



LIC Housing Finance Ltd.

Q1FY26 Quarterly Result Highlight

LIC Housing Finance Ltd. (LICHF) in Q1FY26 posted a PAT growth of +5% YoY/ flat QoQ. During the quarter, margins remained under pressure with NIM moderating -8bps YoY/ -5bps QoQ to 2.68% on an annualised basis. Net Interest Income came at ₹20.7bn, up +4% YoY / -5% QoQ. Interest income grew +6% YoY/ flat QoQ to ₹71.1bn, with yields declining by -23bps YoY/ -19bps QoQ to 9.6% (cumulative). Interest expense increased +6% YoY/ +2% QoQ to ₹50.5bn, with the cost of funds moderating -26bps YoY/ -23bps QoQ to 7.5%. Total operating expenses came down -35% QoQ to ₹2.9bn (+12% YoY). During the quarter, LICHF made provisions worth ₹1.9bn. Resultantly, PAT was up +5% YoY/ flat QoQ to ₹13.6bn.

- **Assets Under Management** – LICHF's loan book grew +7.2% YoY/ +0.6% QoQ to ₹3,096bn. Disbursements for the quarter moderated to ₹131bn, down -32% QoQ/ +2% YoY. Individual home loan (IHL) disbursements were tepid at ₹112bn, +3% YoY/-27% QoQ. Employee transfers during the quarter and slight delay in pass-on of interest rate cuts could be the possible reasons for a moderation in disbursement rate.
- **Asset Quality** – Asset quality remained stable during Q1FY26, with GNPA at 2.5%, down -68bps YoY/ +15bps QoQ. During the quarter, the company made provisions worth ₹1.93bn and credit cost came at 0.2% up more than ~10bps sequentially.
- **Net Interest Margin** – Reported NIM during Q1FY26 came at 2.7%, -8bps YoY/ -5bps QoQ. Yield on advances, witnessed moderation of -19bps QoQ to 9.6%, on account of +25bps rate cut pass on to customers from 1st May 2025. Cost of funds, however, fell by -23bps during the quarter. Incremental cost of borrowings came down 69bps from 7.66% to 6.97%. Management is seeing notable pressure on yields, especially from PSBs in the prime home loan market wherein LIC HFL competes with banks.
- **Concall Highlights** – 1) By now 25bps rate cut passed on, one third of accounts with monthly reset undergone impact, while two thirds of the book will witness rate cut impact from 1st July onwards 2) Co. is building expertise in affordable housing finance segment and hence the management aims to grow cautiously with a target to reach ₹10bn by FY26 3) In coming quarters, the cost of borrowings is expected to further moderate by ~10bps, 4) In Q1FY26, project loans worth ₹800cr have been sanctioned, however, disbursements are slow as it is linked to stages of construction 5) On August onwards, monthly disbursement run-rate is expected to pick-up ₹60-65bn .

Outlook and View

LIC Housing Finance Ltd.'s quarterly earnings performance showed sluggish disbursement growth, as it was impacted possibly due to the delayed interest rate cut pass on and employee transfers during the quarter. However, the management has guided for a pick-up in monthly run-rate to ₹60-65bn for rest of FY26. To existing borrowers, LIC HFL has launched a new scheme to bring down interest rates by 50bps with an aim to curtail BTs. In Affordable Housing Finance segment, the company aims build the book cautiously, to ₹10bn by FY26, with the product priced better compared to Prime Home Loans. While it would support yields in quarters to come, notable improvement in cost of borrowings (~70bps) would enable the company to limit any notable downfall in NIMs. While the next quarter could remain challenging in terms of pressure on margins and disbursement growth, we feel most of the adverse events are already priced in at current valuations of 0.6x FY27E P/Bk multiple. Hence, **we maintain our HOLD rating on LICHF and expect growth momentum to pick-up from 2HFY26 onwards.**

Important Data

Nifty	24,501
Sensex	80,080

Key Stock Data

Close* (₹)	547.35
Market Cap (₹ bn)	~305
52W High/Low	735.55/483.70
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 28th August 2025

Shareholding Pattern (%) – June'25

Promoter	45.24
FII	20.26
DII	22.20
Public & Others	11.30

Financials

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	0.8	0.7	0.6
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.	-18%	32%	87%
Nifty50	-2%	42%	111%
Sensex	-2%	38%	103%

Source: Company, Way2Wealth Research

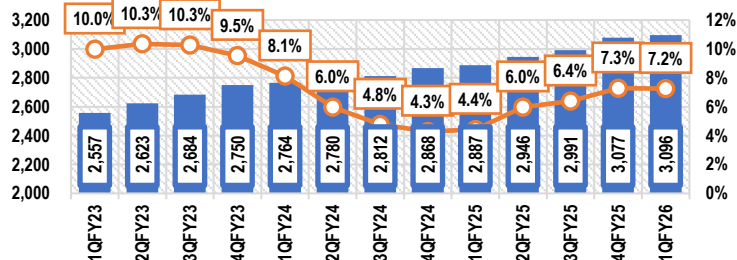
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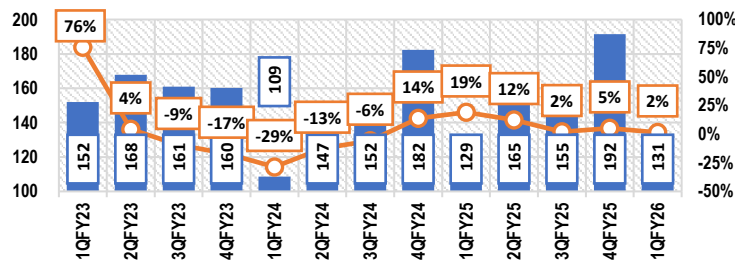
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Financials in Chart

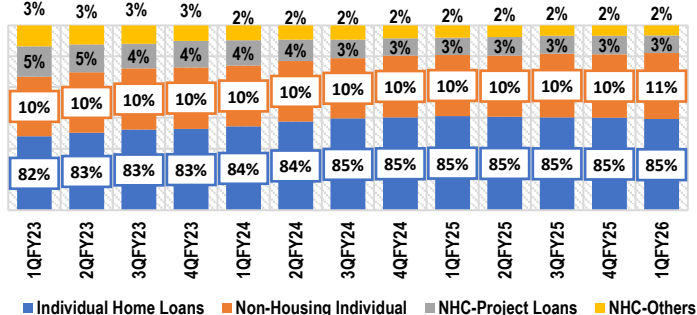
Loan Book growth picks up in 1QFY26



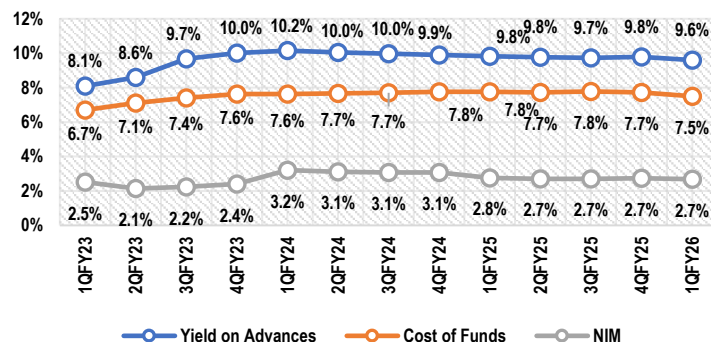
Disbursements remain tepid



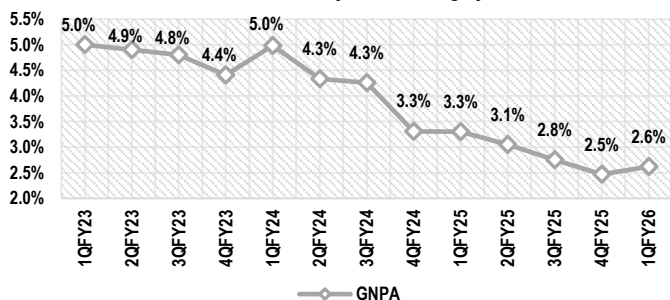
Non-IHL segment mix remains stable at 15% in Q1FY25



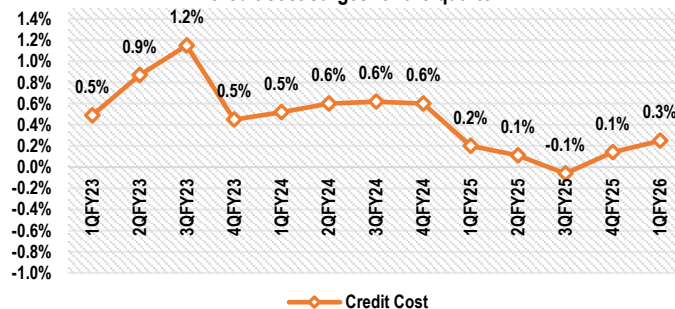
NIMs under pressure owing to rate cut impact



Asset Quality remains largely stable



Credit cost surges for the quarter



Source: Company, Way2Wealth Research

Quarterly Financials

(₹ bn)

Particulars	Q1FY26	Q1FY25	% YoY	Q4FY25	% QoQ	FY25	FY24	%YoY
Interest earned	7,113	6,739	6%	7,117	0%	27,657	27,042	2%
Interest expensed	5,047	4,750	6%	4,951	2%	19,628	18,391	7%
Net Interest Income (Core)	2,066	1,989	4%	2,166	-5%	8,029	8,651	-7%
Other operating income	120	45	170%	166	-28%	343	187	83%
Net Interest Income (Inc. OOI)	1,946	1,945	0%	2,000	-3%	7,686	8,464	-9%
Other Income	0	0		0		6	6	
Total Income	2,186	2,034	7%	2,333	-6%	8,378	8,844	-5%
Employee cost	160	151	6%	176	-9%	685	610	12%
Other operating cost	134	111	21%	277	-52%	538	536	0%
Total Operating Expenses	294	262	12%	454	-35%	1,223	1,146	7%
Operating Profit	1,892	1,772	7%	1,879	1%	7,155	7,698	-7%
Provisions and contingencies	193	143	35%	109	76%	369	1,644	-78%
Profit before tax	1,699	1,628	4%	1,770	-4%	6,785	6,054	12%
Tax Expense	339	328	3%	402	-16%	1,364	1,289	6%
Profit after tax	1,360	1,300	5%	1,368	-1%	5,421	4,766	14%
EPS	24.7	23.6	5%	24.9	-1%	98.6	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

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		

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Disclosure of Interest Statement: LIC Housing Finance Ltd. as on 29 August 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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