4%	-11%	-8%	-1%	3%	7%
Disbursement growth (yoy)	-3%	-23%	-68%	54%	27%	15%	17%
Slippage rate	0.7%	0.8%	1.5%	6.8%	0.2%	0.1%	0.7%
ECL provision as % of loan book	0.6%	0.7%	0.9%	2.6%	2.5%	2.2%	2.0%

Source: Company, Emkay Research

Exhibit 18: RoE decomposition of housing book

- As % of Average AUM	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E
Net Interest income	5.5	5.2	4.7	4.3	4.3	4.3	4.2
Fee Based Income + Other Income	1.2	0.8	0.6	0.4	6.3	0.7	0.7
Opex	0.8	1.2	1.2	1.9	1.9	1.9	1.9
Pre-Provisioning Profit	5.9	4.9	4.0	2.8	8.8	3.1	3.0
Provisions	0.9	1.3	1.6	2.4	5.5	0.7	0.8
PBT	5.0	3.6	2.4	0.4	3.3	2.4	2.3
(1-t)	0.7	0.8	0.7	0.7	0.3	0.7	0.7
RoAUM	3.6	2.9	1.7	0.3	1.0	1.8	1.7
Financial Leverage (AUM/Networth)	7.2	6.5	5.6	4.9	4.6	4.4	4.3
RoE	26.0	19.0	9.4	1.3	4.5	7.8	7.2

Source: Company, Emkay Research

Exhibit 19: Key assumptions for Infra book

	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
AUM growth (yoy)	1%	-18%	-4%	-19%	-5%	-1%	1%
Disbursement growth (yoy)	-48%	-63%	-5%	9%	5%	5%	5%
Slippage rate	2.0%	-0.8%	0.5%	0.1%	0.5%	0.7%	0.5%
ECL provision as % of loan book	5.8%	4.9%	5.3%	1.2%	1.4%	1.4%	1.4%

Source: Company, Emkay Research

Exhibit 20: RoE decomposition of Infra business

- As % of Average AUM	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E
Net Interest income	2.3	2.4	2.6	2.2	2.0	2.3	2.3
Fee Based Income + Other Income	1.1	1.0	0.8	0.9	5.5	1.3	1.3
Opex	0.6	0.5	0.5	0.5	0.7	0.5	0.5
Pre-Provisioning Profit	2.8	2.8	3.0	2.5	6.9	3.1	3.1
Provisions	0.9	0.9	1.6	1.3	4.0	0.7	0.5
PBT	1.9	2.0	1.3	1.2	2.9	2.4	2.6
(1-t)	0.8	0.9	0.7	0.7	0.4	0.7	0.7
RoAUM	1.4	1.8	1.0	0.9	1.0	1.7	1.9
Financial Leverage (AUM/Networth)	8.1	6.7	5.7	5.1	4.4	4.1	3.8
RoE	11.7	11.8	5.7	4.6	4.5	7.1	7.1

Source: Company, Emkay Research

Analyst Meet highlights

- LTFH was able to maintain its market share in two-wheelers and tractors despite a decline in the overall market for the same.
- LTFH has demonstrated strong pricing power. As retail forms a greater part of the balance sheet, the duration of the balance sheet will come down. Thus, rising rates will have a good impact on the cost of funds.
- LTFH have not released management overlay provisions (Rs17.3bn) and have in fact created some in Q4 as it is cautious about possible Covid waves. The situation will be assessed over the next 1-2 quarters and provisions will then be released slowly.
- Its aim for 2026 is to become a retail NBFC, moving forward from 'Product focus' to 'customer focus' and become a Fintech at scale.
- LTFH has broadly laid down the following goals for 2026: Retail to form >80% of the overall book, with retail growing at a >25% CAGR leading to a ~Rs 1,000bn retail book. It aims to improve asset quality, with GS3 < 3% and NS3 <1%. It aims to reach RoA of 2.8%-3%.
- LTFH completed its first ESG- related loan at an attractive price, with further incentives in case of meeting ESG targets. It aims to do more such loans.
- It aims to achieve its goal for 2026 via 4 vectors – 1) a sustained profit and growth engine, 2) demonstrable strength in risk management, 3) creating a fintech at scale, and 4) sustainable future growth through ESG.
- It plans to grow the following books: Farm equipment, two-wheelers, micro loans, retail housing, consumer loans, and SME finance. It plans to acquire retail books in above products.
- It plans to launch the following in the near future: 1) Rural business finance ecosystem, 2) Farmer Ecosystem, 3) Urban Consumption ecosystem, and 4) SME ecosystem. Further, it plans to acquire retail books in the above products.
- It expects capital adequacy to increase to over 30% in Q3FY23 post the mutual fund sale.
- It has been running down its corporate book and will make sure that projects that are in place currently will be completed.
- LTFH has no plans to enter into credit cards or BNPL currently.
- It aims to strengthen the rural franchise, build an urban franchise and do more cross-selling and up-selling.
- For infrastructure finance, it aims to get a strategic partner to buy a 51% stake and bring in large capital. However, this will only be done if it is at a good valuation. If not, an asset-light model will be maintained.
- For the real estate book, it does not plan to do further underwriting; however, disbursements for ongoing projects will continue. It is exploring inorganic exit routes.
- There has been a soft launch of its mobile app (L&T Finance planet app) with an aim of improving it over the coming year and reach its end state in 4-5 years, broadly covering the following: rural ecosystem, two wheeler utility portal, advisory & servicing platform, housing ecosystem, farmer's marketplace, and third party products.
- LTFH believes that a major slowdown in the rural economy is now behind us. If the current expectations for monsoon and Rabi demand hold, then rural will not perform negatively. In its internal models LTFH has not built in negative performance for any rural market.

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net interest income	59,049	59,504	63,612	74,558	87,560
Other income	9,752	6,194	36,748	9,711	11,673
Net income	68,801	65,698	1,00,360	84,269	99,233
Operating expenses	19,749	22,636	26,860	29,285	34,703
Pre provision profit	49,052	43,061	73,500	54,983	64,530
PPP excl treasury	49,052	43,061	73,500	54,983	64,530
Provisions	36,357	30,833	41,274	23,604	27,715
Profit before tax including EI	14,951	12,229	32,226	31,380	36,815
Tax	5,463	3,736	8,282	8,065	9,461
Tax rate	37	31	26	26	26
Profit after tax and MI	9,709	10,701	25,717	23,524	27,562

Balance Sheet

Y/E Year End (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity	24,695	24,740	24,740	24,740	24,740
Reserves	1,63,038	1,74,737	1,97,481	2,18,285	2,42,661
Net worth	1,87,732	1,99,477	2,22,221	2,43,026	2,67,401
Other liabilities and provisions	16,426	17,532	20,639	24,378	28,869
Borrowings	8,85,558	8,52,012	8,75,690	9,56,230	10,70,385
Total liabilities	10,89,716	10,69,022	11,18,550	12,23,633	13,66,655
Cash and bank	84,270	79,704	93,989	94,992	94,278
Investments	91,994	1,22,411	1,25,813	1,37,384	1,53,785
Loans	8,70,303	8,24,694	8,53,007	9,41,318	10,63,588
Others	43,150	42,212	45,742	49,940	55,004
Total assets	10,89,716	10,69,022	11,18,550	12,23,633	13,66,655

Key Ratios (%)

Y/E Year End	FY21	FY22	FY23E	FY24E	FY25E
NIM	6.1	6.5	7.0	7.6	8.0
RoA	0.9	1.0	2.4	2.0	2.1
RoAE	5.8	5.5	12.2	10.1	10.8
GNPA (%)	7.7	8.7	9.8	10.4	10.8
NNPA (%)	2.2	3.5	3.9	4.2	4.3

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	4.5	4.3	10.4	9.5	11.1
BVPS	86.5	80.5	89.6	97.9	107.8
DPS	0.0	0.5	1.2	1.1	1.3

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	18.9	19.6	8.2	8.9	7.6
P/BV	1.0	1.1	0.9	0.9	0.8
Dividend Yield (%)	0.0	0.6	1.4	1.3	1.5

Source: Company, Emkay Research

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
NII	3.0	0.8	6.9	17.2	17.4
PPOP	(1.6)	(12.2)	70.7	(25.2)	17.4
PAT	(42.9)	10.2	140.3	(8.5)	17.2
Loans	(4.8)	(5.2)	3.4	10.4	13.0

Quarterly (Rs mn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
NII	16,145	14,987	14,574	14,678	15,265
NIM(%)	6.7	6.6	6.6	6.8	7.0
PPOP	13,044	10,850	10,388	11,109	10,715
PAT	2,669	1,778	2,240	3,260	3,422
EPS (Rs)	1.18	0.72	0.91	1.32	1.39

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Promoters	63.6	63.6	63.5	63.5	66.3
FIIIs	10.6	8.8	8.3	7.9	6.9
DIIIs	5.9	6.6	6.6	6.1	4.6
Public and Others	19.9	21.1	21.7	22.5	22.3

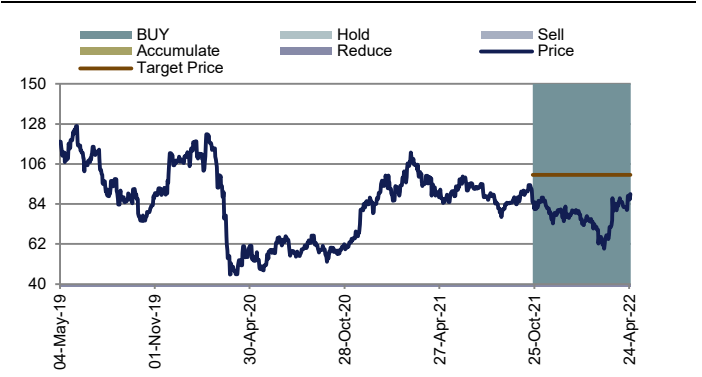
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
24-Jan-22	73	100	12m	Buy	Manjith Nair
22-Oct-21	85	100	12m	Buy	Manjith Nair

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – BFSI-NBFCs



Analyst: Manjith Nair

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Sector

Non-bank financial companies (NBFC)

Analyst bio

Manjith R Nair holds a B.E, MBA (ISB). He has total 13 years of research experience covering financials. Prior to that, he was in Europe managing client account relations for an IT major.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
BFSI-NBFCs	6.62	6.62	0%	0	100.00	
Bajaj Finance*	1.75	1.76	0%	0	26.58	0
Cholamandalam Investment	0.29	0.29	0%	0	4.37	0
Edelweiss Financial Services*	0.00	0.00	NA	0	0.00	0
HDFC	4.00	4.01	0%	2	60.65	0
L&T Finance Holdings	0.07	0.07	0%	0	1.04	0
LIC Housing Finance	0.11	0.11	0%	0	1.71	0
Mahindra Finance	0.11	0.00	-100%	-11	0.00	0
Nippon Life India Asset Management*	0.05	0.05	-8%	0	0.70	0
Ponawalla Finco*	0.00	0.06	NA	6	0.91	0
Shriram City Union Finance	0.00	0.03	NA	3	0.41	0
Shriram Transport Finance	0.24	0.24	0%	0	3.61	0
Cash	0.00	0.00	NA	0	0.00	0

Source: Emkay Research

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	30-Apr-21	29-Oct-21	31-Jan-22	31-Mar-22	29-Apr-22
EAP - BFSI-NBFCs	100.0	133.3	161.3	146.4	143.1	134.8
BSE200 Neutral Weighted Portfolio (ETF)	100.0	125.2	151.4	137.0	134.0	126.3

*Performance measurement base date 1st April 2019

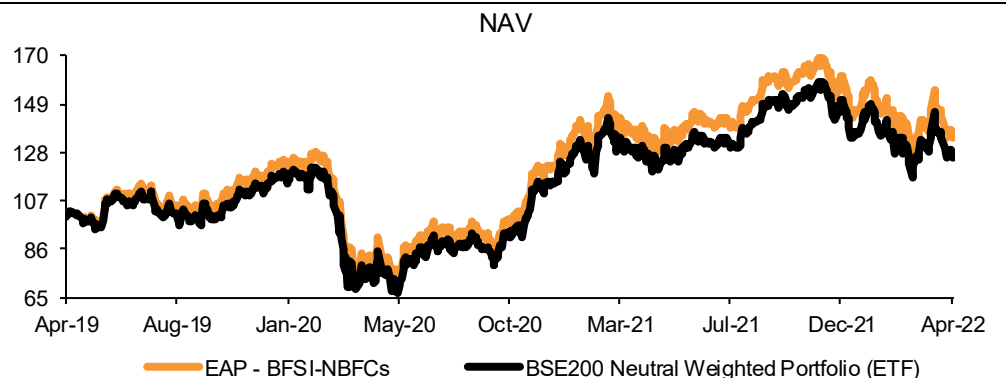
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-NBFCs	-5.8%	-7.9%	-16.4%	1.1%
BSE200 Neutral Weighted Portfolio (ETF)	-5.7%	-7.8%	-16.5%	0.9%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 04 May 2022 10:56:25 (SGT)
Dissemination Date: 04 May 2022 10:57:25 (SGT)

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