

AUGUST 08, 2016

## CARE ASSIGNS 'CARE AAA' RATING TO PROPOSED NCD ISSUE OF LIC HOUSING FINANCE LTD.

### Ratings

Instrument/Facility	Rated Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Proposed Non-Convertible Debenture issue	25,000	<b>CARE AAA (Triple A)</b>	<b>Assigned</b>
<b>Total Facilities</b>	<b>25,000 (Rupees Twenty Five Thousand crore only)</b>		

### Rating Rationale

The ratings factor in the support that LIC Housing Finance Ltd. (LICHF) derives from Life Insurance Corporation of India (LIC) (largest life insurer in India) which holds 40.31% stake in the company as well as LIC's demonstrated financial, managerial, operational and marketing support to LICHF. The ratings also takes into account LICHF's long-standing track record and market position, liquidity position supported by strong resource raising capability, adequate capitalisation and comfortable asset quality parameters. Continued support from the promoter & its shareholding, profitability and asset quality are LICHF's key rating sensitivities.

### Background

LIC Housing Finance Ltd. (LICHF) was promoted by Life Insurance Corporation of India (LIC) with the objective of venturing into the housing finance business. LICHF is the second largest housing finance player in India with outstanding mortgage loan portfolio of more than Rs.125,173 crore as on March 31, 2016. LIC, the largest life insurance company of India, continues to be the largest shareholder in LICHF, with around 40.31% shareholding as on March 31, 2016.

Loan portfolio of LICHF mainly constitutes individual housing loans (constituting 88%) of total portfolio with average ticket size of around Rs.12.11 lakh. LICHF is the second largest housing finance company in India with total loan portfolio of Rs.125,173 crore of as on March 31, 2016. The loan book has grown at a CAGR of 17% during FY14 to FY16 (refers to the period April 1 to March 31). The portfolio composition of LICHF continues to remain stable with individual housing loans constituting 88%, LAP (individual)-9% and remaining 3% being builder loans.

The company continues to report stable profitability parameters on the back of healthy portfolio growth and stable margins. During FY16, LICHF reported NIM and ROTA of 2.42% [P.Y.: 2.18%] and 1.37% [P.Y.: 1.33%], respectively. As on March 31, 2016, LICHF reported CAR at 17.04% [P.Y.: 15.30%] and Tier I CAR: 13.86% [11.82%]. Going forward, continued parent support and strong resource raising ability are expected to enable the company in raising capital to meet its future business growth.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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