

OCTOBER 28, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF LIC HOUSING FINANCE LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Non-Convertible Debenture issue	99001.00	CARE AAA (Triple A)	Reaffirmed
Lower Tier II Bonds	750.00	CARE AAA (Triple A)	Reaffirmed
Upper Tier II Bonds	1600.00	CARE AAA (Triple A)	Reaffirmed
Total	101351 (Rupees One Lakh One Thousand Three Hundred and Fifty One Crore Only)		

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.1,27,437crore of as on June 30, 2016. LIC, the largest life insurance company of India, continues to be the largest shareholder in LICHF, with around 40.31% shareholding as on June 30, 2016.

Loan portfolio of LICHF mainly constitutes individual housing loans (constituting 97%) 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%]. As on March 31, 2016,

* Please refer to our website www.careratings.com for detailed rationale of Piramal Enterprises Limited (PEL)

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

LICHF's reported Gross NPA ratio of 0.45% [P.Y.: 0.46%] and Net NPA ratio of 0.22% [P.Y.:0.22%]. Its Net NPA to net worth ratio stood at 2.96% [P.Y.:2.99%].

As on June 30, 2016, LICHFL reported Gross NPA ratio of 0.59% [P.Y.: 0.60%] and Net NPA ratio of 0.28% [P.Y.: 0.33%]. As on June 30, 2016, company's NIM and ROTA stood at 2.73% and 1.35% respectively. 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.

Analyst Contact

Name: Mr. Anuj Jain

Tel: 022-67543451

Cell: + 91-9892209428

Email: anuj.jain@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. Amod Khanorkar**

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

Mr. Saikat Roy

Mobile: + 9198209 98779

E-mail: saikat.roy@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**304, PashupatiAkshatHeights, Plot No. D-91,
Madho Singh Road, NearCollectorateCircle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Pratim Banerjee**9th Floor, Pride KumarSenate,
Plot No. 970, Bhamburda, SenapatiBapat Road,
ShivajiNagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691