



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✓
Right Valuation (RV)	✓	✗	✗

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	✓	↔	✓
RQ	✗	↔	✗
RV	✓	↔	✓

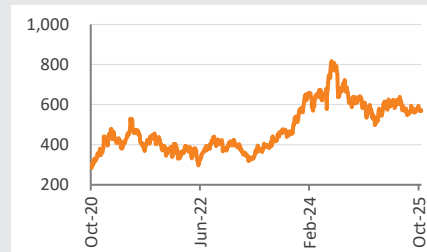
Company details

Market cap:	Rs. 31500 cr
52-week high/low:	Rs. 649 /484
NSE volume: (No of shares)	17.0 lakh
BSE code:	500253
NSE code:	LICHSGFIN
Free float: (No of shares)	30.0 cr

Shareholding (%)

Promoters	45.2
FII	20.2
DII	22.1
Others	12.5

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	0.4	-0.2	-7.9	-6.6
Relative to Sensex	-2.7	-5.1	-11.9	-15.6

Source: Mirae Asset Sharekhan Research, Bloomberg

LIC Housing Finance Ltd

Muted Q2; structural reforms to gradually take effect

NBFC	Sharekhan code: LICHSGFIN		
Reco/View: Hold	↔	CMP: Rs. 568 (as on Nov 14, 2025)	Price Target: Rs. 630 ↓

Summary

- Net earnings were subdued at Rs. 1,354 crore up by 2.1% y-o-y and down by 0.4% q-o-q. NIM fell 7/5 bps (y-o-y/q-o-q) to 2.61% of AUM.
- AUM saw muted growth of 5.8%/0.7% on weak disbursement growth and higher repayments led by aggressive competition.
- Credit cost stayed high, at 0.22% (as a % of AUM), also above estimates by 4 bps. GS-3 fell 55/11 bps (y-o-y/q-o-q) to 2.51% and is expected to further decline in H2FY26.
- AUM and PAT CAGR of 7.0%/5.0% eyed, for FY25-FY28 with RoA/RoE at 1.7%/13.2% in FY28. On muted loan growth, we maintain Hold rating with unchanged PT of Rs. 630. Stock trades at a low 0.7x/0.6x FY27E/FY28E BV.

Net earnings were subdued at Rs. 1,354 crore up by 2.1% y-o-y and down by 0.4% q-o-q attributed to NIM compression and higher credit costs. NII grew by 3.3%/-1.3% (y-o-y/q-o-q) to Rs. 2,038 crore. However, it was slightly above estimates by 2.3%. NIM dropped by 7/5 bps (y-o-y/q-o-q) to 2.61% (as a percentage of AUM) due to drop in yield. Opex at Rs. 302 crore, up by 2.7% q-o-q, it was below estimates due to lower employee costs. Other income saw robust growth of 73.8%/13.4% (y-o-y/q-o-q) helping PPOP to beat estimates by 4.7%. Credit cost stayed on elevated level at 0.22% (as a percentage of AUM) up by 11 bps y-o-y, which was also above estimates by 4 bps due to management overlays. Provisions and contingencies were up by 117.4% y-o-y to Rs. 168 crore however was down by 12.8% q-o-q. Asset quality witnessed strong improvement; GS-3 were down 55/11 bps (y-o-y/q-o-q) to 2.51%. AUM saw muted growth 5.8%/0.7% to Rs. 311,813 crore due to weakness in disbursements as well as higher repayments (BT-OUTs stayed on elevated level). Banks continue to remain aggressive in both segments (housing and non-housing). Disbursements were weak at Rs. 16,313 crore, drop by 1.0% y-o-y led by a drop in project finance and slow growth in individual home loan. Overall, annualised RoA (% of AUM) dropped by 7/2 bps (y-o-y/q-o-q) to 1.74%.

Key positives

- Asset quality saw healthy improvement; GS-3 fell 55/11 bps (y-o-y/q-o-q) to 2.51%.
- Other income grew 73.8%/13.4% (y-o-y/q-o-q) to Rs. 136 crore.
- Opex at 0.39% of AUM was down by 3 bps also below estimates by 5 bps.

Key negatives

- Asset quality saw healthy improvement; GS-3 fell 55/11 bps (y-o-y/q-o-q) to 2.51%.
- Other income grew 73.8%/13.4% (y-o-y/q-o-q) to Rs. 136 crore.
- Opex at 0.39% of AUM was down by 3 bps also below estimates by 5 bps.

Management Commentary

- Management stated that bulk of asset reprising is over by September 2025 and it does not expect further yield contraction. The company continued to guide for NIM of ~2.6-2.8% in FY26 on lower cost of funds.
- Disbursement and loan growth is expected at ~10% each driven by an improved business momentum and normalized BT-outs in Q3/Q4FY26. Further, the management states it has potential to reach 13-14% annual growth over the next couple of years through structural and organizational improvements.
- Credit costs to remain within 15-20 bps in FY26.
- Asset quality improved and is expected to further improve in FY26 as couple of account greater than Rs. 200 crore are expected to resolve in H2FY26.

Our Call

Valuation - Maintain Hold rating with PT of Rs. 630: Q2FY26 was tepid due to NIM compression, muted growth led by aggressive competition. Though, the management is optimistic and expecting 10% each loan and disbursement growth for FY26. NIMs to improve and stays in 2.6%-2.8% for FY26 on reduction in the cost of funds. Credit costs are projected to remain low at 15-20 bps of AUM with improving asset quality. However, given the competitive pressure from banks and the declining interest rate environment we expect pressure on margin and AUM growth. We expect AUM and PAT CAGR at 7.0%/5.0 for FY25-FY28 with RoA/RoE at 1.7%/13.2% in FY28. On muted growth, we maintain a neutral rating with unchanged PT of Rs. 630, despite the stock trades at a low 0.7x/0.6x FY27E/FY28E BV. Besides, The company has notably initiated several comprehensive measures, including a thorough review of the entire organizational structure, branch locations, and distribution network. It is important to note that the positive effects from these initiatives, particularly on disbursements, may take time to materialise.

Key Risks

Competitive intensity may put pressure on margins due to aggressive pricings by PSBs, asset quality concerns in new segments/high margin segments, continued slow growth.

Valuation (Standalone)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
NII	8,651	8,130	8,371	8,990	9,780
Net profit	4,766	5,429.5	5,511	5,692	6,214
EPS (Rs.)	86.6	98.7	100.2	103.5	112.9
P/E (x)	6.6	5.8	5.7	5.5	5.0
P/BV (x)	0.9	0.9	0.7	0.6	0.6
RoA (%)	1.7	1.8	1.7	1.6	1.7
RoE (%)	16.3	16.1	14.3	13.2	12.9

Source: Company; Mirae Asset Sharekhan estimates

Key result highlights

- ♦ **NII & NIM performance:** NII grew by 3.3%/-1.3% (y-o-y/q-o-q) to Rs. 2,038 crore. However, it was slightly above estimates by 2.3%. NIM dropped by 7/5 bps (y-o-y/q-o-q) to 2.61% (as a % of AUM) due to drop in yield. The management sees NIM has bottomed out and likely to improved, guiding for NIM of ~2.6-2.8% in FY26.
- ♦ **AUM growth:** AUM saw muted growth 5.8%/0.7% to Rs. 311,813 crore due to weakness in disbursements as well as higher repayments (BT-OUTs stayed high). Banks continue to remain aggressive in both segments (housing and non-housing). Disbursements were weak at Rs. 16,313 crore, drop by 1.0% y-o-y led by drop in project finance and slow growth in individual home loan. Disbursement and loan growth is expected at ~10% each driven by an improved business momentum and normalized BT-outs in 3Q/4QFY26. Further, the management states it has a potential to reach 13-14% annual growth over the next couple of years through structural and organizational improvements.
- ♦ **Asset quality and credit costs:** Credit cost stayed high, at 0.22% (as a percentage of AUM) up by 11 bps y-o-y which was also above estimates by 4 bps. Provisions and contingencies were up by 117.4% y-o-y to Rs. 168 crore however was down by 12.8% q-o-q. Asset quality witnessed strong improvement; GS-3 was down 55/11 bps (y-o-y/q-o-q) to 2.51%. It has guided for credit costs to remain at 15-20 bps in FY26. Asset quality improved and is expected to get better in FY26 as couple of account greater than Rs. 200 crore are expected to resolve in H2FY26.

Results (Standalone)

Particulars	Q2FY25	Q1FY26	Q2FY26	Y-o-Y (%)	Q-o-Q (%)
Interest Earned	6,853	7,113	7,034	2.6%	-1.1%
Interest Expended	4,880	5,047	4,995	2.4%	-1.0%
NII	1,974	2,066	2,038	3.3%	-1.3%
Other Income	78	120	136	73.8%	13.4%
Total Income	2,052	2,186	2,175	6.0%	-0.5%
Operating Expenditures	311	294	302	-2.8%	2.7%
PPOP	1,742	1,892	1,873	7.5%	-1.0%
P&C	77	193	168	117.4%	-12.8%
PBT	1,664	1,699	1,705	2.4%	0.3%
Tax	335	339	351	4.6%	3.4%
Net Profit	1,329	1,360	1,354	1.9%	-0.4%
AUM	2,94,588	3,09,587	3,11,816	5.8%	0.7%
Disbursements	16,476	13,116	16,313	-1.0%	24.4%
RoA (% of AUM)	1.80	1.76	1.74	-6.8	-2.0

Source: Company; Mirae Asset Sharekhan Research

Actual Vs. Estimates

Actual/Estimates	Q2FY26E	Q2FY26A	Var (%)
NII	1,992	2,038	2.32
PPOP	1,788	1,873	4.73
PAT	1,326	1,354	2.14

Source: Company; Mirae Asset Sharekhan Research

Asset Quality

Particulars	Q2FY25	Q1FY26	Q2FY26	Y-o-Y (bps)	Q-o-Q (bps)
GS-3	3.06%	2.62%	2.51%	-55.0	-11.0
NS-3	1.57%	1.30%	1.19%	-38.0	-11.0

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector View – Housing demand to grow steadily

Long-term structural drivers remain strong for mortgages in India. We have not seen any major signs of a slowdown in the real estate sector. Thus, we remain assertive on volume growth in declining interest rate scenario. We expect steady mid-to-high teen growth for the housing finance sector to continue. Smaller HFCs, in the affordable space, are delivering high growth by penetrating into newer geographies. The governments support for housing sector will also drive growth, budget focuses on PMAY 2.0 to build 3 crore house and allocation of Rs. 10 lakh crore towards three crore additional homes under PMAY is a really big support which will drive the volume growth for the housing finance companies. The policy support like further reduction in the repo rate, increase the liquidity in to the banking system will also drive the volume in the short term. However, the companies which have higher proportion of borrowing portfolio on fixed rate will see pressure on margins in the short term.

■ Company Outlook – AUM Growth to improve in H2, margin pressure

The management expects AUM and disbursement growth of 10% each for FY26. The company launched product for the affordable housing. It is expected to archive Rs. 2,000 crore loan portfolio by FY26 and likely to achieve Rs. 25,000-crore loan book in 2-3 years. Affordable housing products have high margins. Besides. The company's two key markets - Hyderabad and Bengaluru - is almost on track. We expect the company will see margin pressure in FY26. Asset quality saw continued improvement and further it will improve. Hence, credit cost is expected to be benign over the next couple of years. The company's organisational structural changes is underway, benefitting the company for the medium to long term.

■ Valuation – Maintain Hold rating with PT of Rs. 630

Q2FY26 was tepid due to NIM compression, muted growth led by aggressive competition. Though, the management is optimistic and expecting 10% each loan and disbursement growth for FY26. NIMs to improve and stays in 2.6%-2.8% for FY26 on reduction in the cost of funds. Credit costs are projected to remain low at 15-20 bps of AUM with improving asset quality. However, given the competitive pressure from banks and the declining interest rate environment we expect pressure on margin and AUM growth. We expect AUM and PAT CAGR at 7.0%/5.0 for FY25-FY28 with RoA/RoE at 1.7%/13.2% in FY28. On muted growth, we maintain Hold rating with unchanged PT of Rs. 630, despite the stock trades at a low 0.7x/0.6x FY27E/FY28E BV. Besides, The company has notably initiated several comprehensive measures, including a thorough review of the entire organizational structure, branch locations, and distribution network. It is important to note that the positive effects from these initiatives, particularly on disbursements, may take time to materialise.

Peer valuation

Particulars	CMP (Rs / Share)	MCAP (Rs Cr)	P/E (x)		P/B (x)		RoE (%)		RoA (%)	
			FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
LIC Housing	568	31,500	5.7	5.5	0.7	0.6	14.3	13.2	1.7	1.6
Can Fin Homes	883	11,804	12.0	10.6	2.0	1.7	17.8	17.2	2.3	2.3

Source: Company; Mirae Asset Sharekhan Research

About company

LICHF is one of the largest HFCs in India having one of the widest networks across the country. LICHF is promoted by Life Insurance Corporation, where it currently holds 45.24% shares in HFC. Over the years, the company has grown stronger and built a huge base of prime customers. The company has an extensive reach to address the home loan needs of prospective borrowers with a well-trained and well-spread network of marketing offices.

Investment theme

LICHF has seen steady growth in the past, however performance of the high-yielding developer loan book portion such as LAP/Developer loans continues to be below par which led to incremental stress. We believe valuations clearly factor in all the related concerns – sub-par growth in business, stress in the book, and lower return ratio vs peers. We derive comfort from continued strong housing demand, which looks sustainable in the near to medium term. Overall, asset-quality outlook is expected to remain stable at least in the near term.

Key Risks

- Competitive intensity may put pressure on margins due to aggressive pricings by the banks, continued slow growth

Additional Data

Key management personnel

Name	Designation
Mr. Tribhuwan Adhikari	MD & CEO
Mr. Lokesh Mundhra	CFO

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	45.24
2	ICICI Prudential Asset Management	4.4
3	Mirae Asset Financial Group	3.08
4	Norges Bank	2.35
5	Kotak Mahindra Asset Management Co	2.32
6	Vanguard Group Inc/The	2.16
7	BANK MUSCAT INDIA FUND	2.09
8	Quant Money Managers Ltd	1.49
9	HDFC Life Insurance Co Ltd	1.26
10	Blackrock Inc	1.12

Source: Bloomberg

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200/ 022-61151111.