

LIC Housing Finance Limited

ACCUMULATE

Sector: NBFC

26th June, 2026

Key Changes	Target ▲	Rating ●	Earnings ▲	Target	Rs. 621
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid Cap	LICHF:IN	77,100	LICHSGFIN	500253	12 Months
				CMP	Rs. 550
				Return	+13%

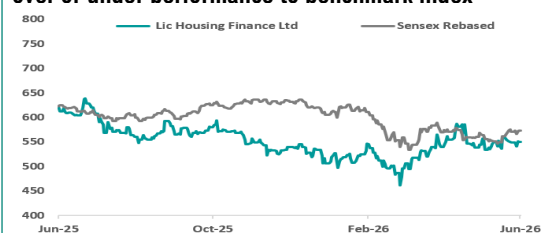
Data as of: 25-06-2026, 18:00 hrs

Company Data	
Market Cap (Rs. cr)	30,242
52 Week High — Low (Rs.)	647 - 459
Outstanding Shares (cr)	55.0
Free Float (%)	54.5
Dividend Yield (%)	1.8
6m average volume (cr.)	0.2
Beta	1.4
Face value (Rs.)	2.0

Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	45.2	45.2	45.2
FII's	20.2	20.4	21.4
MFs/Insti	22.1	21.8	20.9
Public	10.7	10.6	10.9
Others	1.7	2.0	1.6
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	10.8%	1.9%	-11.6%
Absolute Sensex	2.4%	-9.3%	-7.9%
Relative Return	8.4%	11.2%	-3.7%

*over or under performance to benchmark index



Y.E March (cr)	FY26A	FY27E	FY28E
Net Interest Income	8,425	9,125	9,742
Growth (%)	3.7	8.3	6.8
NIM (%)	2.7	2.6	2.5
Pre-Provision Profit	7,666	8,224	8,793
Net Profit	5,595	6,078	6,487
Growth (%)	3.1	8.6	6.7
Adj. EPS	101.7	110.5	117.9
Growth (%)	3.1	8.6	6.7
BVPS	751.2	850.5	955.7
P/E	5.4	5.0	4.6
P/B	0.7	0.6	0.6
RoE (%)	14.4	13.8	13.1
RoA (%)	1.8	1.8	1.7

LIC Housing launches affordable vertical

LIC Housing Finance (LICHF) Limited 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 from operations fell 1.5% YoY to Rs. 7,009cr in Q4FY26, due to competitive pressure in individual home loans and associated yield compression.
- Net interest income rose 2.6% YoY to Rs. 2,222cr, supported by lower cost of funds and a 3.3% YoY decrease in interest expenses to Rs. 4,787cr.
- Net interest margin (NIM) declined 5bps YoY to 2.80% (vs 2.85% in Q4FY25), owing to spread compression amid intense competition from banks, despite lower funding costs.
- Pre-provisioning profit grew 7.5% YoY to Rs. 2,018cr, due to a 4.2% YoY decrease in total expenditure to Rs. 5,176cr.
- Reported profit after tax (PAT) rose 9.5% YoY to Rs. 1,497cr, driven by robust operating leverage and lower opex-to-income ratio, despite muted top-line growth.
- Yield on advances (annualised) declined 58bps YoY to 9.21% in FY26, owing to competitive rate cuts and portfolio repricing.

Outlook & valuation

LICHF delivered steady performance, driven by resilient domestic mortgage demand, improved asset quality, and strategic diversification into the higher-margin loan against property (LAP) and lease rental discounting (LRD) segments. Management's focus on establishing a dedicated affordable housing vertical, leveraging co-lending partnerships, engaging business aggregators and deploying automated underwriting technology is expected to enhance operational efficiency and market reach. The new business retention department and expanded marketing team are likely to boost customer stickiness and reduce balance transfer outflows. Although RBI's cautious stance, flagging risks from elevated energy prices, and export slowdown amid geopolitical uncertainties, poses near-term headwinds, we remain optimistic. Hence, **we retain our rating to ACCUMULATE on the stock with a revised target price of Rs. 621 based on 0.65x rolled-forward FY28E BVPS.**

Quarterly Finance Standalone

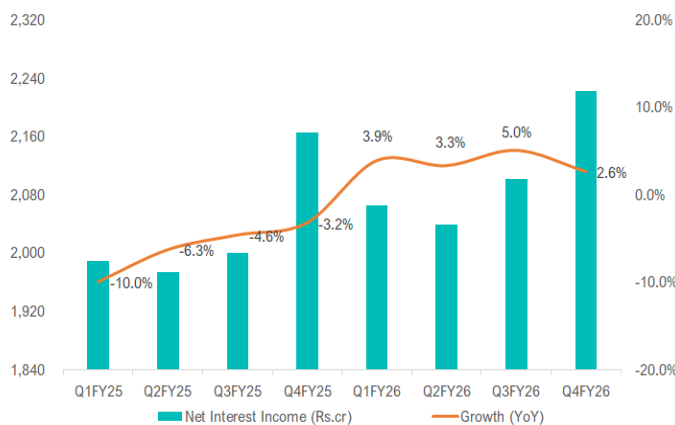
Rs.cr	Q4FY26	Q4FY25	YoY Growth (%)	Q3FY26	QoQ Growth (%)	FY26	FY25	YoY Growth (%)
Net Interest Income	2,222	2,165	2.6	2,101	5.8	8,425	8,126	3.7
Total Income	7,195	7,281	-1.2	7,184	0.1	28,772	28,046	2.6
Total Expenditure	5,176	5,404	-4.2	5,291	-2.2	21,105	20,915	0.9
Pre-Provision Profit	2,018	1,877	7.5	1,893	6.6	7,666	7,132	7.5
PBT	1,934	1,770	9.3	1,743	11.0	7,081	6,856	3.3
Rep. PAT	1,497	1,368	9.5	1,384	8.2	5,595	5,429	3.1
Adj PAT	1,497	1,368	9.5	1,384	8.2	5,595	5,429	3.1
EPS (Rs.)	27.2	24.9	9.4	25.2	8.2	101.7	98.7	3.1



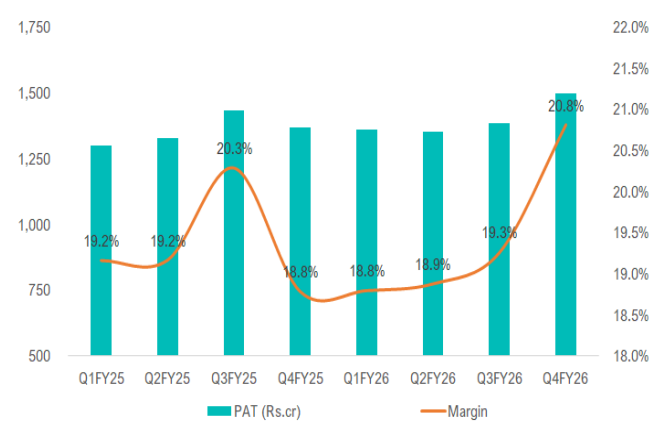
Key Concall Highlights

- Total disbursements increased 10% YoY to Rs. 21,019cr in Q4FY26, supported by expanded feet-on-street, enhanced agent productivity, and focused push in the LAP and LRD segments.
- The company reported a gross non-performing asset (NPA) ratio of 2.15% (vs 2.47% in Q4FY25) and a net NPA ratio of 1.08% (vs 1.22%), indicating a marginal uptick in stress, although supported by prudent provisioning.
- Management projected book growth of 10-12% for FY27, backed by aggregate disbursement budget of Rs. 78,000cr and strategic initiatives to significantly reduce monthly balance transfer outflows to Rs.1,000cr.
- Management reported NIM within guidance at 2.68% in FY26, even as geopolitical uncertainties pressured borrowing costs in March. The company conservatively projects NIM of 2.5-2.7% for FY27, contingent on market stability.
- Management noted that geopolitical risks from the West Asia conflict, including supply disruptions and crude price spikes, could impact inflation, though India's economic resilience remains intact with stable financial sector conditions.
- Project finance disbursement budget was revised downwards to Rs. 4,500cr from Rs. 10,000cr for FY27, though management expects actual achievement of Rs. 6,000-7,000cr given the new credit model.

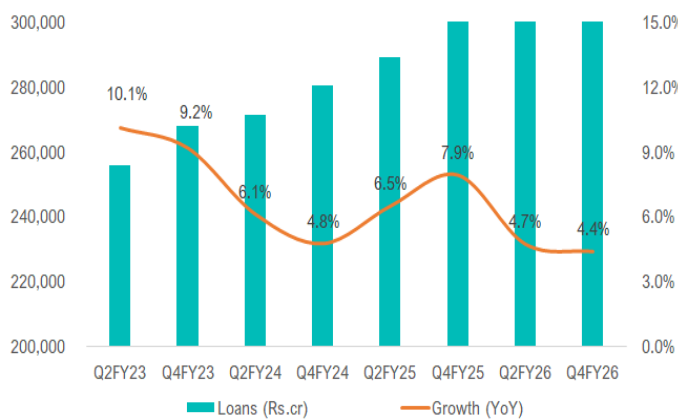
Net Interest Income



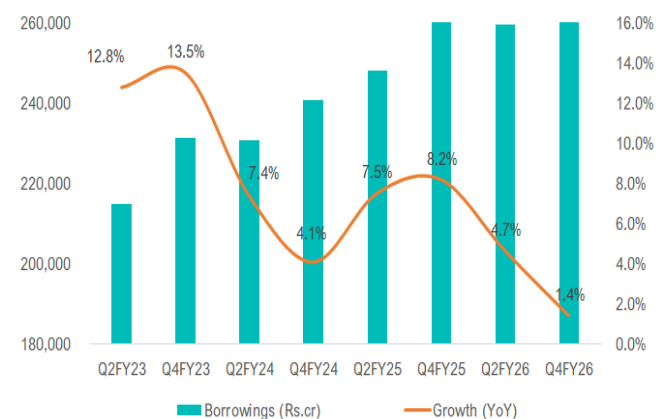
PAT



Loan*



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 -%	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Interest Income	9,491	-	9,125	9,742	-3.9	-
Net Interest Margin	2.6	-	2.6	2.5	-2bps	-
Pre-Provision Profit	8,297	-	8,224	8,793	-0.9	-
Net Profit	5,947	-	6,078	6,487	2.2	-
EPS	108.1	-	110.5	117.9	2.2	-



Standalone Financials

Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Interest Income	27,042	27,661	28,200	29,580	31,960
Interest Expense	18,391	19,536	19,775	20,455	22,218
Net Interest	8,651	8,126	8,425	9,125	9,742
% Change	36.7	-6.1	3.7	8.3	6.8
Non-Interest Income	193	385	572	641	717
Net Income	8,844	8,510	8,996	9,765	10,459
Total Income	27,235	28,046	28,772	30,220	32,677
Operating Ex-	1,146	1,379	1,330	1,541	1,667
Total Expenditure	19,537	20,915	21,105	21,996	23,884
Pre-Provisioning Profit	7,698	7,132	7,666	8,224	8,793
Provisions	1,644	276	586	626	684
Profit Before Tax	6,054	6,856	7,081	7,598	8,109
Tax	1,289	1,427	1,485	1,520	1,622
Tax Rate (%)	21.3	20.8	21.0	20.0	20.0
Minority Interests	-	-	-	-	-
Net Profit	4,765	5,429	5,595	6,078	6,487
% Change	64.8	13.9	3.1	8.6	6.7
Adj.	-	-	-	-	-
Adj. Net Profit	4,765	5,429	5,595	6,078	6,487
No. of Shares (cr)	55.0	55.0	55.0	55.0	55.0
Adj. EPS (Rs.)	86.6	98.7	101.7	110.5	117.9
% Change	64.8	13.9	3.1	8.6	6.7
DPS	9.0	10.0	10.0	11.3	12.7

Balance Sheet

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash & Balances	1,573	1,405	1,278	1,380	1,491
Investments	6,277	6,872	5,050	5,480	5,945
Advances	280,590	302,857	316,168	345,571	377,710
Fixed Assets	172	162	192	203	215
Other Assets	2,594	2,611	2,418	2,659	2,925
Total Assets	291,205	313,906	325,106	355,294	388,287
Capital	110	110	110	110	110
Reserves & Surplus	31,285	36,147	41,215	46,672	52,460
Deposits	9,899	8,243	11,389	11,902	12,438
Borrowings	240,802	260,557	264,236	282,468	302,241
Other Liabilities	9,110	8,849	8,155	14,142	21,038
Total Liabilities	291,205	313,906	325,106	355,294	388,287
BVPS	570.4	659.1	751.2	850.5	955.7
Adj. BVPS	487.3	566.6	689.2	787.8	892.4
% Change	31.5	16.3	21.6	14.3	13.3

Ratio

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Valuation					
P/E (x)	7.1	5.7	5.4	5.0	4.6
P/BV (x)	1.1	0.9	0.7	0.6	0.6
Div. Yield (%)	1.5	1.8	1.8	2.1	2.3
Profitability & Return (%)					
Yield on Advances	9.9	9.5	9.1	8.9	8.8
Cost of Deposits	7.5	7.5	7.3	7.2	7.3
Spread	2.4	2.0	1.8	1.8	1.5
NIM (calculated)	3.1	2.7	2.7	2.6	2.5
ROE	16.3	16.0	14.4	13.8	13.1
ROA	1.7	1.8	1.8	1.8	1.7
Asset Quality (%)					
GNPA	3.3	3.3	2.2	2.1	2.0
NNPA	1.6	1.7	1.1	1.0	0.9
Operating Ratios (%)					
Cost/Income	13.0	16.2	14.8	15.8	15.9

Recommendation Summary - last 3 years



Dates	Rating	Target
13-Feb-24	HOLD	662
18-May-24	HOLD	697
20-Aug-24	Accumulate	750
25-Feb-25	Accumulate	575
29-Aug-25	Accumulate	618
26-Jun-26	Accumulate	621

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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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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