MOTILAL OSWAL

15 October 2015

2QFY16 Results Update | Sector: Financials

LIC Housing Finance

BSE SENSEX	S&P CNX
27,010	8,180

Bloomberg	LICHF IN
Equity Shares (m)	505.0
M.Cap. (INR b) / (USD	240.9/3.8
52-Week Range (INR)	509 / 276
1, 6, 12 Rel. Per (%)	7/17/45
Avg Val/Vol '000	1310/2962
Free float (%)	59.7

Financials & Valuation (INR Billion)

Y/E March	2016E	2017E	2018E
NII	28.9	35.6	40.7
PPP	27.2	33.5	38.2
Adj. PAT	17.1	21.4	24.4
Adj. EPS	33.9	42.4	48.3
EPS Gr. (%)	27.0	25.2	13.8
BV/Sh	182.1	216.2	255.0
RoAA (%)	1.5	1.5	1.5
RoE (%)	20.1	21.3	20.5
Payout (%)	20.3	20.3	20.3
Valuations			
P/E (x)	14.6	11.7	10.2
P/BV (x)	2.7	2.3	1.9
Div. Yield	1.2	1.5	1.7

CMP: INR494 TP: INR541 (+9%) Buy

Impressive performance in spreads and margins

- LIC Housing Finance's (LICHF) 2QFY16 net profit stood at INR4.1b (5% miss). While the net income was in line with our estimate, marginally higher provisions and tax rate led to PAT miss. Healthy loan growth (17% YoY), stable asset quality and 30bp YoY improvement in spreads/margins were the key highlights of the quarter.
- NII stood at INR7.2b (largely in line with estimate), led by better-than-expected spreads and margin performance. Book spreads improved 30bp YoY to 1.52% whereas incremental spreads were at 2% v/s 1.29% in 2QFY15. Stable yields and sharp decline in cost of funds drove improvement in spreads. Cooling wholesale rates and replacing high-cost bank funding with bonds has led to a decline in funding cost to 9.29% (down 39bp YoY); yields improved marginally to 10.87%.
- Loan growth of 17% YoY (+3.3% QoQ) was largely in line with estimate; individual loan growth moderated slightly to 16.8% YoY and 3.1% QoQ to INR1.11t. Developer loans grew sharply (24.7% YoY) and their share in overall loans increased to 2.62% v/s 2.46% a year ago.
- Prepayments increased sharply to 11% of the opening book during 1H (9.8% in 1Q), signifying immense pressure on the company to reduce lending rates in line with banks and other HFCs. Asset quality remained stable, with GNPAs/NNPAs at 0.60%/0.32%.
- **Valuation and view:** Growth rates remain healthy despite a hyper-competitive mortgage segment. While impressive performance in spreads and margin continued for the second consecutive quarter, they remain the key monitorables. We largely maintain our estimates and may revise them post the earrings call tomorrow. Maintain **Buy**.

LICHF: Quarterly Performance (INR Million)

Y/E March	FY15				FY16				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Interest Income	24,826	25,961	26,678	28,002	29,174	30,260	31,293	33,116	105,467	123,843
Interest Expenses	19,764	20,643	21,192	21,504	22,585	23,091	23,899	25,363	83,102	94,938
Net Interest Income	**5,062**	**5,318**	**5,486**	**6,498**	**6,589**	**7,169**	**7,394**	**7,752**	**22,364**	**28,905**
YoY Growth (%)	11.3	17.3	19.9	21.9	30.2	34.8	34.8	19.3	17.8	29.2
Fees and other income	610	626	680	604	481	634	750	906	2,520	2,770
Net Income	**5,672**	**5,944**	**6,166**	**7,102**	**7,069**	**7,803**	**8,144**	**8,658**	**24,884**	**31,675**
YoY Growth (%)	12.9	11.7	18.1	17.7	24.6	31.3	32.1	21.9	15.2	27.3
Operating Expenses	699	965	882	1,339	835	1,060	1,076	1,539	3,885	4,510
Operating Profit	**4,973**	**4,980**	**5,283**	**5,763**	**6,234**	**6,743**	**7,068**	**7,119**	**20,999**	**27,164**
YoY Growth (%)	12.7	8.8	17.7	15.4	25.3	35.4	33.8	23.5	13.7	29.4
Provisions and Cont.	92	-190	68	10	443	301	140	46	-20	930
Profit before Tax	**4,882**	**5,170**	**5,215**	**5,753**	**5,790**	**6,442**	**6,928**	**7,073**	**21,019**	**26,234**
Tax Provisions	1,659	1,756	1,772	1,971	1,969	2,325	2,286	2,339	7,158	8,920
Net Profit	**3,223**	**3,414**	**3,443**	**3,782**	**3,821**	**4,117**	**4,642**	**4,734**	**13,862**	**17,314**
YoY Growth (%)	3.8	10.1	5.4	2.2	18.6	20.6	34.8	25.2	5.2	24.9
Loan Growth (%)	16.8	17.2	18.0	18.6	17.9	17.0	16.5	18.5	18.6	18.5
Borrowings Growth (%)	16.4	17.4	16.4	17.7	17.8	15.2	18.0	21.0	17.7	21.0
Cost to Income Ratio (%)	12.3	16.2	14.3	18.9	11.8	13.6	13.2	17.8	15.6	14.2
Tax Rate (%)	34.0	34.0	34.0	34.3	34.0	36.1	33.0	33.1	34.1	34.0

E: MOSL Estimates

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Exhibit 1: Operating performance v/s our estimates and reasons for deviation (INRm)

Y/e March	2QFY16A	2QFY16E	Var (%)	Comments
Interest Income	30,260	30,373	0	
Interest Expenses	23,091	23,376	-1	
Net Interest Income	**7,169**	**6,997**	**2**	**NIMs of 255bp; up 33bp YoY**
YoY Gr. (%)	34.8	31.6		
Fees and other income	634	700	-9	
Net Income	**7,803**	**7,697**	**1**	In Line
YoY Gr. (%)	31.3	29.5		
Operating Expenses	1,060	1,076	-2	In Line
Operating Profit	**6,743**	**6,621**	**2**	
YoY Gr. (%)	35.4	33.0		
Provisions and Cont.	301	140	115	Provisions above estimate
Profit before Tax	**6,442**	**6,481**	**-1**	
Tax Provisions	2,325	2,139	9	Tax Rate 36%
Net Profit	**4,117**	**4,342**	**-5**	**Higher tax rate & provisions offset NII improvement**
YoY Gr. (%)	20.6	27.2		

Source: Company, MOSL

Overall loan growth healthy; developer loans showing signs of pickup

- Loan growth of 17% YoY (+3.3% QoQ) was broadly in line with estimate; Individual loans growth moderated slightly to 16.8% YoY and 3.1% QoQ to INR1.11t.
- After declining for over four years, corporate loan book is showing signs of pickup and has grown 24.7% YoY. Share in overall loans increased to 2.62% v/s 2.46% a year ago
- Overall disbursements were up 16.6% YoY to INR83.9b and individual disbursement grew 12.7% YoY to INR79.4b. Further, repayments increased 44% YoY to INR47.3b. Lower lending rates by banks and other HFCs are putting competitive pressure on the company to reduce its lending rates in the coming quarter.

Margins improve on lower cost of fund; prepayments increased to 11%

- Net interest income stood at INR7.2b (largely in-line with est.) led by impressive spreads performance. Spreads improvement (up 30bp YoY) is driven by sharp reduction in cost of funds (9.29% v/s 9.68% in 2QFY15) and stable yields. Declining wholesale rates and replacing high-cost bank funding with bonds has led to a decline in funding cost, which stood at 9.29% down 39bp YoY; yields improved 7bp YoY to 10.87%. Share of bank borrowing has declined by ~10% YoY to 15.2% in 2QFY16.
- LICHF has not reduced lending rates till now; this has resulted in increasing prepayments, which have increased to 11% v/s 9.8% for 1QFY16.
- Asset quality remained stable with GNPAs/NNPAs at 0.60%/0.32% (1QFY16: 0.60%/0.33%).

Other highlights

- a) High cost bank funding has reduced from 25.5% in 2QFY15 to 15.2% in 2QFY16 b) LTV and installment to net income ratio on incremental sanctions stood at 48.1%/33.2%. c) Customer profile constitutes 85% salaried borrowers (up 400bp QoQ) and 15% self-employed borrowers. d) 48% of business

originates from the outskirts of top 7 cities. e) Incremental average ticket size is INR1.9m (FY15: 1.9m). f) 35% of the outstanding portfolio is on floating rate, increased from 31% in the last quarter, and LTV on incremental sanctions is at 48%.

Valuation and view

- Despite mortgages being in hyper competitive mode, volume growth in the individual loan segment (including loan against property) remains fairly strong. Moreover high yielding developer segment is showing signs of revival - Pick up in the project loan segment is a key from NIMs and growth perspective.
- On back of continuous decline in wholesale rates and stable yields LICHF has managed to perform well on spreads and margin for the second consecutive quarter, however spreads/margin improvement and health of corporate loan portfolio continues to remain key monitorables. Going forward, the key to margin improvement is (1) higher incremental spreads (2) replacement of high cost bank borrowing with lower cost NCDs and (3) increase in the share of LAP and corporate loan portfolio. (4) Higher share of fixed rates loans
- We largely maintain our earnings estimates for FY16/17 respectively. We expect LICHF to post earning CAGR of 26% over FY15-17E and RoA's/RoE's of 1.55%/21%. Maintain **Buy** with a target price of INR541 (2.5x FY17E BV).We may revise earnings estimates post earnings conference call.

Exhibit 2: We largely maintain our earnings estimate

INR B	Old Est.		Revised Est.		% Change	
	FY16	FY17	FY16	FY17	FY16	FY17
NII	28.3	34.9	28.9	35.6	2.0	2.0
Other Income	2.9	3.3	2.8	3.2		
Net Income	**31.2**	**38.2**	**31.7**	**38.8**	**1.5**	**1.5**
Operating Expenses	4.4	5.2	4.5	5.3	1.4	1.4
Operating Profits	**26.8**	**33.0**	**27.2**	**33.5**	**1.5**	**1.5**
Provisions	0.8	0.7	0.9	0.7		
PBT	**25.9**	**32.3**	**26.2**	**32.8**	**1.2**	**1.6**
Tax	8.6	10.6	8.9	11.1	4.3	4.7
PAT	**17.4**	**21.6**	**17.3**	**21.6**	**-0.3**	**0.1**
Adj. PAT*	**17.2**	**21.4**	**17.1**	**21.4**	**-0.3**	**0.1**
Spreads (%)	**1.51**	**1.77**	**1.56**	**1.82**		
RoAA (%)	**1.5**	**1.5**	**1.5**	**1.5**		
RoAE (%)	**20.2**	**21.3**	**20.1**	**21.3**		

Source: MOSL

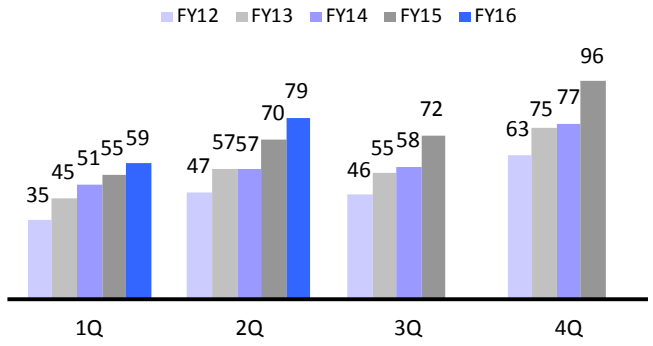
Exhibit 3: Quarterly Snapshot

	FY14			FY15				FY16		Variation (%)	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY
Profit and Loss (INR m)											
Interest Income	**22,237**	**23,120**	**24,074**	**24,826**	**25,961**	**26,678**	**28,002**	**29,174**	**30,260**	**4**	**17**
- Individual	21,420	22,302	23,238	24,013	24,918	25,829	27,117	28,291	29,362	4	18
- Projects	817	818	837	813	1,042	849	886	883	898	2	-14
Interest Expenses	**17,703**	**18,543**	**18,743**	**19,764**	**20,643**	**21,192**	**21,504**	**22,585**	**23,091**	**2**	**12**
Net Interest Income	**4,534**	**4,577**	**5,331**	**5,062**	**5,318**	**5,486**	**6,498**	**6,589**	**7,169**	**9**	**35**
Fees and others	787	644	705	610	626	680	604	481	634	32	1
Net Income	**5,321**	**5,221**	**6,037**	**5,672**	**5,944**	**6,166**	**7,102**	**7,069**	**7,803**	**10**	**31**
Operating Expenses	744	733	1,043	699	965	882	1,339	835	1,060	27	10
Employee	280	240	255	281	293	364	356	317	362	14	23
Others	464	492	788	419	672	519	983	518	698	35	4
Operating Profits	**4,577**	**4,488**	**4,993**	**4,973**	**4,980**	**5,283**	**5,763**	**6,234**	**6,743**	**8**	**35**
Provisions	341	-75	-223	92	-190	68	10	443	301	-32	
PBT	**4,237**	**4,563**	**5,216**	**4,882**	**5,170**	**5,215**	**5,753**	**5,790**	**6,442**	**11**	**25**
Taxes	1,136	1,297	1,516	1,659	1,756	1,772	1,971	1,969	2,325	18	32
PAT	**3,101**	**3,266**	**3,700**	**3,223**	**3,414**	**3,443**	**3,782**	**3,821**	**4,117**	**8**	**21**
Asset Quality											
GNPA (INR m)	**6,111**	**7,042**	**6,090**	**7,534**	**6,110**	**5,795**	**4,947**	**6,591**	**6,830**	4	12
NNPA (INR m)	**3,644**	**4,419**	**3,536**	**4,570**	**3,167**	**3,166**	**2,344**	**3,598**	**3,690**	3	17
Gross NPAs (%)	**0.73**	**0.81**	**0.67**	**0.80**	**0.63**	**0.57**	**0.46**	**0.60**	**0.60**	0	-5
- Individual	0.46	0.40	0.27	0.40	0.38	0.33	0.24	0.36	0.33	-8	-13
- Projects	0.10	0.14	0.13	0.15	0.10	0.10	0.09	0.10	0.11	6	1
Net NPAs (%)	**0.4**	**0.5**	**0.4**	**0.5**	**0.3**	**0.3**	**0.2**	**0.3**	**0.3**	-3	-3
PCR (Calculated, %)	**40.4**	**37.2**	**41.9**	**39.3**	**48.2**	**45.4**	**52.6**	**45.4**	**46.0**	1	-5
Margins (%) - (calculated)											
Yield on loans	10.9	10.9	10.8	10.7	10.9	10.7	10.7	10.7	10.8	1	-1
Cost of funds	9.7	9.7	9.4	9.6	9.7	9.5	9.2	9.3	9.3	0	-4
Spreads	1.2	1.2	1.5	1.2	1.2	1.2	1.5	1.4	1.5	11	25
NIMs (reported)	**2.2**	**2.2**	**2.4**	**2.2**	**2.2**	**2.2**	**2.5**	**2.4**	**2.6**	**6**	**15**
Other Details											
Cost to Income (%)	16.4	16.0	19.6	13.8	18.1	16.1	20.6	12.7	14.8	17	-19
Tax Rate (%)	26.8	28.4	29.1	34.0	34.0	34.0	34.3	34.0	36.1	6	6

Source: Company, MOSL

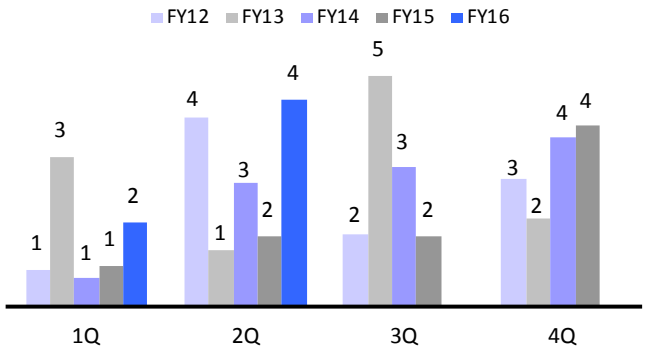
Story in charts

Exhibit 4: Individual disbursements grew ~13% YoY (INR b)



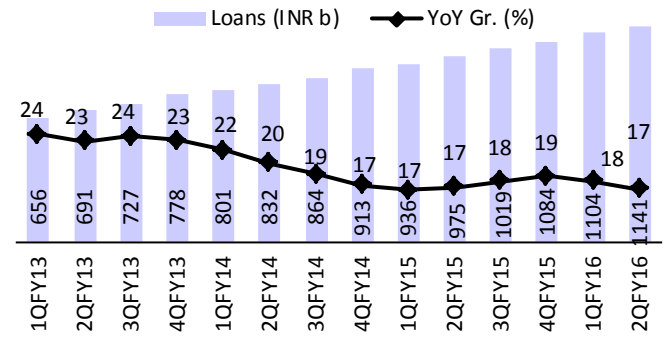
Source: Company, MOSL

Exhibit 5: Project loan disbursements picks up (INR b)



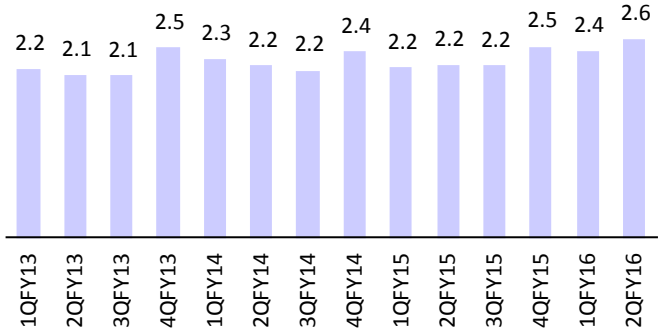
Source: Company, MOSL

Exhibit 6: Loan growth remains healthy at 17%



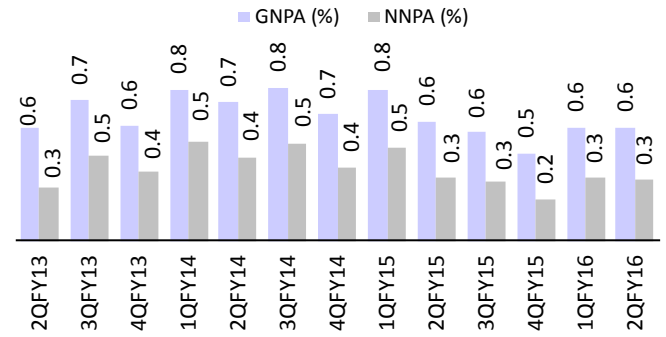
Source: Company, MOSL

Exhibit 7: Reported margins improve YoY (%)



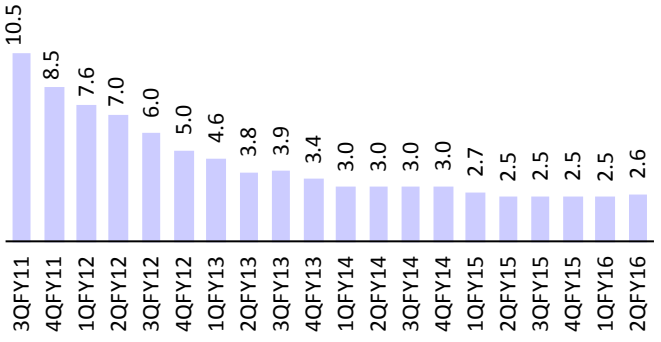
Source: Company, MOSL

Exhibit 8: Asset quality remains stable YoY (%)



Source: Company, MOSL

Exhibit 9: Project loans showing signs of pick up (%)



Source: Company, MOSL

Exhibit 10: Valuation Matrix

	Rating	CMP	Mcap	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)	
		(INR)	(USDb)	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
ICICIBC*	Buy	287	25.2	21.5	25.8	10.4	8.3	131	150	1.70	1.43	1.54	1.58	14.8	15.7
HDFCB	Buy	1,077	40.9	49.1	59.2	21.9	18.2	285	330	3.78	3.26	1.89	1.86	18.4	19.2
AXSB	Buy	491	17.6	36.5	43.3	13.4	11.3	218	254	2.25	1.93	1.78	1.82	18.0	18.3
KMB*	Neutral	655	18.1	18.2	25.3	36.0	25.9	182	207	3.60	3.17	1.01	1.32	13.9	14.5
YES	Buy	734	4.6	59.9	74.5	12.3	9.8	327	387	2.24	1.90	1.68	1.73	19.7	20.9
IIB	Buy	945	8.4	41.3	51.3	22.9	18.4	295	340	3.20	2.78	2.04	2.08	17.6	16.1
DCBB	Buy	133	0.6	6.9	9.4	19.4	14.2	62	71	2.16	1.88	1.07	1.15	11.8	14.1
FB	Buy	65	1.7	5.4	6.7	12.0	9.6	49	54	1.31	1.19	1.02	1.06	11.4	13.0
JKBK	Neutral	91	0.7	14.1	17.3	6.4	5.2	136	150	0.66	0.61	0.85	0.92	10.7	12.1
SIB	Buy	22	0.5	2.2	3.1	10.2	7.3	28	31	0.79	0.73	0.47	0.59	8.2	10.5
Private Aggregate			**118.4**			**17.9**	**14.9**			**2.71**	**2.38**				
SBIN (cons)*	Buy	243	27.9	25.6	31.7	9.0	7.3	229	255	1.01	0.90	0.70	0.77	11.7	13.1
PNB	Buy	137	3.8	19.6	26.8	7.0	5.1	220	244	0.62	0.56	0.57	0.70	9.3	11.6
BOI	Neutral	142	1.4	19.4	27.1	7.4	5.3	410	432	0.35	0.33	0.20	0.25	4.8	6.4
BOB	Buy	176	1.2	20.3	25.1	8.7	7.0	182	201	0.97	0.88	0.61	0.68	11.7	13.1
CBK	Buy	298	2.3	43.8	59.7	6.8	5.0	573	619	0.52	0.48	0.39	0.48	8.1	10.0
UNBK	Buy	180	1.7	35.7	46.6	5.0	3.9	317	356	0.57	0.51	0.56	0.65	11.8	13.9
OBC	Buy	144	0.7	46.3	63.8	3.1	2.2	474	523	0.30	0.27	0.57	0.69	10.1	12.8
INBK	Buy	139	1.0	21.1	30.6	6.6	4.5	278	301	0.50	0.46	0.50	0.65	7.8	10.6
CRPBK	Neutral	45	0.1	16.5	21.9	2.7	2.1	141	158	0.32	0.29	0.54	0.64	12.3	14.7
ANDB	Buy	70	0.6	17.8	22.8	3.9	3.1	180	196	0.39	0.36	0.55	0.62	10.3	12.2
IDBI	Neutral	77	1.9	14.4	19.7	5.4	3.9	157	173	0.49	0.45	0.58	0.69	9.5	11.9
DBNK	Neutral	43	0.4	8.8	12.5	4.8	3.4	126	136	0.34	0.31	0.36	0.44	7.2	9.6
Public Aggregate			**43.1**			**7.7**	**6.0**			**0.70**	**0.64**				
HDFC*	Buy	1,277	30.5	38	44	21.9	17.2	167	192	5.00	3.92	2.60	2.60	23.6	24.4
LICHF	Buy	476	3.6	34	42	14.0	11.2	182	216	2.61	2.20	1.49	1.54	20.2	21.3
DEWH	Buy	227	1.0	26	33	8.6	6.9	179	204	1.27	1.11	1.27	1.29	15.6	17.3
IHFL	Buy	734	4.7	57	72	12.9	10.2	275	305	2.67	2.41	4.08	4.19	26.5	24.7
GRHF	Buy	266	1.5	7	9	38.4	30.5	24	29	11.20	9.27	2.23	2.09	29.4	29.0
REPCO	Buy	702	0.7	24	34	28.7	20.6	152	182	4.62	3.86	2.20	2.32	17.3	20.4
IDFC	Buy	61	1.5	10	12	6.3	5.3	107	116	0.31	0.27	1.75	1.83	8.8	9.8
RECL	Buy	263	3.9	63	76	4.2	3.5	302	360	0.87	0.73	3.22	3.23	22.9	22.9
POWF	Buy	244	4.9	54	60	4.5	4.0	285	329	0.86	0.74	3.07	3.03	20.4	19.7
SHTF	Buy	1,006	3.5	62	73	16.1	13.9	458	515	2.20	1.95	2.10	2.28	14.1	14.9
MMFS	Buy	234	2.0	12	15	19.4	15.4	109	120	2.14	1.95	1.92	2.20	11.5	13.2
BAF	Buy	4,974	4.0	222	261	22.4	19.1	1,350	1,568	3.69	3.17	3.13	2.84	19.8	17.9
MUTH	Buy	181	5.5	20	24	11.8	9.9	141	156	1.66	1.50	2.75	2.83	14.7	16.0
NBFC Aggregate			**61.8**			**15.3**	**13.1**			**2.68**	**2.34**				

*Multiples adj. for value of key ventures/Investments; For ICICI Bank and HDFC Ltd BV is adjusted for investments in subsidiaries

Financials and valuations

Income Statement (INR Million)

Y/E March	2012	2013	2014	2015	2016E	2017E	2018E
Interest Income	59,827	74,591	90,733	105,467	123,843	144,770	169,385
Interest Expense	45,911	59,246	71,744	83,102	94,938	109,195	128,678
Net Interest Income	**13,916**	**15,345**	**18,990**	**22,364**	**28,905**	**35,575**	**40,707**
Change (%)	1.4	10.3	23.8	17.8	29.2	23.1	14.4
Fee Income	1,322	1,549	1,080	1,227	1,477	1,821	2,163
Income from Investments	804	617	1,083	815	950	1,050	1,150
Other Income	198	-168	450	343	343	343	343
Net Income	**16,240**	**17,343**	**21,603**	**24,749**	**31,675**	**38,789**	**44,363**
Change (%)	-8.3	6.8	24.6	14.6	28.0	22.5	14.4
Operating Expenses	2,371	2,819	3,133	3,885	4,510	5,289	6,204
Operating Income	**13,870**	**14,524**	**18,470**	**20,864**	**27,164**	**33,499**	**38,159**
Change (%)	-10.8	4.7	27.2	13.0	30.2	23.3	13.9
Provisions/write offs	1,561	789	215	-20	930	737	917
PBT	**12,309**	**13,736**	**18,255**	**20,884**	**26,234**	**32,762**	**37,242**
Tax	3,167	3,504	5,083	7,158	8,920	11,139	12,662
Tax Rate (%)	25.7	25.5	27.8	34.3	34.0	34.0	34.0
PAT	**9,142**	**10,232**	**13,172**	**13,727**	**17,315**	**21,623**	**24,580**
Change (%)	-6.2	11.9	28.7	4.2	26.1	24.9	13.7
Adjusted PAT	**10,011**	**10,232**	**12,017**	**13,466**	**17,103**	**21,412**	**24,369**
Change (%)	-2.7	2.2	17.4	12.1	27.0	25.2	13.8
Proposed Dividend	**2,112**	**2,244**	**2,657**	**3,022**	**3,530**	**4,408**	**5,011**

Balance Sheet (INR Million)

Y/E March	2012	2013	2014	2015	2016E	2017E	2018E
Capital	1,010	1,010	1,010	1,010	1,010	1,010	1,010
Reserves & Surplus	55,812	63,803	74,319	77,174	90,959	108,173	127,742
Net Worth	**56,822**	**64,813**	**75,329**	**78,184**	**91,969**	**109,183**	**128,752**
Borrowings	**560,873**	**687,641**	**820,356**	**965,319**	**1,168,129**	**1,401,159**	**1,662,609**
Change (%)	24.2	22.6	19.3	17.7	21.0	19.9	18.7
Total Liabilities	**617,695**	**752,454**	**895,685**	**1,043,503**	**1,260,098**	**1,510,342**	**1,791,361**
Investments	13,750	18,673	1,993	2,371	2,609	2,869	3,099
Change (%)	-2.0	35.8	-89.3	19.0	10.0	10.0	8.0
Loans	**630,802**	**778,120**	**913,410**	**1,083,610**	**1,283,658**	**1,522,999**	**1,807,184**
Change (%)	23.5	23.4	17.4	18.6	18.5	18.6	18.7
Net Fixed Assets	623	624	756	797	843	879	905
Net Current Assets	-27,481	-44,963	-20,474	-43,275	-27,012	-16,405	-19,827
Total Assets	**617,695**	**752,454**	**895,685**	**1,043,503**	**1,260,098**	**1,510,342**	**1,791,361**

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	2012	2013	2014	2015	2016E	2017E	2018E
Spreads Analysis (%)							
Avg. Yield on loans	10.5	10.6	10.7	10.6	10.5	10.3	10.2
Avg. Yield on Earning Assets	10.2	10.2	10.5	10.3	10.2	10.0	9.9
Avg. Cost-Int. Bear. Liab.	9.1	9.5	9.5	9.3	8.9	8.5	8.4
Int. Spread on Hsg. Loans	1.4	1.1	1.21	1.25	1.56	1.8	1.8
Net Int. Margin on Hsg. Loans	2.4	2.2	2.25	2.24	2.44	2.54	2.44
Profitability Ratios (%)							
Adj RoAE	20.3	16.8	17.2	17.5	20.1	21.3	20.5
Adj RoAA	1.8	1.5	1.5	1.4	1.5	1.5	1.5
Int. Expended/Int.Earned	76.7	79.4	79.1	78.8	76.7	75.4	76.0
Other Inc./Net Income	1.2	-1.0	2.1	1.4	1.1	0.9	0.8
Efficiency Ratios (%)							
Fees/Operating income	2.1	2.0	1.2	1.1	1.2	1.2	1.3
Op. Exps./Net Income	14.6	16.3	14.5	15.7	14.2	13.6	14.0
Empl. Cost/Op. Exps.	30.6	32.1	33.1	34.1	34.4	35.2	36.0
Asset-Liability Profile (%)							
Loans/Borrowings Ratio	112.5	113.2	111.3	112.3	109.9	108.7	108.7
Debt/Equity (x)	9.9	10.6	10.9	12.3	12.7	12.8	12.9
Gross NPAs (Rs m)	2,652	4,712	6,090	4,947	5,489	6,130	6,740
Gross NPAs to Adv.	0.4	0.6	0.7	0.5	0.4	0.4	0.4
Net NPAs (Rs m)	849	1,953	3,534	2,344	2,744	3,065	3,370
Net NPAs to Adv.	0.1	0.3	0.4	0.2	0.2	0.2	0.2
CAR	13.0	12.5	11.5	10.5	10.5	10.5	10.5

Valuation

Book Value (INR)	112.5	128.3	149.2	154.8	182.1	216.2	255.0
Growth (%)	28.2	14.1	16.2	3.8	17.6	18.7	17.9
Price-BV (x)	**4.4**	**3.8**	**3.3**	**3.2**	**2.7**	**2.3**	**1.9**
Adjusted BV (INR)	112.1	127.3	147.3	153.6	180.7	214.6	253.2
Price-ABV (x)	**4.4**	**3.8**	**3.3**	**3.2**	**2.7**	**2.3**	**1.9**
EPS (INR)	18.1	20.3	26.1	27.2	34.3	42.8	48.7
Growth (%)	-11.7	11.9	28.7	4.2	26.1	24.9	13.7
Price-Earnings (x)	**27.3**	**24.4**	**18.9**	**18.2**	**14.4**	**11.5**	**10.1**
Adj. EPS (INR)	19.8	20.3	23.8	26.7	33.9	42.4	48.3
Growth (%)	-8.4	2.2	17.4	12.1	27.0	25.2	13.8
Price-Earnings (x)	**24.9**	**24.4**	**20.8**	**18.5**	**14.6**	**11.7**	**10.2**
Dividend Per Share	3.6	3.8	4.5	5.0	6.0	7.5	8.5
Dividend Yield (%)	**0.7**	**0.8**	**0.9**	**1.0**	**1.2**	**1.5**	**1.7**

E: MOSL Estimates

Corporate profile

Company description

LIC Housing Finance (LICHF) is the second largest housing finance company which 10% mortgage market share in India. LIC is promoted by government owned largest insurance company the LIC of India. LICHF individual housing loans, loan against property and loans to developers as project finance. LICHF operates through a network of 234 marketing offices and a large number of DSAs and Home Loan Agents. It also has representative office in Dubai and Kuwait and has loan book of INR1.1t as on Jun'15.

Exhibit 10: Sensex rebased

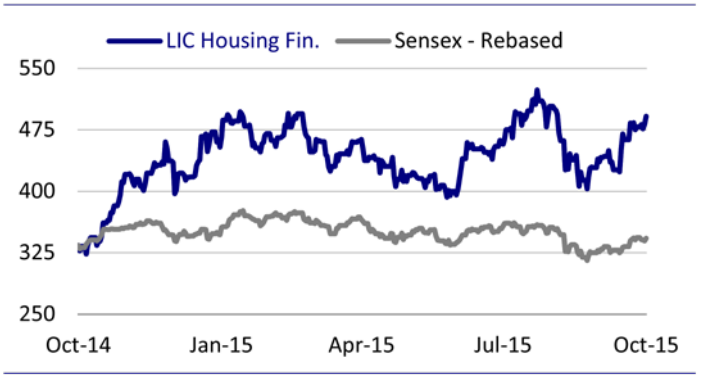


Exhibit 11: Shareholding pattern (%)

	Jun-15	Mar-15	Jun-14
Promoter	40.3	40.3	40.3
DII	7.3	6.2	7.0
FII	37.4	36.6	38.6
Others	15.1	16.9	14.2

Note: FII Includes depository receipts

Exhibit 12: Top holders

Holder Name	% Holding
Bank Muscat S A O G A/C Ban	2.3
HDFCSL Shareholders Solvenc	1.6
HSBC Global Investment Fund	1.6
Mawer Investment Management	1.5
Swiss Finance Corporation	1.3

Exhibit 13: Top management

Name	Designation
S K Roy	Chairman
Sunita Sharma	Managing Director & CEO

Exhibit 14: Directors

Name	Name
S K Roy	Savita Singh*
Sunita Sharma	Jagdish Capoor*
S Ravi*	K Narasimha Murthy*
T V Rao*	S B Mainak
B N Shukla*	Dharmendra Bhandari

*Independent

Exhibit 15: Auditors

Name	Type
Chokshi & Chokshi	Statutory
Shah Gupta & Co	Statutory

Exhibit 16: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY16	34.3	34.3	0.1
FY17	42.8	47.3	-9.5
FY18	48.7	59.4	-18.0

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