



“LIC Housing Finance Limited Q1 FY 2016
Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the LIC Housing Finance Limited Q1 FY 2016 Results Conference Call, hosted by Axis Capital Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Praveen Agarwal from Axis Capital. Thank you and over to you sir!

Praveen Agarwal: Thank you Lisann. Good morning everybody and apologies for the minor delay. We have with us today Ms. Sunita Sharma, Managing Director and CEO and Sudipto Sil to discuss the results. May I now request Ms. Sharma to take us through the financial highlights subsequent to which we will open the floor for Q&A. Over to you Madam!

Sunita Sharma: Thank you Praveen. Good morning to you all. Let me begin by welcoming all of you to this conference call post Q1 results today. As you are all aware LIC HFL has declared the first quarter of FY 2016 yesterday. The key highlights of the results are as follows:

Profit after tax up 19% to Rs.382.13 Crores, revenue from the operations up 18% to Rs. 2917 Crores, net interest income up 30% to Rs.659 Crores, outstanding loan portfolio is now over Rs.1.10 Lakh Crores up by 18%. Individual loan portfolio now stands at almost Rs.1.08 Lakh Crores up by 18%, gross NPA is down from 0.80% to 0.60%. Individual loan gross NPA is down from 0.40% to 0.36%. Net NPA is down from 0.49% to 0.33 year-on-year. Net interest margins for the Q1 stands at 2.41% as against 2.19% in Q1 FY 2016. The first quarter of the current financial year with this improvement in margins, growth with profitability was our call and commitment to our investors. We are happy to share that we have been able to improve our profitability, which is reflective of the 30% increase in net interest income. Disbursement growth of Q1 FY 2016 was at a higher pace as compared to Q1 FY 2015 and Q1 FY 2014. A pickup in business was noticed which was further evidenced by the strong growth of our 30% in the 20 days of July. Portfolio growth in retail category continued to be at 18% in line with our estimates. Focus in the non-core segment has continued to benefit us. The non-core portfolio now is at 4.82% of the total. In terms of the disbursement it is now 8% of incremental disbursement for the quarter. We have created a new vertical at the corporate office to monitor this segment. Developer loan sanctions grew three fold in Q1 as compared to corresponding Q1 of the last year. Developer loan disburses also doubled during the quarter. Asset quality witnessed year-on-year improvement and continues to be one of the best in class. On a year-on-year basis, the GNPA came down by nearly Rs.100 Crores; exact figure probably is Rs.94 Crores. Provisioning was also lower as compared to Q1 FY 2015 though it appeared higher due to the base effect. In Q1 FY 2015, we had a reversal provision on teaser rate of Rs.44.4 Crores. Cost of funds continued its downward trend and likely to come down further. For the quarter the incremental cost of funds was 8.96%. At present, we are borrowing more in 8.6% to 8.7% band. Our focus on reducing high cost bank borrowing continues to be in place. We are confident of further

reduction in our average cost of funds which is at 9.38% as on June 30. With this brief introduction I request you to put your queries. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Amit Premchandani from UTI Mutual Fund. Please go ahead.

Amit Premchandani: Good morning Madam. I had a query on some of the disclosures that you have made in the PPP, power point presentation. The share of salaried quarter on quarter has gone down from 88% last quarter presentation to 82%. Is the number correct either for this quarter or last quarter and if it is are we seeing such a sharp movement to what that is employed in the overall book?

Sunita Sharma: Your numbers are correct first of all. Secondly, we have been talking about, it proves our point, we have been talking about that, our focus is now on the non-core business it is loan against property, so for that business actually we have to go to different segments of the society and because of that only these percentages have changed.

Amit Premchandani: In one quarter, this is 6% movement?

Sunita Sharma: Yes, because it is the number of customers; not amount of loan. We are not talking about in that presentation about the amount of loan. We are talking about the number of customers. LAP average is actually lower, you know that.

Amit Premchandani: Madam, in terms of the average ticket size, the decline is also on account of that only? The incremental average tickets size, gradual decline of around Rs.1 lakh.

Sunita Sharma: It is because of that only.

Amit Premchandani: Incrementally, LAP is greater around of disbursement.

Sunita Sharma: Because of that only we feel that we have been able to show good growth in the net interest income because basically the expectation from all the investors always have been that we should be able to show expansion in margins. We should be able to show better growth in interest income, so we had been telling you last two three quarters that we have been focusing, we started focusing on LAP business, we launched it in February and March onwards we have been working on this and it was a strategy to have an intermediate risk portfolio. You know that our portfolio of developer zone is only 2.5% of the total. We thought that now the only way to increase the interest income and to increase the profitability was to have a portfolio which has a medium risk, does not have add (inaudible-7.38) developer loan which also is able to give us good margins, so that is what we thought on that basis we have been able to show some growth in interest income. We have been able to show growth in the LAP portfolio. But we are very cautious in the LAP portfolio. I have explained in the last concall also that our LAP is likely different from the LAP which is being sold in the market. In fact when I had some discussion

with some of the investors when I had traveled to Singapore, they started to advise me that Madam do not call your LAP as LAP. It was felt that the usual LAP is different from your LAP. We have a different product where we lend on self occupied residential property and that is a strict thing that we lend on self-occupied residential property and we also take care of the repayment capacity of the person. We do the appraisal as if we are doing it for a normal home loan. So both things are checked, because of that our risk is definitely limited to that extent and this is a safer product then what is being sold in the market.

Amit Premchandani: On the disbursement breakup, last year same quarter, as per my number the disbursement number was 5850 while in the current presentation, the number is different, so which one is the correct number?

Sunita Sharma: I will just tell you. Last quarter, the disbursement number was 5474 for individual loan and total including this project loan it was 5560.

Amit Premchandani: Has there been a reclassification, because last year the number which was given during the release was 5850 overall?

Sunita Sharma: 5850, I do not think so, we will check up. Because we have the same numbers now before us, it is 5560.

Amit Premchandani: Of the 6124 disbursed this quarter how much is LAP disbursement?

Sunita Sharma: 8% is LAP.

Amit Premchandani: 8% of disbursement.

Sunita Sharma: 8% of 5942 which is individual disbursement.

Amit Premchandani: Okay and can you share with us the sanction number overall?

Sunita Sharma: Sanction is 6302.

Amit Premchandani: And of that how much would be developer?

Sunita Sharma: It is 391.

Moderator: Thank you. The next question is from the line of Anand Laddha from HDFC Mutual Fund. Please go ahead.

Anand Laddha: Hello Madam, just few questions. Can you just tell us what is the current lending product on the market side we are having. What is the current yield on the same and what was the same quarter back and six months back?

- Sunita Sharma:** That is all that is the question you are asking.
- Anand Laddha:** Also Madam, just wanted to understand our disbursement on the LAP in Q1 last year and what was the disbursement full years on the LAP side and what is the target for this year? This quarter any of the loan got repriced from fixed to floating, how much was the quantum and what yield it got repriced?
- Sunita Sharma:** I will note down all these questions. Sudipto can you reply it to these?
- Sudipto Sil:** Products right now 9.9% two year fixed, that depends upon loan amount, so it goes up anywhere up to 10.15, floating rate products are also around 10.2 or thereabouts and what change it has probably, there is no change in the PLR, PLR has remained same. These products have been priced may be 10-basis points lower as compared to what it was three months back. Six months back also I would feel that it is the same, because we have not made any further changes.
- Anand Laddha:** Three months back it was 10% fixed for two years and six months back....
- Sudipto Sil:** Various types of products.
- Sudipto Sil:** Then your other question was regarding repricing of the fixed rate loans to floating rate loans. The repricing to floating rate loans has happened in Q1, but of a small quantity, 2000 Crores or so. The majority part of it is yet to happen in the next three quarters.
- Anand Laddha:** How much are you expecting in the next three years?
- Sudipto Sil:** Rs.25,000 Crores approximately for the full year.
- Anand Laddha:** Of the same 25%, 2000 will happen?
- Sudipto Sil:** Yes.
- Anand Laddha:** This will get repriced at what price?
- Sudipto Sil:** It depends upon whatever is the prevailing interest rate at that point in time.
- Anand Laddha:** Today if we got to have repriced they could have got repriced about 10.2%?
- Sudipto Sil:** No, it will be slightly higher than that.
- Anand Laddha:** This quarter whatever got repriced it would get repriced at 10.5%?
- Sudipto Sil:** Yes.

- Anand Laddha:** Okay and what is the rate at this original this product was done at? 25,000 which is coming for?
- Sudipto Sil:** It is around 10%.
- Anand Laddha:** We will have some benefit on yield because of this also, okay and Madam what was the disbursement in LAP in last year Q1 FY 2015 and fall full year last year?
- Sunita Sharma:** Actually we have grown in the first quarter, also we have grown by 100%, growth as compared to the last year first quarter is more than 100% and throughout the year, last year we have grown at 117%.
- Anand Laddha:** Madam, if you can give the absolute disbursement number?
- Sudipto Sil:** Rs.450 Crores for Q1, this is current Q1 then Q1 of last year probably would have been around Rs.250 and for the full year of last financial year will be around 2000 Crores.
- Anand Laddha:** What proportion of the LAP disbursement or sanction?
- Sunita Sharma:** LAP is Rs.3000 Crores for the last year.
- Anand Laddha:** Rs.3000 Crores for the full financial year.
- Sunita Sharma:** Yes.
- Anand Laddha:** What proportion of this LAP DSA generated?
- Sudipto Sil:** I would request any further queries you have, so we can answer all the queries otherwise we can take all the queries offline.
- Moderator:** Thank you. The next question is from the line of Ashish Sharma from ENAM Asset Management. Please go ahead.
- Ashish Sharma:** Good afternoon Madam. Congratulations on a good set of numbers. Just on the disbursement growth trend, do we see the disbursement growth to sort of pickup base, because for the current quarter the disbursement growth was little tepid and just some color on that and secondly on the net interest margin, do you think the current expansion in NIM is sustainable or not?
- Sunita Sharma:** One thing is that the growth is not tepid in the sense that in 2014 we grew at 7%, in 2015, this quarter we grew at 8%, this year we are going at 10%, so by no means it can be called tepid because first quarter there is a seasonality to that, first quarter always the growth is less and to that extent when we had grown at 8% last year first quarter, we grew for the year at 20.45%. Our growth for disbursement for the last year was 20.45%, so the first quarter growth numbers are no

indication for the annual numbers this is one thing. Secondly that in the first 20 days of the month of July, we are growing at more than 30%.

Ashish Sharma: Okay, do you expect the pace of disbursement to sort of improve as we progress, so Q1 is more of....

Sunita Sharma: Ashish what I am saying is, it is not a question of improvement, it is a question of seasonality. First quarter everybody, all companies, not only LIC Housing Finance. Every company is busy in lot of annual exercises which includes the planning for the year. We collect all the people all over the country and we plan for the year. It takes lot of time. People go back to their offices only in the month of June, so where is the time to do business and they start doing business only July onwards.

Ashish Sharma: Okay and just one more thing on the disbursement trend are we seeing the ticket sizes to remain stable or we are seeing a trend where even the ticket sizes are declining slightly given some correction in real estate prices in some of the market?

Sunita Sharma: There are two to three things, I will tell you. Two three things have happened. One is that it is not that the ticket size is declining or the prices are coming down, it is not happening like that. One is that, the normal business is we have continued to do, our ticket size would have gone up not gone down, but since we have shifted our focus towards LAPS whereas the ticket size is smaller is affecting the ticket size. Thirdly, during this year, we did a lot of rural housing and urban housing finance for small ticket size, NHB business which NHB wanted us to do, we have done that also. That also will impact our portfolio numbers.

Ashish Sharma: In these two ticket formats what will be your ticket size in the LAP business vis-a-vis your housing loan?

Sunita Sharma: 12 Lakhs as of now and the housing is at 20.

Ashish Sharma: Rs.20 lakhs and the difference in the yield Madam?

Sunita Sharma: Difference in the yield is 200-basis point.

Ashish Sharma: Perfect and lastly on the outlook for NIMS, you expect sustained improvements for the next two to three quarter?

Sunita Sharma: It should happen if our focus remains on the same thing and we continue to get the results away, we have been getting on the LAP improvement. It should impact our NIM positively.

Moderator: Thank you. The next question is from the Kunal Shah from Edelweiss Securities. Kunal Shah you may please go ahead.

- Kunal Shah:** Congratulations for strong core performance. Firstly in terms of corporate developer NPL when we look at it that has gone up a bit in this quarter by almost like Rs.30 odd Crores. So any lumpy accounts within that and may be in terms of the solution of some like switch over to the corporate accounts which are there. So, when is that actually anticipated now?
- Sunita Sharma:** I do not remember going up here.
- Sudipto Sil:** Nothing series or nothing big, just one or two technical delays, but probably they are already getting addressed and your second query regarding resolution of large accounts since it is in public domain we can share that auction for the orbit property is already put up, it is there in public domain and we are very confident of positive resolution there.
- Kunal Shah:** Exposure amount would be?
- Interviewee:** Orbit is 90 Crores approximately that is the principal amount.
- Kunal Shah:** Secondly in terms of may be when we look at the other income, so I think that was broadly the trend. So obviously it is the efficient management of liabilities wherein the float income has come down, so this would be the trend which would continue because last five, six years when we look at it the float income on an average has been somewhere around Rs.32 Crores to Rs.33 Crores, which has now come up like almost 19, floating income including some other income as well, so how should be the trend, because that is actually offsetting the positive performance on NII?
- Sunita Sharma:** Is it offsetting, how can you say that; let us put it together and then talk about it what is the percentage increase? Let us see that.
- Kunal Shah:** So the net revenues are going up by 24, 25 and NII growth is almost like 30 odd.
- Sudipto Sil:** Actually you have to understand the fact that whatever income comes on that investment portfolio that is basically on liquid fund investments which are always lower or at best at par with the cost of borrowing. So if that be the situation, I think the company is doing a great job by ensuring that float is cut down to the minimum required.
- Kunal Shah:** Okay, so may be it could continue and I think the margin performance, so this is like the base which is set in terms of margins at 2.41 and we should see it improving.
- Sudipto Sil:** I certainly believe that what investors are looking for a better net interest income rather than some sundry interest or some sundry income out of a portfolio which is a side activity.
- Kunal Shah:** Okay and thirdly just in terms of this fixed rate loan which we still offer, so just a sense it is like say fixed for one year and I think everyone is anticipating a falling interest rate scenario, so why

would anyone go in for fixed rate for one or two year rather than preferring a floating rate product?

Sudipto Sil: You view and the view of banking analyst may not be the same as that of a common person, where a banking analyst would like to play on interest rate movements, and more often than not get it wrong with due respect to the common person, who is purchasing a property is probably looking at ensuring that his cash flows remain stable at least for the first couple of years and he does not want to expose it to any sense of volatility. So that is the reason why he chooses this kind of a product especially in the salaried segment where income increases are by and large predictable, they do not want to expose themselves to volatilities on interest rates and the ensuring changes in EMI on account of that.

Sunita Sharma: Just a minute Kunal. Kunal, you said that we have reduced the other income, I have calculated it just now. If you reduce the other income which we have shown the reduction also, then also we have shown a growth rate of more than 27% in net interest margins.

Kunal Shah: Okay, so even adjusting 27% of income which was last year and this year it is like 11 odd Crores.

Sunita Sharma: Still we have got 28% increase. Is that bad?

Kunal Shah: No, not really, it is a very decent set.

Moderator: Thank you. The next question is from the line of Sanket Godha from IDFC securities. Please go ahead.

Maruk: I had a few questions. Firstly continuing on Anand's questions, so how much of your LAP would be source from DSAs?

Sudipto Sil: The traditional sources of generating business continue to be there even for this loan against property on the non-core.

Sunita Sharma: Maruk, we have got agents, LIC agents, direct selling agents, this business all has come from them only, normal.

Maruk: Capital raising plans?

Sunita Sharma: Nothing at the present because our capital is adequate.

Maruk: Okay, so no capital raising plans in the near future. Okay, perfect, thanks.

Moderator: Thank you. The next question is from the line of Nitin Kumar from Prabhudas Lilladher. Please go ahead.

- Nitin Kumar:** Hi Madam. Our prepayment rate during the quarter has gone up slightly, is it something to do with the repricing of the fixed rate loans that has now started?
- Sunita Sharma:** I do not think at the moment, because it has all gone up very high. It is just slightly gone up may be annual thing. Because we are busy in planning in so many other things throughout the quarter. Less of focus is there on these issues. I think now July onwards we will keep our focus on these things and everything will be under controlled. I do not foresee anything like that.
- Nitin Kumar:** A small correction in PBT on slide #15, the incremental split report is 1.74 which I believe is 1.84.
- Sunita Sharma:** Thank you. We will note it.
- Nitin Kumar:** Exposure on bank loans like reliance on bank loans has been coming down quarter every quarter, so up to what proportion of bank loans will be comfortable with in the liability mix?
- Sunita Sharma:** 11%, 12% will be adequate, we can go up to that. We still have 5%.
- Nitin Kumar:** Okay, so this will continue to go down.
- Sunita Sharma:** Yes.
- Nitin Kumar:** Okay and in the developer like NPL accounts, how many total accounts are there which are delinquent?
- Sunita Sharma:** Three I think.
- Nitin Kumar:** There has not been any addition in this quarter there?
- Sunita Sharma:** No.
- Nitin Kumar:** Okay and how is the repayment schedule in the developer loan book, because that book like just stays there it is not grown like despite disbursing?
- Sunita Sharma:** Because what we disburse, actually it is a happy situation if you really look at it, at least we are getting repaid, we are not getting in to trouble there, we are disbursing and an equal amount actually goes out also but we would like to increase it, we are working very hard on that, let us see, but you know our concern always is one thing that we do not want to simply disburse, we want to disburse only on good asset quality and to get that is getting difficult these days but we are working on that.
- Moderator:** Thank you. The next question is from the line of Aadarsh P from Nomura Securities. Please go ahead.

Aadarsh P: Madam just a question on this individual disbursements, when we try and adjust it for the LAP number, you have 8.5% disbursement growth in individual and then that comes down to 5% and that is understandable given the underlying real estate volume in numbers and you have kind of indicated that July has been good and things looking up, so just wanted to understand the differences in your portfolio vis-à-vis the market, I understand investor is less, but if you give us some more clarity on that because otherwise the underlying real estate volumes are looking pretty weak so.

Sunita Sharma: Aadarsh, one thing we must understand that the uptake or the business, disbursements or sanctions, it is a function of the marketing aggression. How much aggressive you are in the market depends on that. It does not depend on only demand. It does depend on demand, but does not depend only on demand. Demand in the end in the sector always remains, but how aggressive and how active we are in the market it depends on that. In the first quarter always we are not that active as we should be, howsoever I may try, I call people for planning, I call people for so many activities to my corporate office I mean various places that we get collected and plan for the year that people do get digressed from their normal routine activities. It is not that when you say it will improve, it touches my heart in the sense that in a negative manner that you are saying as if we have not done well and we will be doing better in July, it is not like, you have to understand. It is because we have been busy elsewhere which is very, very important activity planning and strategizing for the year since we are busy in that we are not able to put our full interest or full aggression in the market. Now since we are finished with those annual exercises, all activities, now we will go into the market, we have already started going into the market with our full aggression and because of that the numbers will come.

Aadarsh P: It was negative. I am just saying with contraction in market volume even a 5%, 10% growth is not bad, so just trying to understand that. Madam, the second question was incremental disbursements that you have done in this quarter, what part of that is still in the fixed loan category which may be a fixed for a year or two years?

Sunita Sharma: 60% to 65%.

Aadarsh P: 60% to 65% and lastly just to get that number right again on the asset side, you said when the fixed and floating loan will get repriced, your existing yields on that is 10%, so even if it is anywhere between 10.2% to 10.5% of repricing? You will have an upward movement in the average yield of that portfolio.

Sunita Sharma: Yes.

Moderator: Thank you. The next question is from the line of Sudhakar Prabhu from Span Capital. Please go ahead.

- Sudhakar Prabhu:** Good morning, couple of questions. Madam, you mentioned that you have seen pickup in disbursement from July month onwards, do you think loan growth for the full year should be more than 20%?
- Sunita Sharma:** It will be more than 20%. You are talking about disbursement.
- Sudhakar Prabhu:** No, I am talking about the entire loan growth.
- Sunita Sharma:** The loan growth we have targeted 18%. Initially itself we had targeted 18%.
- Sudhakar Prabhu:** Okay and secondly Madam, what is your capital adequacy ratio as of now and also that Tier 1 ratio?
- Sunita Sharma:** Tier 1 is 11.9.
- Sudhakar Prabhu:** At what level of Tier 1 are you comfortable with and at what point would you like to raise equity money?
- Sunita Sharma:** We have been operating earlier in last call also, Sudipto told you, we have been operating around 7%, 8% also, 8%, 9% also the company has operated. I do not know at the moment, for Tier 1 is really adequate and the kind of business we do developers loan portfolio is not really picking up that much unless that happens more of capital will be utilized, because it is not being consumed so much, it is adequate for some more time.
- Sudhakar Prabhu:** My last question is on your developer loan portfolio. What is the gross NPA on the developer loan portfolio as of now?
- Sunita Sharma:** Rs.271 Crores.
- Moderator:** Thank you. The next question is from the line of Pankaj Agarwal from Ambit Capital. Please go ahead.
- Pankaj Agarwal:** Hello Madam. What is the yield on your floating rate portfolio right now?
- Sunita Sharma:** 11%.
- Pankaj Agarwal:** Whether you have cut the rates in this portfolio in line with cutting rate for the new?
- Sunita Sharma:** Not as yet.
- Pankaj Agarwal:** What is it linked to, going forward what would be your strategy on this portfolio in terms of rate?

- Sunita Sharma:** Every month we review it and we will take a call when we look that we are comfortable for some more time.
- Pankaj Agarwal:** Are you looking at any parameters like your funding cost or the prepayment rates in this portfolio what exactly is the parameters you are looking at?
- Sunita Sharma:** We look at the sustained trend in the interest rates actually that is what we look at. Suppose interest rate and the borrowing cost remains sustained at some good levels then we look at it before that we do not.
- Pankaj Agarwal:** Okay and overall in terms of your prepayment rates, is there any difference between this portfolio versus fixed rate portfolio or the rate are almost?
- Sunita Sharma:** No.
- Pankaj Agarwal:** Okay, so almost similar prepayment rates.
- Moderator:** Thank you. The next question is from the line of Manish Shukla from Deutsche Bank. Please go ahead.
- Manish Shukla:** Good afternoon Madam. First, could you give me yields on the other segments of your book as well outstanding books are non-floating rate individual book, LAP and developer loans?
- Sudipto Sil:** There were huge numbers of products.
- Manish Shukla:** Blended average?
- Sudipto Sil:** We have at least 20-25 product categories?
- Sunita Sharma:** Standard average he is asking.
- Manish Shukla:** Average on the outstanding book?
- Sudipto Sil:** The weighted average on the outstanding book will be somewhere around 11.4 for the entire including the developer loans annualized.
- Manish Shukla:** Separately for developer and LAP?
- Sudipto Sil:** Developers will be around likely less than 14 and the loan against property will be around 12.5.
- Manish Shukla:** Secondly, the incremental borrowing cost during the quarter was 8.96 which is less than the average borrowing cost as of March, yet quarter-on-quarter, the average funding cost has moved up, so somewhere does not add, it does not add, as of March quarter, the average borrowing cost

was 9.2, average incremental during the quarter was 8.96 and the average for the quarter has moved up to 9.38.

Sudipto Sil: The average has not moved up. The average has come down from 9.48 to 9.38. It has come down by 10-basis points.

Sunita Sharma: From where did you get 9.2 two for the March quarter?

Sudipto Sil: 9.2 is not the incremental cost.

Manish Shukla: Not the incremental, the average at end of March was?

Sudipto Sil: Average as of at end of March on the entire portfolio was 9.48 which has now come to 9.38. You please refer to that presentation it will be mentioned there.

Manish Shukla: Okay right and any write back of provision expected from loans moving forward?

Sudipto Sil: Nothing on book.

Moderator: Thank you. The next question is from the line of Nishchint Chawathe from Kotak Securities. Please go ahead.

Nishchint Chawathe: Hi Madam and congratulations for a great set of numbers. Most of my questions have been answered, just one part was if you could give some qualitative color in terms of how each of your major geographies have been behaving in terms of growth or for that matter business momentum, not necessarily growth for this quarter.

Sunita Sharma: Mostly, we have seen very good growth in these central regions, which is Uttarakhand, UP, Madhya Pradesh and Jharkhand. We have seen good growth even in eastern part of this country then we have seen good growth in Hyderabad, we have seen good growth in western region also, we have seen good growth this year especially in Bangalore, Karnataka, even southern region was also doing very well. Northern region also has started picking up.

Nishchint Chawathe: Any specific pain points till which you think will remain weak for a while?

Sunita Sharma: Some weakness is seen especially NCR, that is the only area where I see some weakness, otherwise everywhere else is doing well.

Moderator: The next question is from the line of Jignesh Shial from Qaunt Capital. Please go ahead.

Jignesh Shial: Hi Madam, thanks for allowing me to ask a question. I just had one question. What would be total outstanding LAP book as of now as on 30th June?

- Sunita Sharma:** It will be Rs.5300 Crores.
- Moderator:** Thank you. The next question is from the line of Vishal Sheth from B&K Securities. Please go ahead.
- Vishal Sheth:** Good afternoon Madam, congratulation for good set of numbers. I just wanted to give some color on this quarter we have seen growth coming basically from as you said rural housing or urban housing which are smaller ticket loans to self employed individuals largely. Which would also give slightly high yielding portfolio?
- Sunita Sharma:** Probably yes, that is also high yielding.
- Sudipto Sil:** High yielding in a sense we get some refinance from NHB at very discounted rates.
- Vishal Sheth:** Would the yields compare to urban portfolio or salaried customer will be different right slightly lower than what you are doing there?
- Sudipto Sil:** Yields will be lower, but the cost of fund that the refinance that we get from NHB is substantially lower.
- Vishal Sheth:** I was saying that the yield on the rural housing financial will be higher right?
- Sunita Sharma:** Yield is not higher.
- Sudipto Sil:** Spread is higher.
- Vishal Sheth:** So yield will still be in the same 10.7, 10.8.
- Sudipto Sil:** Yields can be slightly lower, but the cost of fund that we get from NHB that is significantly and substantially lower than any fund that is available in the market today.
- Vishal Sheth:** Okay and what would be the thought process going ahead that this quarter we have seen that increasing from roughly 5% to about 11.5% level which is non-salaried loans. Will this trend continue going ahead or?
- Sudipto Sil:** That actually sometimes it could be statistical aberration also but what we were sharing earlier was the fact that the loan against property the numbers are more, but the amount is less. The profile which is shared is based upon the number of customers, it is not share on the basis of the amount.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the floor over to the management for closing comments.



*LIC Housing Finance Limited
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Sunita Sharma: Thank you very much all of you for attending this concall and we will do our best to come up with the expectation is all the stakeholders and all the investors and I feel looking forward to meeting you in next quarter. Thank you.

Moderator: Ladies and gentlemen, on behalf of Axis Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines.