

## LIC Housing Finance (LICHF) – ADD

### Result Update

Current Market Price (CMP)

**Rs.470**

Target Price

**Rs.600**

**Our fair value of Rs.600 implies upside of 27.66% from current market price.**

### Rationale:

- Buffering up rapidly provides some comfort.
- Significantly high stress; more to come.
- LICHF to deliver 15% EPS CAGR during FY22-24E, RoE of 13-14% and 1.2-1.3% RoA.
- Valuing at 1.1x book on June FY23E.

CAGR: Compound annual growth rate. RoE: Return on Equity.

### Q4FY21 Earnings update:

#### 👍 Positives:

- Core Profit before tax (PBT) up 49% yoy.
- Asset under management (AUM) up 10% yoy.
- NII was up 33% yoy led by 10% yoy AUM growth and sharp margin expansion.
- Calculated NIM expanded 50 bps yoy/30 bps qoq to 2.7% in Q4FY21.

NII: Net Interest Income, NIM: Net Interest Margin. RoA: Return on Assets. EPS: Earning Per share.

#### 👎 Negatives:

- LICHF reported significantly higher-than-expected rise in delinquencies.
- Reported PAT of Rs398.9 cr, down 45% qoq due to sharp qoq rise in provisions.

[Click here](#)

For detailed report dated 17 June 2021. Note: CMP & valuation may differ due to difference in dates



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