




# LIC Housing Finance Limited

**Accumulate**

Sector: NBFC

29<sup>th</sup> August, 2025

Key Changes	Target		Rating		Earnings		Target	Rs. 618
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>		<b>Rs. 547</b>
Mid Cap	LICHF:IN	80,081	LICHSGFIN	500253	12 Months	<b>Return</b>		<b>+13%</b>

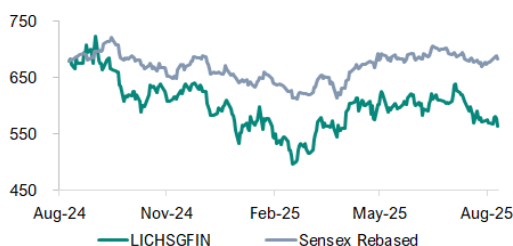
Data as of: 28-August-2025, 18:00 hrs

Company Data			
Market Cap (Rs. cr)			30,985
52 Week High — Low (Rs.)			735 - 484
Outstanding Shares (cr)			55.0
Free Float (%)			54.5
Dividend Yield (%)			1.8
6m average volume (cr.)			0.2
Beta			1.7
Face value (Rs. )			2.0

Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	45.2	45.2	45.2
FII's	21.2	21.6	20.3
MFs/Insti	21.5	21.3	22.2
Public	10.6	10.4	10.8
Others	1.5	1.4	1.5
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-5.0%	3.6%	-17.4%
Absolute Sensex	0.4%	8.0%	0.3%
Relative Return	-5.5%	-4.3%	-17.7%

\*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Net Interest Income	8,130	8,563	9,491
Growth (%)	-6.0	5.3	10.8
NIM (%)	2.7	2.5	2.6
Pre-Provision Profit	7,142	7,508	8,297
Net Profit	5,429	5,374	5,947
Growth (%)	13.9	-1.0	10.7
Adj. EPS	98.7	97.7	108.1
Growth (%)	13.9	-1.0	10.7
BVPS	659.1	737.3	823.8
P/E	5.7	5.8	5.2
P/B	0.9	0.8	0.7
RoE (%)	16.0	14.0	13.9
RoA (%)	1.8	1.6	1.7

## Cautious outlook amid fierce competition

**LIC Housing Finance (LICHF) Ltd is one of the largest housing finance companies in India. It provides long-term finance for residential flats and houses to individuals, professionals and builders.**

- Interest income logged an increase of 5.5% YoY to Rs. 7,113cr in Q1FY26, primarily driven by a 7.2% YoY expansion in the loan book.
- Interest expense witnessed a surge of 6.3% YoY to Rs. 5,047cr, largely attributed to a 6.8% YoY rise in outstanding borrowings.
- Net interest income rose 3.9% YoY to Rs. 2,066cr in Q1FY26 as the growth in interest income outpaced the increase in interest expense.
- Net interest margin (NIM) fell to 2.68% in Q1FY26 from 2.76% in Q1FY25, primarily due to lower yields resulting from recent reductions in the repo rate.
- Reported PAT stood at Rs. 1,360cr in Q1FY26, up 4.6% YoY, driven by a healthy growth in total income (+6.6% YoY), albeit tempered by increased provisions and contingencies (+34.8% YoY) in Q1FY26.

## Outlook & Valuation

LICHF's financial performance in Q1FY26 was stable. Despite the quarter being relatively subdued, the company is optimistic that discernible signs of progress have emerged, paving the way for an anticipated pickup in growth from Q2 onwards, consistent with its historical pattern. The company is confident about its asset quality and has adequate provisions in place. It has no major concerns on the NPA front and is upbeat about its future performance. However, competition in the industry is expected to increase, particularly from public sector banks, which may lead to pressure on margins due to a rate war. Additionally, the company may need to consider further cut rates to remain competitive, as some smaller banks offer even lower rates. However, **Given valuation comfort we maintain our Accumulate rate on the stock with a revised target price of Rs. 618 based on 0.75x FY27E BVPS.**

## Quarterly Financials Standalone

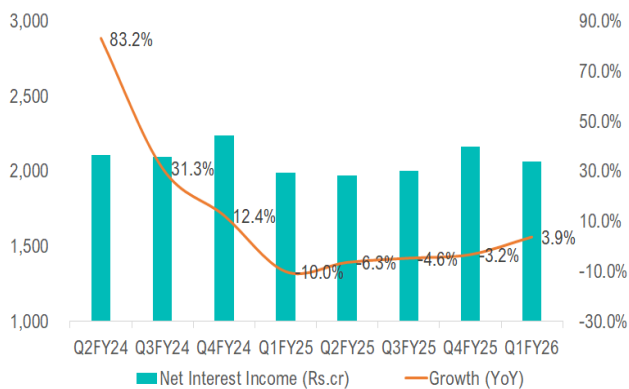
Rs. cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Net Interest Income	2,066	1,989	3.9	2,166	-4.6
Total Income	7,233	6,784	6.6	7,283	-0.7
Total Expenditure	5,341	5,012	6.6	5,404	-1.2
Pre-Provision Profit	1,892	1,772	6.8	1,879	0.7
PBT	1,699	1,628	4.3	1,770	-4.0
Rep. PAT	1,360	1,300	4.6	1,368	-0.6
Adj PAT	1,360	1,300	4.6	1,368	-0.6
EPS (Rs.)	24.7	23.6	4.6	24.9	-0.6



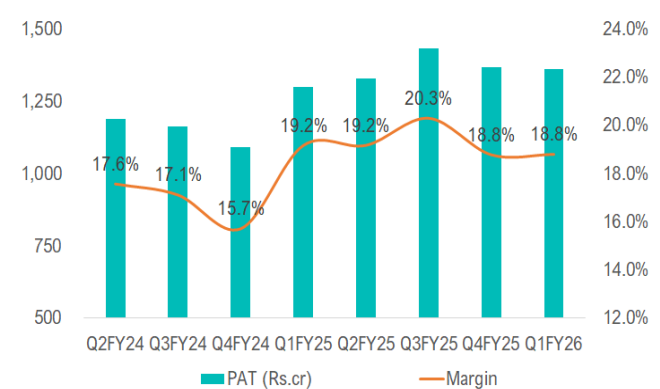
## Key Concall Highlights

- Total disbursements for the quarter increased 1.6% YoY and stood at Rs. 13,116cr. Disbursements have been steadily increasing, particularly in the latter part of Q1 and in July, with a monthly average of around Rs. 5,500cr.
- The company expects the growth to continue, targeting monthly disbursements of Rs. 6,000 to 6,500cr August onwards. It also expects double-digit growth in disbursements for the full year, with a planned reassessment of this guidance after the second quarter.
- The Reserve Bank of India's Monetary Policy Committee made two significant moves in June 2025: it lowered the repo rate by 50bps to 5.50% and shifted its stance to neutral from accommodative. Additionally, it reduced the Cash Reserve Ratio (CRR) by 100bps, releasing approximately Rs. 2.5 lakh crore into the system, thereby boosting liquidity.
- The company's spread increased to 2.10% as of June from 2.07% in Q1FY25, driven by a 69bps decrease in the incremental cost of borrowing. The company expects further reduction of 5-10bps in the cost of borrowing over the next few quarters.
- The company reiterated its commitment to delivering double-digit growth in AUM in FY26, while also reaffirming its NIM guidance, which remains at 2.6-2.8%.
- The company faces a strategic choice between growth and margins due to competitive pressures, with the management indicating a preference for protecting margins over growth.

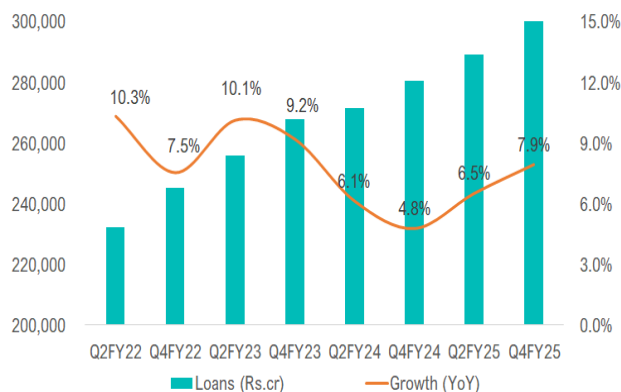
## Net Interest Income



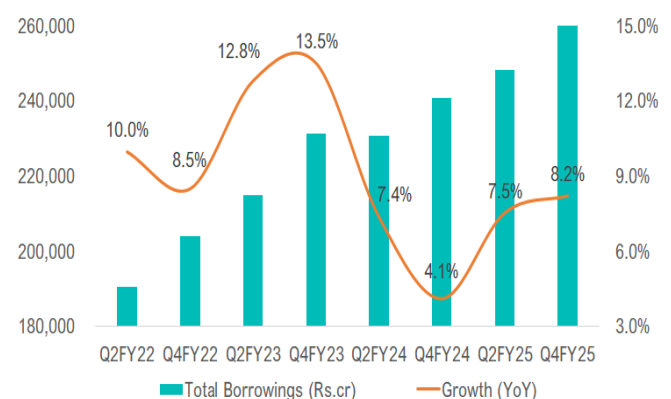
## Profit After Tax



## Loans\*



## Borrowings\*



\*Comparison is between half-yearly and annual data as quarterly data not available

## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Interest Income	9,336	10,163	8,563	9,491	-8.3	-6.6
Net Interest Margin	2.8	2.8	2.5	2.6	-20bps	-20bps
Pre-Provision Profit	8,215	8,912	7,508	8,297	-8.6	-6.9
Net Profit	5,239	5,542	5,374	5,947	2.6	7.3
EPS	95.2	100.8	97.7	108.1	2.6	7.3



## Standalone Financials

### Profit & Loss

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Interest Income	22,516	27,042	27,661	29,801	32,702
Interest Expense	16,186	18,391	19,532	21,238	23,211
<b>Net Interest Income</b>	<b>6,330</b>	<b>8,651</b>	<b>8,130</b>	<b>8,563</b>	<b>9,491</b>
% Change	14.9	36.7	-6.0	5.3	10.8
Non-Interest Income	158	193	395	446	500
<b>Net Income</b>	<b>6,488</b>	<b>8,844</b>	<b>8,524</b>	<b>9,009</b>	<b>9,990</b>
<b>Total Income</b>	<b>22,674</b>	<b>27,235</b>	<b>28,056</b>	<b>30,247</b>	<b>33,201</b>
Operating Expenses	988	1,146	1,383	1,500	1,693
<b>Total Expenditure</b>	<b>17,174</b>	<b>19,537</b>	<b>20,915</b>	<b>22,738</b>	<b>24,904</b>
<b>Pre-Provisioning Profit</b>	<b>5,500</b>	<b>7,698</b>	<b>7,142</b>	<b>7,508</b>	<b>8,297</b>
Provisions	1,943	1,644	286	791	864
Profit Before Tax	3,557	6,054	6,856	6,717	7,434
Tax	666	1,289	1,427	1,343	1,487
<i>Tax Rate (%)</i>	<i>18.7</i>	<i>21.3</i>	<i>20.8</i>	<i>20.0</i>	<i>20.0</i>
Minority Interests	-	-	-	-	-
<b>Net Profit</b>	<b>2,891</b>	<b>4,765</b>	<b>5,429</b>	<b>5,374</b>	<b>5,947</b>
% Change	26.4	64.8	13.9	-1.0	10.7
Adj.	-	-	-	-	-
<b>Adj. Net Profit</b>	<b>2,891</b>	<b>4,765</b>	<b>5,429</b>	<b>5,374</b>	<b>5,947</b>
No. of Shares (cr)	55	55	55	55	55
<b>Adj. EPS (Rs.)</b>	<b>52.6</b>	<b>86.6</b>	<b>98.7</b>	<b>97.7</b>	<b>108.1</b>
% Change	21.8	64.8	13.9	-1.0	10.7
DPS	8.5	9.0	10.0	19.5	21.6

### Balance Sheet

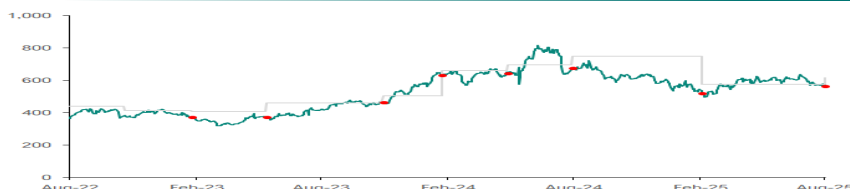
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash & Balances	742	1,573	1,405	1,559	1,684
Investments	6,976	6,277	7,142	7,749	8,408
<b>Advances</b>	<b>267,835</b>	<b>280,590</b>	<b>302,846</b>	<b>330,102</b>	<b>360,801</b>
Fixed Assets	160	172	162	176	187
Other Assets	2,699	2,594	2,372	2,497	2,746
<b>Total Assets</b>	<b>278,412</b>	<b>291,205</b>	<b>313,927</b>	<b>342,083</b>	<b>373,827</b>
Capital	110	110	110	110	110
Reserves & Surplus	26,990	31,285	36,147	40,446	45,203
<b>Deposits</b>	<b>11,626</b>	<b>9,899</b>	<b>8,243</b>	<b>8,672</b>	<b>9,062</b>
Borrowings	231,352	240,802	260,557	284,008	303,604
Other Liabilities	8,333	9,110	8,869	8,848	15,847
<b>Total Liabilities</b>	<b>278,412</b>	<b>291,205</b>	<b>313,927</b>	<b>342,083</b>	<b>373,827</b>
<b>BVPS</b>	<b>492.4</b>	<b>570.4</b>	<b>659.1</b>	<b>737.3</b>	<b>823.8</b>
<b>Adj. BVPS</b>	<b>370.7</b>	<b>487.3</b>	<b>566.6</b>	<b>645.3</b>	<b>730.8</b>
% Change	52.7	31.5	16.3	13.9	13.3

### Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Valuation</b>					
P/E (x)	6.3	7.1	5.7	5.8	5.2
P/BV (x)	0.7	1.1	0.9	0.8	0.7
Div. Yield (%)	2.6	1.5	1.8	3.5	3.8
<b>Profitability &amp; Return (%)</b>					
Yield on Funds	8.8	9.9	9.5	9.4	9.5
Cost of Funds	7.0	7.5	7.5	7.6	7.7
Spread (%)	1.8	2.4	2.0	1.9	1.8
NIM	2.4	3.1	2.7	2.5	2.6
ROE	11.2	16.3	16.0	14.0	13.9
ROA	1.1	1.7	1.8	1.6	1.7
<b>Asset Quality (%)</b>					
GNPA	4.4	3.3	3.3	3.1	3.0
NNPA	2.5	1.6	1.7	1.5	1.4
<b>Operating Ratios (%)</b>					
Cost/Income	15.2	13.0	16.2	16.7	16.9



## Recommendation Summary - (last 3 years)



Dates	Rating	Target
03-Jun-23	BUY	462
20-Nov-23	HOLD	505
13-Feb-24	HOLD	662
24-May-24	HOLD	697
20-Aug-24	ACCUMULATE	750
25-Feb-25	ACCUMULATE	575
29-Aug-25	ACCUMULATE	618

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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