

Date	Report / Update	Report Price (₹)	Buy Range (₹)	Target Price (₹)
28-June-24	Quick Insight	788.0	770 – 790	930 – 950
07-Aug-24	Q1FY25	652.0		
06-Nov-24	Q2FY25	574.1		
13-Feb-25	Q3FY25	542.3		



LIC Housing Finance Ltd.

Q4FY25 Quarterly Result Highlight

LIC Housing Finance Ltd. (LICHF) in Q4FY25 posted a PAT growth of +25% YoY/ -4% QoQ with sequential increase in provisions. During the quarter, margins remained under pressure with NIM coming flat QoQ/ -36bps YoY to 2.73% on an annualised basis. Net Interest Income came at ₹21.7bn, down -3% YoY / +8% QoQ. Interest income grew by +3% YoY/ +2% QoQ to ₹71.2bn, with yields declining by -10bps YoY/ +6bps QoQ to 9.8% (cumulative). Interest expense increased +6% YoY/ flat QoQ to ₹49.5bn, with the cost of funds moderating -3bps YoY/ -5bps QoQ to 7.7%. Operating expenses were elevated at ₹4.5bn up +18% YoY/+27% QoQ. During the quarter, LICHF made NPA provisions worth ₹1.1bn. Resultantly, PAT was up +25% YoY/ -4% QoQ to ₹13.8bn.

- **Assets Under Management** – LICHF's loan book grew +7.3% YoY/+2.9% QoQ to ₹3,077bn. Disbursements for the quarter stood at ₹192bn, up +5% YoY/ +24% QoQ. Individual home loan (IHL) disbursements also grew by +8% YoY/+26% QoQ. Two major markets i.e. Hyderabad and Bangalore which faced challenges in 3QFY25 were largely normalized in 4QFY25. Strong growth in disbursement was contributed by all the markets across the country except for eastern states such as West Bengal, Assam, etc. However, this part of the country does not contribute significantly to the AUM mix.
- **Asset Quality** – Asset quality improved in Q4FY25, with GNPA at 2.5%, down -28bps QoQ. During the quarter, the company made NPA provisions worth ₹1.09bn. Recoveries in 4QFY25 were below expectations. There are ~₹80-90bn of projects in recovery pipeline. Management stated that 4 – 5 large projects are at various stages of resolutions and likely to get resolved in FY26.
- **Net Interest Margin** – Reported NIM during 4QFY25 came at 2.9%, -29bps YoY/ +16bps QoQ. Yield on advances, seen sequential improvement of +6bps QoQ, aided by a 10 bps PLR effective from 1st January 2025. Decision will be taken soon for an additional PLR cut from 1st July 2025. Incremental cost of funds witnessed some moderation from 7.66% in 4QFY25 to 7.3% in Q1FY26. Management seeing some pressure on NIMs in 1H FY26, which will likely recede in 2H FY26.
- **Concall Highlights** – 1) PLR reduced by ~25bps effective 1st April 2025, 2) NIMs will be in 2.6 – 2.8% range for FY26, 3) 55% of total borrowings are fixed while remaining 45% borrowings are floating, 4) Aims to achieve ~₹100bn in disbursement under Project Finance, 5) GNPA would decline to less than 2.2% and credit cost would be likely be 9-15 bps range.

Outlook and View

LIC Housing Finance Ltd. delivered a mixed set of numbers in Q4FY25 with healthy growth in disbursements, however, recoveries were little sluggish leading to sequential increase in provisions. Aided by RBI's interest rate cuts, company witnessed moderation in cost of funds. While, this moderation may continue going forward, yields can decline too in FY26 as PLR cut undertaken effective 1st April, which will likely pressurize margins in 1H FY26. With maturity of high cost bearing NCDs and its replacement with low cost fresh borrowings would provide the company with necessary cushioning in cost of funds. Additionally, company focus on getting into affordable housing finance segment and project finance which could provide some support in achieving maintaining NIMs between 2.6 – 2.8% for FY26. As the revival in disbursements was visible in 4QFY25, we hope this momentum will be maintained in FY26 which would enable the company to achieve its guided double digit loan book growth. **We maintain our HOLD rating on LICHF, CMP ₹596 trading at 0.7x FY27e P/BV.**

Important Data

Nifty	24,750
Sensex	81,451
Key Stock Data	
Close* (₹)	596
Market Cap (₹ bn)	328
52W High/Low	826.75/483.70
Number of Equity Shares	55.0
Daily Vol. (3M NSE Avg.)	32,86,3r
BSE Code	500253
NSE Code	LICHSGFIN
Bloomberg Code	LICHF:IN

Close* as on 30th May 2025

Shareholding Pattern (%) – Mar'25

Promoter	45.24
FII	21.55
DII	21.34
Public & Others	11.87

Financials

	(₹ bn)			
Particulars	FY24	FY25	FY26E	FY27E
Net Int. Inc.	8,838	8,518	8,652	9,300
Net Int. Marg.	3.2%	2.9%	2.7%	2.7%
Operating Exp.	1,146	1,383	1,365	1,422
Core Profit	7,698	7,142	7,296	7,886
Provisions	1,644	286	625	748
PBT	6,054	6,856	6,671	7,138
Tax	1,289	1,427	1,297	1,388
PAT	4,765	5,429	5,373	5,749
EPS	87	99	98	104
BVPS	572	648	743	846
P/Bk	1.0	0.9	0.8	0.7
ROA	1.7%	1.9%	1.7%	1.7%
RoE	16.2%	16.0%	13.8%	12.9%

Source: Company, Way2Wealth Research

Relative Performance

Return(%)	1Yr	3Yr	5Yr
LIC Hsng. Fin.	-13%	59%	127%
Nifty50	10%	48%	147%
Sensex	10%	46%	140%

Source: Company, Way2Wealth Research

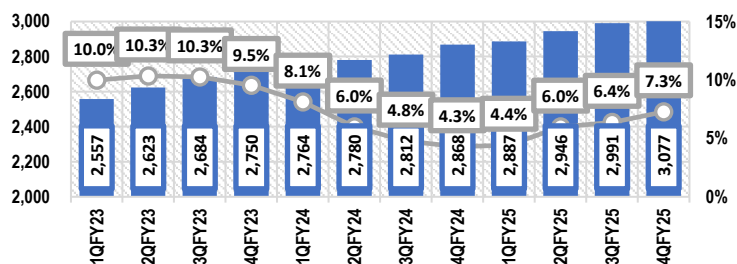
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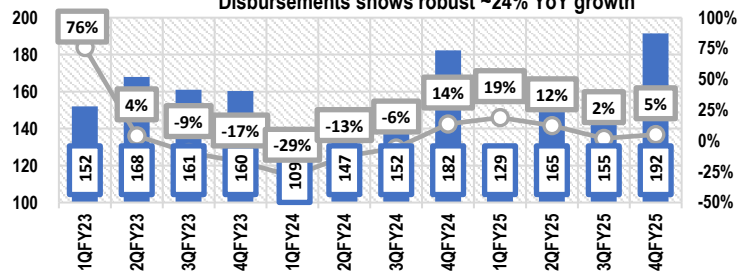
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Financials in Chart

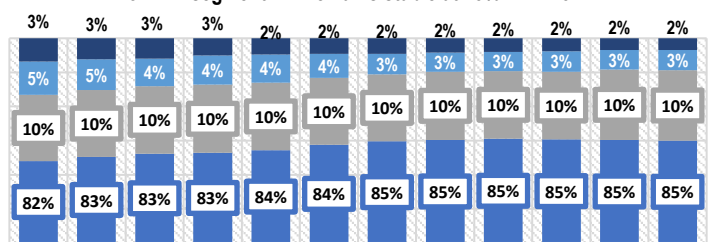
Loan Book growth picks up in 4QFY25



Disbursements shows robust ~24% YoY growth



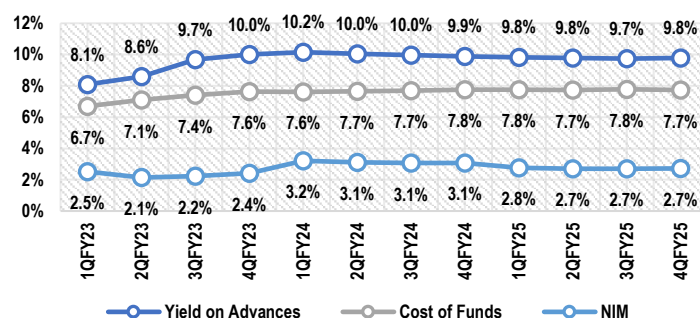
Non-IHL segment mix remains stable at 15% in FY25



1QFY23 2QFY23 3QFY23 4QFY23 1QFY24 2QFY24 3QFY24 4QFY24 1QFY25 2QFY25 3QFY25 4QFY25

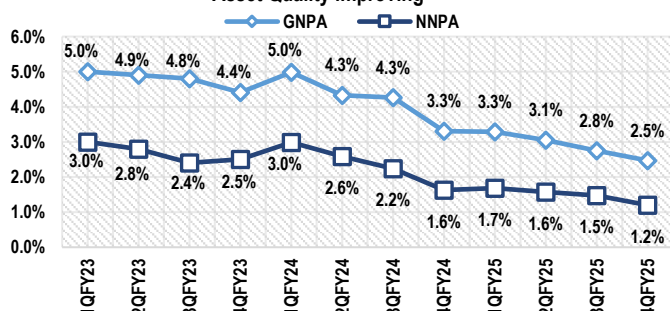
Individual Home Loans Non-Housing Individual NHC-Project Loans NHC-Others

: NIM was slightly improved QoQ (%)

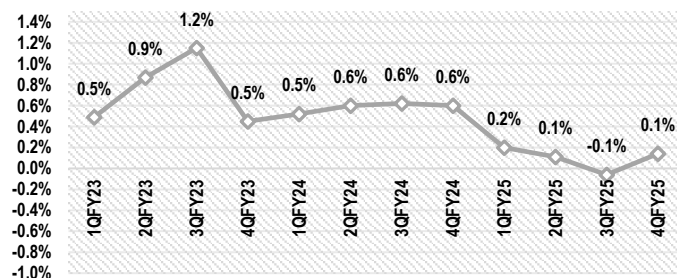


Yield on Advances Cost of Funds NIM

Asset Quality improving



Credit cost on continous improvement



Source: Company, Way2Wealth Research

Quarterly Financials

(₹ bn)

Particulars	Q4FY25	Q4FY24	% YoY	Q3FY25	% QoQ	FY25	FY24	%YoY
Interest earned	7,117	6,888	3%	6,952	2%	27,661	27,042	2%
Interest expensed	4,951	4,650	6%	4,951	0%	19,532	18,391	6%
Net Interest Income (Core)	2,166	2,238	-3%	2,000	8%	8,130	8,651	-6%
Other operating income	166	49	240%	106	57%	389	187	108%
Net Interest Income (Inc. OOI)	2,000	2,189	-9%	1,894	6%	7,741	8,464	-9%
Other Income	0	0		0		6	6	
Total Income	2,333	2,287	2%	2,106	11%	8,524	8,844	-4%
Employee cost	176	198	-11%	204	-14%	702	610	15%
Other operating cost	277	184	50%	152	82%	681	536	27%
Total Operating Expenses	454	383	18%	356	27%	1,383	1,146	21%
Operating Profit	1,879	1,904	-1%	1,749	7%	7,142	7,698	-7%
Provisions and contingencies	109	428	-74%	-44	-349%	286	1,644	-83%
Profit before tax	1,770	1,476	20%	1,793	-1%	6,856	6,054	13%
Tax Expense	402	385	4%	361	11%	1,427	1,289	11%
Profit after tax	1,368	1,091	25%	1,432	-4%	5,429	4,766	14%
EPS	24.9	19.8	25%	26.0	-4%	98.7	86.6	14%

Source: Company, Way2Wealth

Financials

(₹ bn)

Particulars	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	19,727	19,819	19,919	22,657	27,228	28,050	29,011	31,206
Interest Expense	14,781	14,450	14,177	16,186	18,391	19,532	20,359	21,906
Net Interest Income	4,946	5,368	5,742	6,471	8,838	8,518	8,652	9,300
Other income	-29	-1	34	17	6	6	8	8
Core Income	4,917	5,367	5,776	6,488	8,844	8,524	8,660	9,308
Fees and commission expense	47	88	112	159	155	138	185	192
Employee benefits expense	328	324	563	473	610	702	726	756
Depreciation and amortisation expenses	51	52	52	66	65	94	78	81
Other expenses	213	254	248	290	316	449	376	392
Total expenses	639	719	976	988	1,146	1,383	1,365	1,422
Operating Profit	4,278	4,648	4,800	5,500	7,698	7,142	7,296	7,886
Impairment on financial instruments	952	1,318	2,022	1,943	1,644	286	625	748
Profit before tax	3,326	3,330	2,778	3,557	6,054	6,856	6,671	7,138
Tax Expense	879	624	491	666	1,289	1,427	1,297	1,388
Profit after tax	2,447	2,706	2,287	2,891	4,765	5,429	5,373	5,749
Earnings per share	48	54	42	53	87	99	98	104

Source: Company, Way2Wealth

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Disclosure of Interest Statement: LIC Housing Finance Ltd. as on 02 June 2025

Name of the Security	LIC Housing Finance Ltd.
Name of the analyst	Prasad Hase
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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