

Retail Equity Research

LIC Housing Finance Ltd

Finance

CMP Rs. ₹ 617
Rating: Overweight
NSE CODE: LICHSFIN BSE CODE: 500253

In FY25, the company demonstrated strong operational efficiency despite modest top-line growth. Sales rose steadily from ₹6,948 crore in Mar-24 to ₹7,305 crore in Mar-25, reflecting a CAGR of ~2%. However, expenses fluctuated sharply, notably dropping in Dec-24, contributing to robust operating margins, which remained consistently above ₹6,400 crore. The operating profit saw flat growth in Mar-25, indicating a normalization post cost optimization.

Net profit peaked in Dec-24 at ₹1,435 crore, supported by a 3% QoQ sales uptick and lower expenses. However, Mar-25 witnessed a 4% decline in net profit despite higher revenues, due to a sharp 85% jump in expenses and increased tax outgo. Interest costs remained elevated, exerting consistent pressure on profitability.

Company Data

Market Cap (cr)	Rs.	33,955.38	
Enterprise Value (cr)	Rs.	3,00,268.50	
Outstanding Shares (cr)		55.01	
52 week high	Rs.	827.00	
52 week low	Rs.	484.00	
1m average volume (lacs)		17.52	
Face value	Rs.	2.00	
	FY22	FY23	FY24
Sales	22716.81	27277.4	28110.08
Growth(%)	14%	20%	3%
EBITDA	19764.56	24518.69	26504.99
EBITDA Margin(%)	87.0%	89.9%	94.3%
PAT	2,890.77	4,759.21	5,442.23
Growth(%)	26%	65%	14%
EPS	52.5	86.5	98.9
P/E	6.3	7.1	5.7
P/B	0.7	1.1	0.9
EV/EBITDA	13.3	11.6	11.3
ROE(%)	11%	15.1%	15%
ROCE(%)	7%	8.6%	8.6%
ROIC(%)	6%	6.9%	7.0%
D/E	9.01	8.03	7.45

1. Steady Financial Growth Amid Volatility

Despite a volatile interest rate environment and tight liquidity, LIC Housing Finance reported a 6% YoY growth in its loan portfolio (₹2.99 lakh crore) in Q3 FY25. Individual home loan disbursements dipped slightly, but project loan disbursements surged 162%. Net interest income declined marginally, while NIM remained stable at 2.7%. The company raised its PLR to offset rising funding costs.

2. Improving Asset Quality and Strategic Recovery

Stage 3 defaults reduced to 2.75% from 4.26% YoY, reflecting better asset quality. The company made technical write-offs of ₹174 crore and sold stressed assets worth ₹250 crore to an ARC. A provision coverage of 48% on Stage 3 assets shows a cautious yet strong stance on risk management.

3. Outlook, Innovation & Strategic Focus

Management expects 9% IHL growth in FY25, eyeing double-digit growth in FY26. A new affordable housing product shows early promise. The company prioritizes asset quality, margin protection, and plans dedicated infrastructure for affordable housing over the next 2-3 years.

Key Highlights

1. Overview and Market Leadership

LIC Housing Finance Limited (LIC HFL) is a key player in India's housing finance sector, registered under the National Housing Bank. It primarily provides loans for purchasing or constructing residential properties and also finances commercial property purchases, lease rental discounting (LRD), and project loans. As of FY24, LIC HFL is recognized as the largest housing finance company in India, with a total loan portfolio of approximately ₹2.87 lakh crore, marking significant growth from ₹2.10 lakh crore in FY20. This robust expansion indicates its dominant position in a growing and competitive market.

2. Strong Backing from LIC

A significant strength of LIC HFL lies in its promoter support from Life Insurance Corporation of India (LIC), which holds a 45.24% stake. LIC, being India's largest life insurer with a 58% market share and an asset base of approximately ₹51.2 lakh crore, provides not just financial backing but also managerial and operational support. One of the critical advantages is the business sourcing capability through LIC's vast agent network, which gives LIC HFL a powerful distribution and customer acquisition edge, especially in tier-II and tier-III cities.

3. Improving Asset Quality and Financial Metrics

The company's key financial indicators have shown an evolving trend from FY20 to FY24. Gross Non-Performing Assets (GNPA) increased slightly from 2.86% to 3.55%, reflecting some pressure on asset quality, though Net NPA remained stable around 1.9%. Notably, Net Interest Margin (NIM) improved from 2.3% in FY20 to 3% in FY24, reflecting enhanced profitability. Furthermore, capital adequacy improved significantly from ~14% to 19.7%, indicating a strengthened capital base and improved risk absorption capacity, essential for long-term sustainability.

4. Diversified and Strengthening Loan Portfolio

LIC HFL has been rebalancing its loan book to focus more on individual home loans, which are less risky. In FY24, 85% of the portfolio comprised individual home loans, up from 77% in FY20. Meanwhile, the share of non-housing individual loans and project loans declined to 10% and 5%, respectively. This shift in focus enhances portfolio quality and reduces exposure to riskier segments. Such a conservative and strategic approach is in line with industry best practices, aiming at ensuring stable long-term returns and minimizing default risks.

5. Widespread Network and Evolving Customer Base

The company boasts a pan-India presence with 310 marketing offices as of FY24, compared to 282 in FY20. A significant share (43%) of these are located in top-tier cities, ensuring high visibility and customer reach. It also operates through regional, back, and cluster offices, including a representative office in Dubai. LIC HFL has serviced over 35 lakh customers, with 88% being salaried individuals and 12% self-employed. The average ticket size of ₹12 lakh indicates a mid-income segment focus, aligning with India's rising urban middle class and housing demand.

6. Emphasis on Digital Transformation and Strategic Focus

LIC HFL has undertaken a major digital transformation initiative titled Project RED (Reimagining Excellence through Digital Transformation), with the Boston Consulting Group as its strategic partner. From just 3% in FY21, digital loan disbursements via its HOMY app crossed 35% in FY23. Online loan approvals in FY24 amounted to ₹2,150 crore, showcasing significant adoption. The company now aims to cross 50% digital onboarding. For FY25, the focus will be on improving asset quality and recovery efforts, potentially through Asset Reconstruction Companies (ARCs) for managing stressed assets—a forward-looking move to sustain growth and improve operational health.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Sales	6,948.21	6,796.85	6,937.72	7,069.99	7,305.52
Growth(%)	2%	-2%	2%	2%	3%
Expenses	799.56	391.83	372.06	296.87	549.07
Operating Profit	6,148.65	6,405.02	6,565.66	6,773.12	6,756.45
Growth(%)	0%	4%	3%	3%	0%
Other Income	0.40	2.27	1.92	0.52	0.03
Depreciation	18.36	22.50	23.94	24.92	26.41
Interest	4,648.92	4,749.32	4,878.61	4,950.41	4,950.02
Profit before tax	1,481.77	1,635.47	1,665.03	1,798.31	1,780.05
Tax	400.12	329.07	337.24	363.42	406.43
Net profit	1,081.57	1,306.30	1,327.71	1,434.84	1,373.38
Growth(%)	-8%	17%	2%	7%	-4%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Sales	19,885.52	19,977.86	22,716.81	27,277.40	28,110.08
Growth(%)	1%	0%	14%	20%	3%
Expenses	2,012.24	3,011.78	2,963.65	2,759.11	1,608.65
Operating Profit	17,873.28	16,966.08	19,753.16	24,518.29	26,501.43
Growth(%)	-2%	-5%	16%	24%	8%
Other Income	-5.30	27.45	11.40	0.40	3.56
Depreciation	52.47	55.19	69.04	69.23	97.77
Interest	14,450.38	14,151.09	16,134.75	18,385.09	19,528.36
Profit before tax	3,365.13	2,787.25	3,560.77	6,064.37	6,878.86
Tax	624.00	501.25	669.60	1,304.81	1,436.16
Net profit	2,740.72	2,285.65	2,890.77	4,759.21	5,442.23
Growth(%)	14%	-17%	26%	65%	14%

Balance Sheet

(Rs Cr)

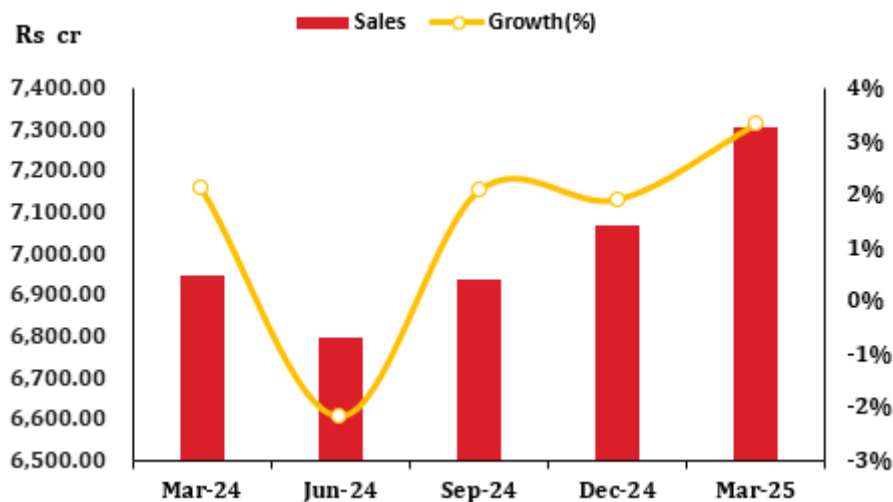
Report Date	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Equity Share Capital	100.99	110.08	110.08	110.08	110.08
Reserves	20,500.44	24,640.74	27,074.59	31,366.58	36,241.71
Borrowings	2,07,925.20	2,23,757.07	2,44,912.88	2,52,618.40	2,70,725.54
Other Liabilities	7,194.85	6,178.76	6,461.30	7,238.60	6,963.05
Total	2,35,721.48	2,54,686.65	2,78,558.85	2,91,333.66	3,14,040.38
Net Block	281.87	314.82	388.48	388.79	428.66
Capital Work in Progress	6.34	4.30	0.84	0.20	0.09
Investments	4,643.90	6,279.39	7,049.71	6,337.43	7,200.75
Other Assets	2,30,789.37	2,48,088.14	2,71,119.82	2,84,607.24	3,06,410.88
Total	2,35,721.48	2,54,686.65	2,78,558.85	2,91,333.66	3,14,040.38

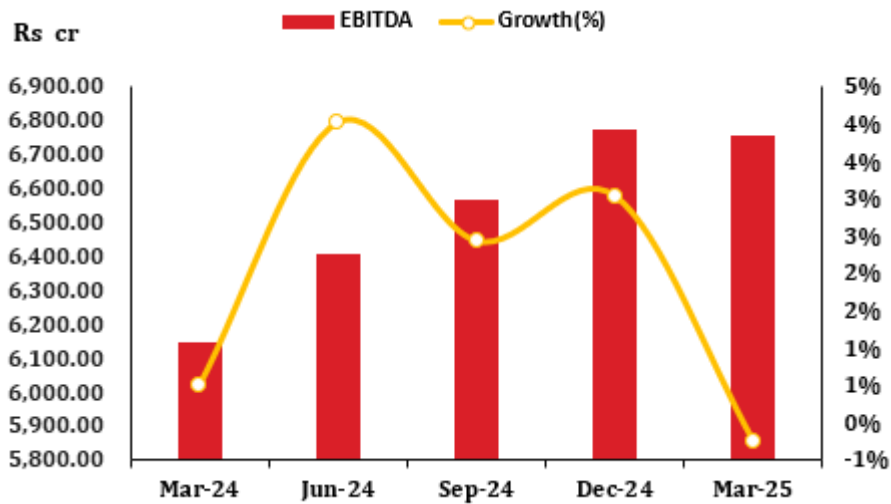
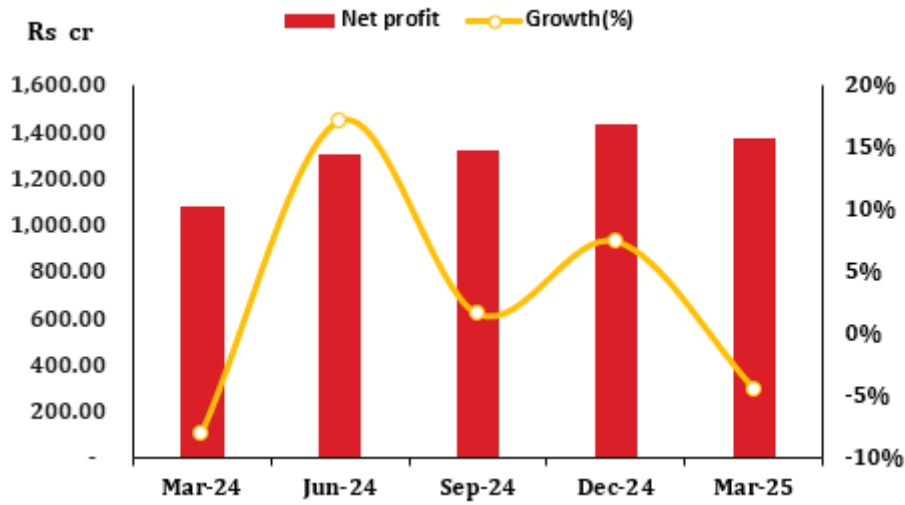
Cash Flow

(Rs Cr)

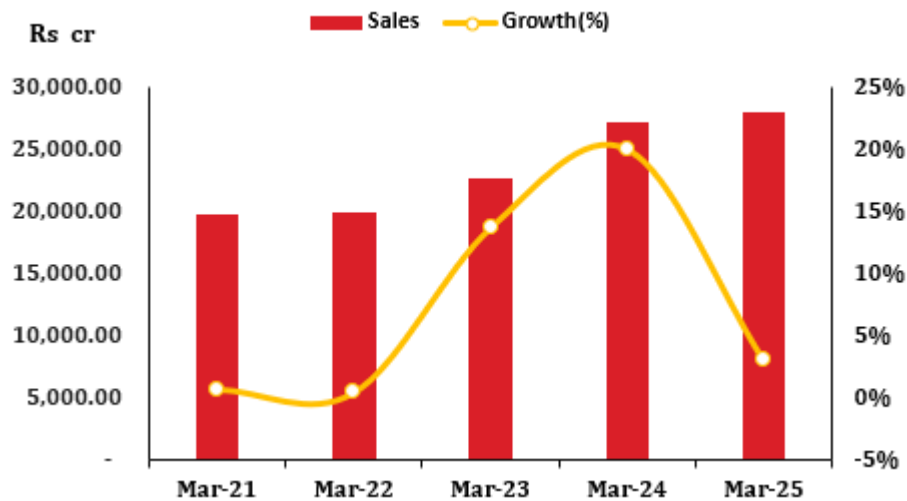
	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Cash from Operating Activity	-17140.3	-16729.3	-19632	-7150.98	-16609.2
Cash from Investing Activity	858.22	-1628.52	-799.66	586.85	-938.54
Cash from Financing Activity	16244.62	17850.27	20248.69	7345.57	17413.47
Net Cash Flow	-37.43	-507.52	-182.97	781.44	-134.24

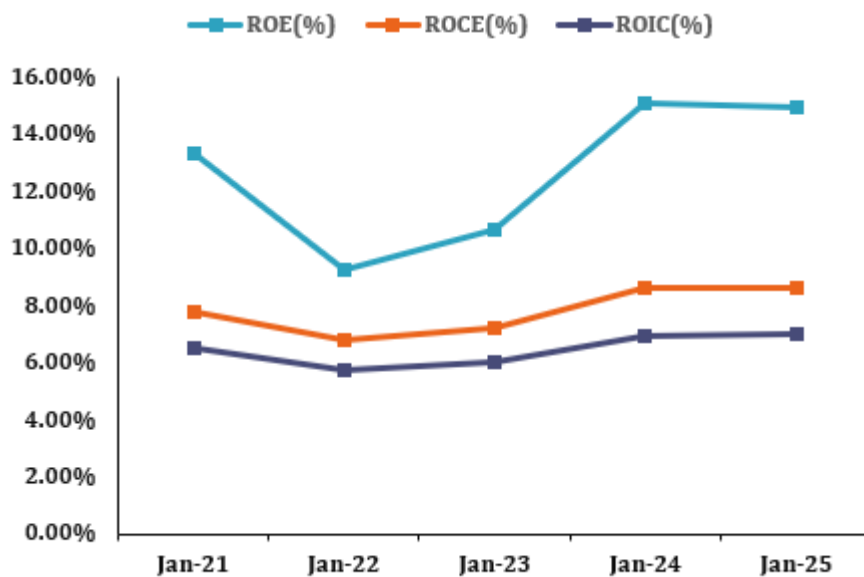
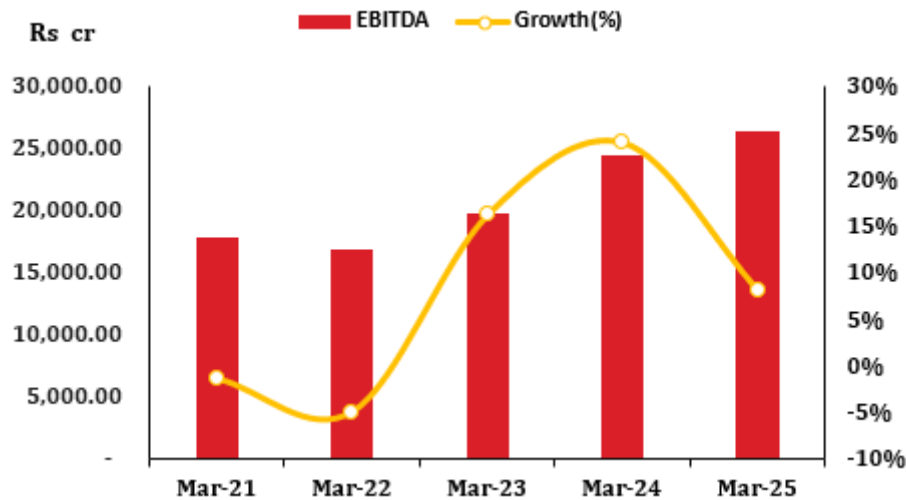
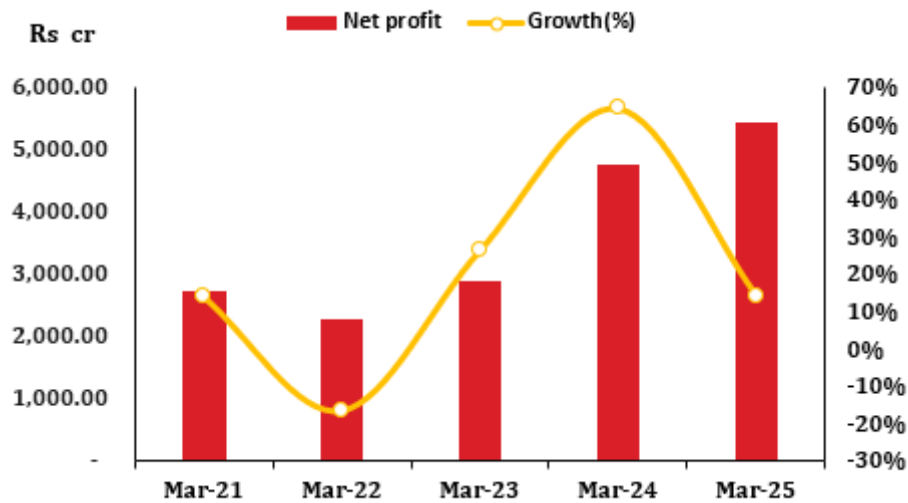
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.02	0.02	0.03	0.03	0.03
Debt/Assets	0.02	0.02	0.02	0.02	0.02
Debt/Ebitda	0.06	0.07	0.10	0.09	0.07
Debt/Capital Ratio	2%	2%	3%	3%	3%
Cash flow/Debt	14.79	10.87	8.78	8.46	11.22
Interest coverage ratio	151.62	116.94	108.07	113.41	151.28
Sales Change	6%	-28%	65%	77%	-1%
Ebit Change	18%	-15%	-3%	31%	64%
Operating Leverage	2.91	0.41	-0.02	0.37	-63.97
Financial Leverage	1.40	1.42	1.45	1.46	1.41

Efficiency ratios					
Receivable days	8	22	19	17	16
Receivable turnover	43.43	16.88	19.34	21.42	22.25
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	103	55	96	151	110
Net Fixed assets turnover	1.45	0.99	1.36	2.08	1.76
Sales/capital employed	0.98	0.65	0.96	1.48	1.18
Total Asset Turnover	0.72	0.47	0.68	1.04	0.86

Profitability ratios					
Ebitda	1151.79	1014.47	1010.06	1296.07	2017.93
Ebitda margin	39%	47%	28%	21%	32%
Gross Profit	1377.76	1243.74	1272.08	1577.46	2313.08
Gross Profit Margin	46%	58%	36%	25%	37%
EBIT	990.06	840.8	813.79	1064.93	1744.29
EBIT Margin	33%	39%	23%	17%	28%
ROE	27%	19%	17%	19%	25%
Net profit margin	27%	29%	17%	13%	21%
EPS	80.31	62.71	60.42	79.96	130.47
DU Pont ROE	27%	19%	17%	19%	25%
Net Profit Margin	27%	29%	17%	13%	21%
Sales/Total assets	0.72	0.47	0.68	1.04	0.86
Financial Leverage	1.40	1.42	1.45	1.46	1.41
DU PONT ROA	19%	13%	11%	13%	18%
Net Profit Margin	27%	29%	17%	13%	21%
Sales/Total assets	0.72	0.47	0.68	1.04	0.86

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	50%	32%	26%	31%	39%
EBIT Margin	33%	39%	23%	17%	28%
Sales/cap employed	0.98	0.65	0.96	1.48	1.18
NOPAT	798.77	624.92	602.53	797.08	1297.65
Capital employed	3019.28	3306.47	3700.29	4248.83	5282.13
ROIC	26%	19%	16%	19%	25%

Valuation Ratios					
Price/Earnings	10.19	18.64	12.89	12.30	10.45
Price/Book	2.74	3.57	2.14	2.35	2.62
Marketcap	8,086.29	11,549.23	7,697.01	9,716.49	13,476.81
Enterprise Value	7,923.43	11,111.47	7,334.82	9,603.23	13,217.60
EV/EBITDA	6.88	10.95	7.26	7.41	6.55

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