

BUZZING

STOCK

# LIC Housing Finance Ltd.

CMP – Rs.168.5

## Analyst

Ravikant Bhat  
ravikant.bhat@idbicapital.com  
+91-22-6637 1186

## Key Stock Data

Sensex	4170.95
Nifty	14127.31
Sector	Banks – Public Sector
Bloomberg	LICF@IN
Reuters	LICH.BO
No. of shares (m)	85
Market Cap (Rs m)	14,323
Market Cap (US\$ m)	351
52-week H/L	Rs.211/128

## Shareholding Pattern (%)

Promoters	40.5
Mutual Funds	1.21
FII's	29.45
Corporate Bodies	6.80
Pubic & Others	3.90

## Q4FY07 Results

LIC Housing Finance recorded a strong 116% YoY growth in net profit in 4QFY07 boosted by a strong growth in business, robust topline, and declining operating expenses. The Q4FY07 net profit stood at Rs.893m whereas the FY07 net profit also saw a strong growth of 34% YoY and stood at Rs.2,793m.

## Loan demand remains high

LIC Housing sanctioned loans of Rs.24,790m which is a growth of 72% over sanctions in Q4FY07. Disbursals amounted to Rs.17,550m which is again a growth of 23% YoY. LICHF's outstanding mortgage portfolio has now touched Rs.17,563m from Rs.14,867m in FY06 registering an 18% YoY growth.

Against this backdrop, the company's gross and net NPA's have witnessed a sharp decline. GNPA's declined to 2.48% and NNPA's declined to 1.26% in FY07.

## Strong growth in income

The interest income has increased 29% YoY to Rs.4,410m in Q4FY07 and by 25% YoY in FY07 TO Rs.15,471m. Interest expenses have seen a similar rise in Q4FY07 and have been higher for the entire year. The margins were at 2.45%.

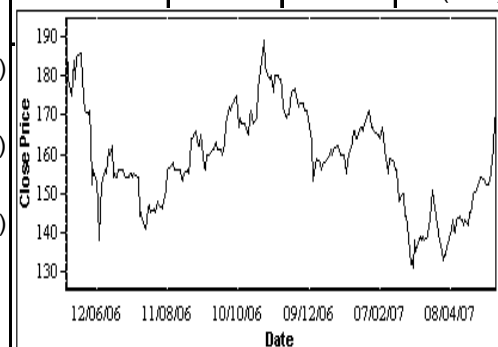
However, LICHF has brought down it's operating expenses, especially non-employee operating costs by 63% YoY in Q4FY07 which has boosted it's bottomline. The non-employee operating costs declined to Rs.228m from Rs.615m in Q4FY06. For FY07, they have shown a decline of 21% YoY to Rs.1,230m.

## Valuations

LICHF stock trades at just 5x it's FY07 annualised EPS Rs.33.

## Financial Snapshot

LIC Housing Finance Ltd.							Ratios (%)			
	Rs.m			Ratios (%)						
	Q2FY07	Q2FY06	Chng (%)	FY06	FY05	Chng (%)		FY07	FY06	Chng (%)
Interest Income	4,410	3,420	28.9	15,471	12,379	25.0	NIM	2.5	NA	-
Interest expended	3,026	2,362	28.1	11,015	8,546	28.9	EPS	33.2	24.6	34.7
NII	1,383	1,058	30.7	4,457	3,833	16.3	GNPA's	2.6	3.1	(17.8)
Other Income	127	124	2.7	361	309	16.9	NNPA's	1.3	1.8	(30.0)
Net Income	1,511	1,182	27.8	4,818	4,142	16.3				
Operating expenses	292	663	(55.9)	1,241	1,480	(16.2)				
Payments to employees	65	48	34.2	268	251	6.9				
Other expenses	228	615	(63.0)	973	1,230	(20.9)				
Operating income	1,218	519	134.9	3,577	2,662	34.4				
Depreciation	15	19	(22.4)	38	45	(14.3)				
PBT	1,204	500	140.9	3,539	2,617	35.2				
Taxes	311	86	262.5	746	532	40.4				
<b>PAT</b>	<b>893</b>	<b>414</b>	<b>115.8</b>	<b>2,793</b>	<b>2,086</b>	<b>33.9</b>				



For further clarifications contact: Anita Bhat; anita.bhat@idbicapital.com; 91-22-6637 1187 / S. Narasimhan Rao; narasimhan.rao@idbicapital.com; 91-22-6637 1165

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