

# L&T Finance among India's five most valuable NBFC firms

L&T Finance Holdings Ltd has entered the list of India's top five most valuable non-banking financial firms after the stock rose 7.5% to hit a record high

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So far in 2017, the share price of L&T Finance Holdings has surged 114%. Photo: Mint  
**Mumbai:** L&T Finance Holdings Ltd, a subsidiary of Larsen & Toubro Ltd, has entered the list of India's top five most valuable non-banking financial firms after the stock rose 7.5% to hit a record high on Monday.

So far in 2017, the share price of L&T Finance Holdings has surged 114%; the BSE benchmark Sensex has risen 19%. The company made its trading debut in August 2011 and has since gained 255%. On Monday, it closed at 187.75; the Sensex rose 0.5% to 31,750.82 points.

With a market capitalization of Rs34,202.65 crore L&T Fin has replaced LIC Housing Finance Ltd to enter the elite club. LIC Housing has a market value of Rs33,186.64 crore, according to BSE data.

Mortgage lender Housing Development Finance Ltd (HDFC Ltd) is the most valuable non-banking finance firm with a market cap of Rs2.82 trillion followed by Bajaj Finance Ltd (Rs1 trillion), Bajaj Finserv Ltd (Rs88,890 crore) and Indiabulls Housing Finance Ltd (Rs52,020 crore).

The market cap of L&T Finance is higher than all listed public sector banks except State Bank of India. Also, among the BSE500 stocks, its market cap is higher than companies like Petronet LNG Ltd, ACC Ltd, DLF Ltd, Idea Cellular Ltd and Bharat Heavy Electricals Ltd.

The company reported 49% year-on-year growth in net profit for the June quarter to Rs309 crore. During the quarter, its return on equity (RoE) improved by 385 basis points to 13.63% from 9.78% a year ago. Gross non-performing assets (NPA) decreased by 140 basis points to 5.71% from 7.11% last year same quarter. One basis point is one-hundredth of a percentage point.

“Over a year into the new strategy, execution has been encouraging and indicates that L&T Finance will pre-empt its RoE target. While the stock has clocked strong performance, business tailwinds and robust execution are likely to aid further re-rating”, securities house Edelweiss Securities wrote in a 27 July note.

L&T Finance is a financial holding company which offers a diverse range of financial products and services across retail, corporate and infrastructure finance sectors.

Of the 15 brokers tracking L&T Finance, as many as 14 have a “buy” rating and only one brokerage a “sell” recommendation on the stock.

“L&T Finance is on path to become dominant player in infrastructure and tractor businesses by fiscal year 2020. Also improvement in RoE will be led by cost control and rationalization with big thrust on digital investment and focus on fee income and strengthening of balance sheet, which we believe can lead to achieving RoE of 18% by FY19 and 20% by fiscal year 2020,” wrote Prabhudas Lilladher in a 27 July report.