LIC HFL
LIC HOUSING FINANCE LTD

LIC Housing Finance Ltd.

Q2FY26 Quarterly Result Highlight

LIC Housing Finance Ltd. (LICHF) in Q2FY26 posted a flat earnings growth sequentially (+2% YoY). During the quarter, margins remained under pressure with NIM moderating -11bps YoY/ -6bps QoQ to 2.62% on an annualised basis. Net Interest Income came at ₹20.4bn, up +3% YoY / flat QoQ. Interest income grew +3% YoY/ flat QoQ to ₹70.3bn, with yields declining by -37bps YoY/ -20bps QoQ to 9.4% (cumulative). Interest expense increased +2% YoY/ flat QoQ to ₹50.0bn, with the cost of funds moderating -31bps YoY/ -8bps QoQ to 7.4%. Total operating expenses came down -3% YoY/ +3% QoQ to ₹3.0bn. During the quarter, LICHF made provisions worth ₹1.7bn. Resultantly, PAT was up +2% YoY/ flat QoQ to ₹13.5bn.

- **Assets Under Management –** LICHF's loan book grew +5.8% YoY/ +0.7% QoQ to ₹3,118bn. Disbursements for the quarter were up +24% QoQ/ -1% YoY to ₹163bn. Individual home loan (IHL) disbursements came at ₹135bn, +20% YoY/+3% QoQ. Heightened BTs during the quarter led to somewhat tepid growth momentum. Rewriting rate is likely to moderate from next quarter onwards.
- **Asset Quality –** Asset quality improved during Q2FY26, with GNPA at 2.5%, down -54bps YoY/ -11bps QoQ. Net NPA came at 1.2% improving -38bps YoY/ -11bps QoQ. During the quarter, the company made provisions worth ₹1.68bn and with credit cost of 22bps (annualized), down from 25bps in Q1FY26.
- **Net Interest Margin –** Reported NIM during Q2FY26 came at 2.62%, -11bps YoY/ -6bps QoQ. Yield on advances, witnessed moderation of -20bps QoQ to 9.4%, incorporating the impact of +25bps rate cut pass on to customers from 1st May 2025. Cost of funds, however, fell by -8bps QoQ during the quarter. As reset for all accounts is largely done, current rate at 2.62% at the bottom of the guidance given between 2.6-2.8% could see recovery from Q3FY26 onwards. Currently, incremental cost of borrowings is at 6.85%.
- **Concall Highlights –** 1) Growth during the quarter was hit by BT. It was ~₹40bn during 2QFY26 as against average quarterly run-rate of ₹20bn. 2) FY26 could be a challenging year in the sense of balancing growth with spreads 3) Earlier, growth guidance of 10% was provided and given green-shoots visible in disbursements management is confident of reaching near to the guidance, 4) On credit cost, guidance was given of 15bps for FY26. 1HFY26 credit cost stood at 11bps. Anticipation of healthy recoveries in 2HFY26 to help achieve guidance. 5) PLR reduction related reset is done across the book. There should not be much NIM compression further and should be well-contained within guided range of 2.6 – 2.8%. 6) Subsidiary LIC HFL Financial Services Ltd. contribute 10%.

Outlook and View

LIC Housing Finance Ltd.'s posted sluggish growth this quarter with advances growing by 5.8% YoY. The slowdown was primarily on account of the significant rise in BTs, with 2QFY26 number coming almost double the average quarterly run-rate. While the management also acknowledged the stagnation in growth and it remains a prime area of concern, several initiatives are on the table. Shifting the focus slightly on the inorganic growth, one of the programs under discussion is the introduction of co-lending or direct assignment. Currently, policy framework for CL or DA is being prepared and will be presented to the Board. Once approved, the lender plans to start it in partnership with other players. Management is also working on strengthening two alternate channels i.e. lead business and second one LIC HFL Financial services Ltd, a subsidiary focused on doing home loans as well as general insurance and life insurance. Additionally, as 2HFY26 usually remains strong, we believe growth momentum for LIC HF has bottomed out and from next quarter onwards the growth is likely to pick up. On NIM front, as portfolio rebalancing is largely behind, margins may stabilize at current levels or inch upwards with better exit rate for FY26. Also, the management is confident of recovery in two to three big accounts with ₹2bn or more ticket size, which would aid profitability for 2HFY26. We feel most of the adverse events are already priced in at current valuations of 0.7x FY27E P/Bk multiple. In anticipation of a growth recovery, margin stabilization and strong recovery led reduction in credit cost we feel LICHF's performance to improve from hereon and hence **maintain HOLD rating.**

Important Data

Nifty	25,509
Sensex	83,311
Key Stock Data	
Close* (₹)	567.90
Market Cap (₹ bn)	312.38
52W High/Low	648.90/483.70
Number of Equity Shares	55.0cr
Daily Vol. (3M NSE Avg.)	18,68,520
BSE Code	500253
NSE Code	LICHSGFIN
Bloomberg Code	LICHF:IN

Close as on 6th November 2025*

Shareholding Pattern (%) – Sep'25

Promoter	45.24
FIIs	20.17
DIIs	22.14
Public & Others	12.45

Financials

(₹bn)

Particulars	FY24	FY25	FY26E	FY27E
Net Int. Inc.	88	85	87	93
Net Int. Marg.	3.2%	2.9%	2.7%	2.7%
Operating Exp.	11	14	14	14
Core Profit	77	71	73	79
Provisions	16	3	6	7
PBT	61	69	67	71
Tax	13	14	13	14
PAT	48	54	54	57
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

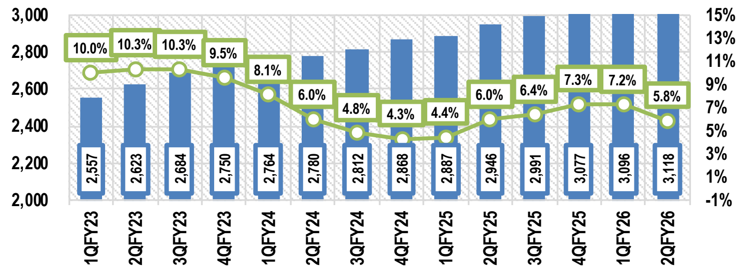
Return(%)	1Yr	3Yr	5Yr
LIC Hsng. Fin.	-11%	51%	81%
Nifty50	5%	40%	108%
Sensex	5%	36%	99%

Source: Company, Way2Wealth Research

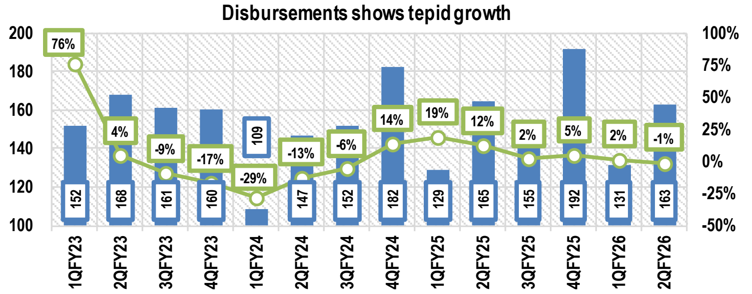
Prasad Hase
prasadhase@way2wealth.com
91-22-4019 2908

Financials in Chart

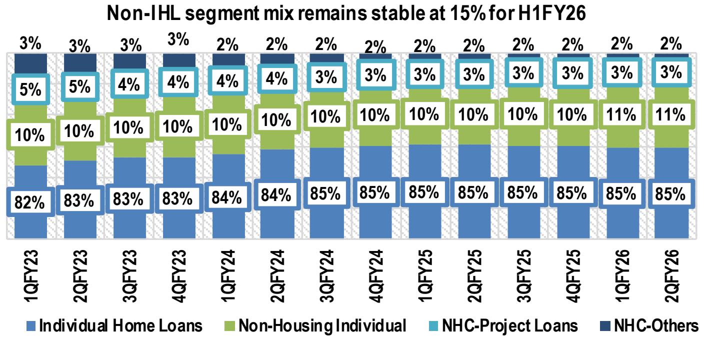
Loan Book growth slows-down in 2QFY26



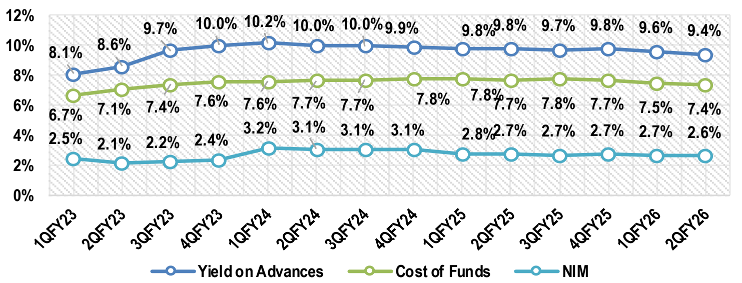
Disbursements shows tepid growth



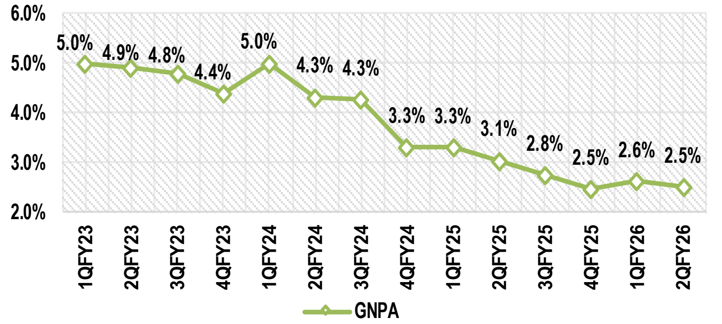
Non-IHL segment mix remains stable at 15% for H1FY26



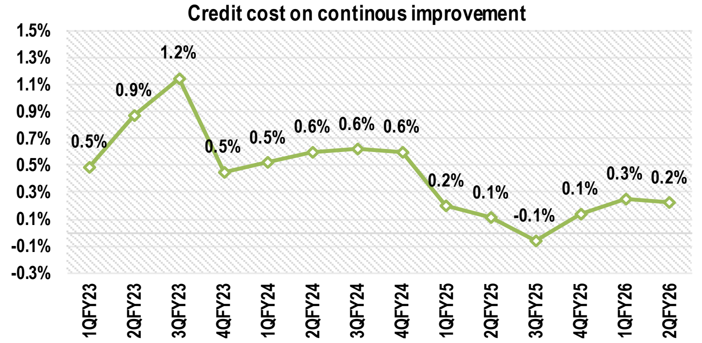
: NIM remained under pressure QoQ (%)



Asset Quality improving



Credit cost on continous improvement



Source: Company, Way2Wealth Research

Quarterly Financials

(₹ bn)

Particulars	Q2FY26	Q2FY25	% YoY	Q1FY26	% QoQ	1HFY26	1HFY25	%YoY
Interest earned	70.3	68.5	3%	71.1	-1%	141.5	135.9	4%
Interest expensed	50.0	48.8	2%	50.5	-1%	100.4	96.3	4%
Net Interest Income (Core)	**20.4**	**19.7**	**3%**	**20.7**	**-1%**	**41.0**	**39.6**	**4%**
Othe operating income	1.3	0.7	79%	1.2	8%	2.5	1.2	114%
Net Interest Income (Inc. OOI)	**19.1**	**19.0**	**0%**	**19.5**	**-2%**	**38.5**	**38.5**	**0%**
Other Income	0.1	0.1		0.0		0.1	0.1	
Total Income	**21.7**	**20.5**	**6%**	**21.9**	**-1%**	**43.6**	**40.9**	**7%**
Employee cost	1.4	1.7	-16%	1.6	-10%	3.0	3.2	-6%
Other operating cost	1.6	1.4	13%	1.3	18%	2.9	2.5	17%
Total Operating Expenses	3.0	3.1	-3%	2.9	3%	6.0	5.7	4%
Operating Profit	**18.7**	**17.4**	**8%**	**18.9**	**-1%**	**37.6**	**35.1**	**7%**
Provisions and contengencies	1.7	0.8	117%	1.9	-13%	3.6	2.2	64%
Profit before tax	**17.0**	**16.6**	**2%**	**17.0**	**0%**	**34.0**	**32.9**	**3%**
Tax Expense	3.5	3.4	5%	3.4	3%	6.9	6.6	4%
Profit after tax	**13.5**	**13.3**	**2%**	**13.6**	**0%**	**27.1**	**26.3**	**3%**
EPS	24.6	24.2	2%	24.7	0%	49.3	47.8	3%

Source: Company, Way2Wealth

Financials

(₹ bn)

Particulars	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	197.3	198.2	199.2	226.6	272.3	280.5	290.1	312.1
Interest Expense	147.8	144.5	141.8	161.9	183.9	195.3	203.6	219.1
Net Interest Income	**49.5**	**53.7**	**57.4**	**64.7**	**88.4**	**85.2**	**86.5**	**93.0**
Other income	-0.3	-0.0	0.3	0.2	0.1	0.1	0.1	0.1
Core Income	**49.2**	**53.7**	**57.8**	**64.9**	**88.4**	**85.2**	**86.6**	**93.1**
Fees and commission expense	0.5	0.9	1.1	1.6	1.6	1.4	1.8	1.9
Employee benefits expense	3.3	3.2	5.6	4.7	6.1	7.0	7.3	7.6
Depreciation and amortisation expenses	0.5	0.5	0.5	0.7	0.7	0.9	0.8	0.8
Other expenses	2.1	2.5	2.5	2.9	3.2	4.5	3.8	3.9
Total expenses	6.4	7.2	9.8	9.9	11.5	13.8	13.6	14.2
Operating Profit	**42.8**	**46.5**	**48.0**	**55.0**	**77.0**	**71.4**	**73.0**	**78.9**
Impairment on financial instruments	9.5	13.2	20.2	19.4	16.4	2.9	6.2	7.5
Profit before tax	**33.3**	**33.3**	**27.8**	**35.6**	**60.5**	**68.6**	**66.7**	**71.4**
Tax Expense	8.8	6.2	4.9	6.7	12.9	14.3	13.0	13.9
Profit after tax	**24.5**	**27.1**	**22.9**	**28.9**	**47.7**	**54.3**	**53.7**	**57.5**
Earnings per share	48	54	42	53	87	99	98	104

Source: Company, Way2Wealth

Coverage

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		
02-Jun-25	Q4FY25	596.0		
29-Aug-25	Q1FY26	547.3		

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Disclosure of Interest Statement: LIC Housing Finance Ltd. as on 07 November 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 : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	 No No No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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