

SHORT-TERM REPORT



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LICHSGFIN

BUY

SECTOR: NBFC
BSE: 500253 | NSE: LICHSGFIN |

CMP: 391.65 TARGET: 430.8 SL: 352.8
(Closing 03-02-2020)

HIGHLIGHTS OF THE QUARTER

LIC Housing Finance is one of the largest housing finance companies in India. It provides long-term finance to individuals, professionals and builders of residential flats and houses. The company has a wide distribution network of 282 marketing offices.

- For Q3FY20, loans portfolio increased 13.3% YoY driven by Individual loan portfolio (+12.8% YoY). Total disbursements stood at Rs. 13,177cr (+3.1% YoY).
- Net Interest Margin (NIM) for the quarter rose 9bps to 2.4%, supported by lower incremental costs.
- Net Profit remained largely flat YoY at Rs. 598cr, impacted by higher provisions (Rs. 398cr in Q3FY20 vs. Rs. 132cr in Q3FY19).
- With robust growth in loan portfolio, along with improvements in net interest income and better liquidity, we upgrade our rating to a BUY on the stock with a roll forward price target of Rs. 542 based on ~1.1x FY22E BVPS.
- In Q3FY20, the company's outstanding loan portfolio rose 13.3% YoY to Rs. 205,692cr, with robust growth in Individual loan portfolio (+12.8% YoY; 93.6% of total loan book) on the back of increased emphasis on the affordable segment. Total disbursements rose 3.1% YoY to Rs. 13,177cr, driven by solid growth in Individual home loan segment of 16.2% YoY to Rs. 10,655cr, partially offset by de-growth in Project loans by 24.7% QoQ to Rs. 931cr.
- During the quarter, the company raised USD 200mn from external commercial borrowings to diversify its resource base.
- Company continues to focus on affordable housing segment, where the average loan size is between ~Rs. 23-24lakhs.

Company Data

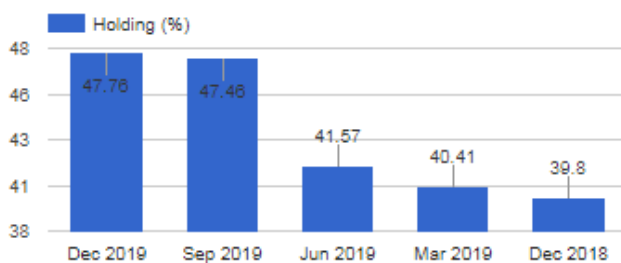
Market Cap:	21,892.28 Cr
Revenue (TTM)	19,467.36 Cr
Earnings (TTM)	2,676.67 Cr
Net Worth	17,241.66 Cr
Promoter Ownership	40.31%
Liquidity	High
52 Week Range	353.85 - 587.00
Face Value	2.00
Shares Outstanding	50,46,63,000

Stock Performance

Time Period	LIC Housing Fin.	S&P BSE Finance	S&P BSE Mid Cap
1 month	-2.38	-1.28	4.10
3 months	-2.21	3.80	7.13
1 Year	-6.01	19.20	10.07
3 Years	-8.12	14.91	5.42
5 Years	-1.20	11.02	8.73
10 Years	11.23	13.91	9.34



Historical Institutional (FII + DII) holding in LICHSGFIN



Shareholding Summary of LICHSGFIN

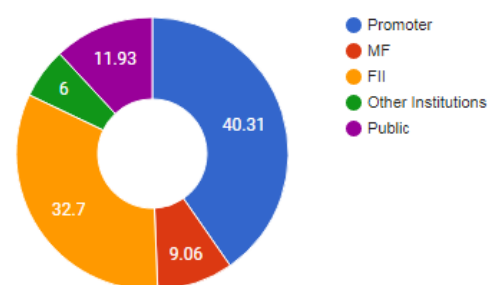


Exhibit 1: KEY RATIOS

Growth (%)	Quarterly		Annual (TTM)		
	QoQ	YoY	1-Year	3-Years	5-Years
Particulars					
Revenue	0.51	12.09	16.93	11.72	13.41
Operating Profit	-1.95	6.51	16.93	11.07	12.57
Net Profit	-21.58	-0.83	21.22	13.44	13.00
EPS	-21.60	-0.66	21.03	13.43	13.05
Book Value	--	--	14.11	21.02	16.57

Exhibit 2: Quarterly Financials Snapshot (Standalone)

	Q3FY 20	Q3FY19	YoY Growth %	Q2FY20	QoQ Growth %	9MFY20	9MFY19	YoY Growth %
Interest Income	4,943	4,372	13.1	4,915	0.6	14,615	12,563	16.3
Interest Expense	3,715	3,330	11.6	3,702	0.4	11,020	9,493	16.1
Net Interest Income (NII)	1,228	1,043	17.8	1,213	1.2	3,595	3,070	17.1
Non-Interest Income	53	67	(20.5)	64	(16.9)	168	144	16.6
Total Net Income	1,281	1,110	15.5	1,277	0.3	3,763	3,214	17.1
Total Income	4,996	4,439	12.5	4,979	0.3	14,783	12,707	16.3
Operating Expenses	138	117	17.7	143	(3.4)	388	307	26.3
Total Expenditure	3,853	3,447	11.8	3,845	0.2	11,407	9,800	16.4
Pre-Provision profit	1,143	992	15.2	1,134	0.8	3,375	2,907	16.1
Provisions	398	132	200.2	278	43.0	933	514	81.7
Profit Before Tax	745	860	(13.3)	856	12.9	2,442	2,393	2.0
Tax	148	263	(43.9)	84	(76.2)	462	656	(29.6)
Net Profit	598	596	0.2	772	22.6	1,980	1,737	14.0
EPS - Diluted (Rs.)	11.8	11.8	0.2	15.3	22.6	39.2	34.4	13.9

Exhibit 3: SWOT OF LICHSGFIN

STRENGTHS	WEAKNESS	OPPORTUNITIES	THREATS
1. Largest state-owned life insurance company in India, and also the country's largest investor 2. Has over 2000 branches across all parts of India and more than 10,00,000 agents. 3. With Largest fund base it is the biggest investor in India 4. Has over 115,000 employees across India 5. According to The Brand Trust Report, LIC is the 8th most trusted brand of India	1. It has an image of a Government agency and hence lacks innovation 2. Being a Government agency, red tape and bureaucracy causes problems 3. Managing a huge workforce during economic crisis meant overburdened due to salaries	1. Use of Technology to provide effective services to cater to urban population. 2. Government Schemes implementation	1. Economic crisis 2. Entry of new NBFCs in the sector 3. Varying Govt policies

Exhibit 4: Recommendation Chart



Technical View:-

- 1) Stock is trading at its multiple support zone expected to rise from this support level.
- 2) RSI is at oversold zone around 30 levels indicating a short covering.
- 3) Accumulation is seen in the stock with rising volume around its important support level.
- 4) In hourly chart, stock has formed a bullish harami candlestick pattern which is a bullish reversal pattern.