



## “LIC Housing Finance Q2 FY 2017 Earnings Conference Call”

October 21, 2016



**ANALYST: MR. PRAVEEN AGARWAL- AXIS CAPITAL LIMITED**

**MANAGEMENT: MS. SUNITA SHARMA – MANAGING DIRECTOR AND CEO -  
LIC HOUSING FINANCE LIMITED  
MR SUDIPTO SIL – DEPUTY CFO - LIC HOUSING FINANCE  
LIMITED**



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**Moderator:** Good morning ladies and gentlemen. Welcome to the LIC Housing Finance Q2 FY2017 Earnings 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 the operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Praveen Agarwal from Axis Capital. Thank you and over to you Sir!

**Praveen Agarwal:** Thank you. Good morning everybody and welcome to the Q2 FY2017 earnings call for LIC Housing. We have with us Ms. Sunita Sharma, MD & CEO and Mr. Sudipto Sil, Deputy CFO to discuss the results. We thank Ms. Sharma to giving us this opportunity and though she is not keeping well, but she has taken out time to discuss the results. I would hand over to call to her to discuss the key highlights post, which we will take the Q&A. Over to you Madam!

**Sunita Sharma:** Good morning to all. At the outset, I welcome all of you to the conference call post our Q2 FY2017 results. As you would be aware we have declared the Q2 FY2017 financial results yesterday. The key highlights are as follows:

Revenue from operations at Rs.3428 Crores up by 13%, net interest income at Rs.866 Crores up by 21%, loans portfolio at Rs.131000 Crores up by 15%, net interest margins for the quarter was 2.68% versus 2.56% as on Q2 FY2016.

Gross NPAs are at 0.59% against 0.60% a year back. Individual loans GNPA down to 0.32% from 0.33% as on June 30, 2016. Net NPAs were down to 0.28% from 0.32% in the respective period. Profit before tax is at Rs.760 Crores growth of 18%. Profit after tax is at Rs.494 Crores up by 20%. During the quarter the company clocked a 15% in outstanding loans. The retail loan book is at 15% growth year-on-year.

During the quarter total disbursements was at Rs.9123 Crores. Southern, western and eastern part witnessed a very good growth. Improvements in inquiries have also been noticed across the country. Disbursements in the individual home loan segment was at Rs.8755 Crores, a growth of 10% whereas in the core business that is residential home loan segment the disbursement growth is 13%.

In our previous interactions we had indicated that the focus on the core business would increase in Q1 and Q2 of this year, we have been able to record 13% to 14% increase in disbursal in the segment, which has always been our forte. A very competitive products and on-ground marketing activities have helped us increase disbursements in this segment.

Approvals during Q2 have also an increase reflecting a pick up in demand. During the Q2 we have launched a product for central and state government employees to capture the opportunities



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arising out of the pay commission recommendation. We have also launched an online loan module to cater to the emerging needs of customers to transact on the electronic platform.

I am also happy to share with you that as indicated in our previous interactions we have been able to reduce the payment exit back to back for two quarters in a row. We had a couple of years back indicated that we would increase the share of high margin businesses in our portfolio to serve some extent without increasing risk to our balance sheet. Our strategy to shore up our non-core business mainly the LAP that had been in the sync with that strategy as we would have discussed in earlier calls the LAP would have sold by us is a lower risk product mostly brought by the salary segment against self-occupied and encumbered and residential properties with very low LTV and ticket size.

Over the past two quarters we have maintained the composition of that segment and about 9% to 9.5% of the total book. Our strategy in that segment would continue to be selective and opportunistic and based on risk adjusted pricing to maintain healthy margins.

Disbursements in project loans that segment are likely to show a rebound in the next few quarters following a robust pipeline being built in the Q2. Where loan sanctions have shown a very good growth.

Net interest income witnessed a strong growth during the quarter with a year-on-year growth at 21% to 866 Crores. Net interest margins recorded a strong growth of 12 basis points to 2.68% from 2.56% in Q2 of previous year. For the half-year NIMs have shown 70-basis points improvement for 2.47% to 2.64%. There has been a further decline of corporate bond yields, which should help us drive down our cost of funds further. Incremental cost of funds from the bond market for the company at present is much below 8%.

During the quarter, we have further reduced our bank borrowings, which now stand at less than 10% of the total liabilities. Our outlook on the asset side supported by the strong asset quality and recurring cost of borrowings augers well for the margins. The asset quality too continued on the trajectory of improvement, which has got NPAs at 0.57% as against 0.60% for the corresponding period. In the individual loan segment GNPA declined to 0.32% from 0.33% on a year-on-year basis.

Net NPA declined to 0.28% from 0.32% a year back. Our zero tolerance projects, was NPA and a very effective recovery machinery has ensured that the assets of the book are of impeccable quality. With this brief introduction, let me welcome once again and invite your queries.

**Moderator:**

Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Adesh Mehta from Ambit Capital. Please go ahead.



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- Adesh Mehta:** Good morning Madam. Great set of numbers. Just wanted to inquire that out of your total individual home loan book, how much could be the resale properties, properties which are resold?
- Sunita Sharma:** I think that is not very big number because normally, I think, not more than 3%.
- Adesh Mehta:** Not more than 3% so would it be fair to say that the...
- Sunita Sharma:** I think the number is around 20%.
- Adesh Mehta:** So 20% would be resale properties, so would it be fair to say that the rest 80% would be sourced through builders?
- Sunita Sharma:** No, I think, it is a mix of builders and through our distribution channel, agents who will go and have direct contact with the customers.
- Adesh Mehta:** Out of your total loan book how much could be under construction?
- Sunita Sharma:** Again it will be around 60% to 70%.
- Adesh Mehta:** 60% to 70% of our home loans will be...
- Sunita Sharma:** This will be construction finance. I cannot say it will be under construction. It will be construction finance.
- Adesh Mehta:** So basically 16% to 17% of our home loans would be for homes, which are still under construction?
- Sunita Sharma:** 60% to 70%.
- Adesh Mehta:** Thank you Madam. That is it from my side.
- Moderator:** Thank you. We will take the next question from the line of Sunil Tirumalai from Credit Suisse. Please go ahead.
- Sunil Tirumalai:** Thank you Madam. Just a question on the pay commission opportunity that you mentioned and the new scheme that you said, we have seen such schemes from the other lenders as well. How should we look at that in terms of if we do get a reasonable share of the opportunity, what would it do to the yields is that something we should factor into our numbers? That is my first question.
- Sunita Sharma:** I think for the next six to seven quarters this will be sustained opportunity. So what you can do to our numbers is it should be able to increase some growth sales core portfolio.



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- Sunil Tirumalai:** Yes, but are these rates materially lower than what you have been currently doing so is that a yield pressure that we can look at?
- Sunita Sharma:** It is 9.3%. I do not think it is we are borrowing at less than 8% we told you. So we do have margins there, not as much as high margin products, but since it is home loan product, so it is a low risk product. Since it is a low risk product, it is always adjusted. Low risk means low rate of interest.
- Sunil Tirumalai:** Second question it is nice to see the prepayment rates come down. Do you think it is an industry wide phenomenon and what is driving that?
- Sunita Sharma:** No. I cannot say about it is justified phenomenon. What I can say is we have made continuous efforts to ensure that the portfolio is retained with us. Last concall also I did promise that we have started working last quarter itself and we would be showing some results and I think now with all the hard work put in by whole of the team let us say ethical at all levels, I think this has really helped. We have done two kinds of things, one is that lot of communication in product quantification we have done. With that it has really helped.
- Sunil Tirumalai:** Last question Madam, during your tenure here the company's performance has been really good, we have delivered margins expansion, growth and I am wondering is there any or what is the visibility on your continuation here post your term coming to an end in about a month or so?
- Sunita Sharma:** I do not get any term like three years, because you are right and my three years are going to be over. Normally LIC we have postings in the month of April not before that, but if after one month also they change me, I am okay in the sense that we have done a good job and that gives you lot of succession. But there does not seem to be any kind of move on that side.
- Sunil Tirumalai:** Thank you very much Madam and hope you get well soon. Thank you.
- Moderator:** Thank you. We will take the next question from the line of Shweta Daptardar from KR Choksey Shares & Securities. Please go ahead.
- Shweta Daptardar:** Good morning Madam and congratulations on good set of numbers. Just a couple of questions; so what proportion of your loan mix has actually moved from fixed rate portfolio to floating rate during the quarter?
- Sunita Sharma:** I think it will be around 3000 Crores.
- Shweta Daptardar:** Because that is the same amount which happened even in Q1. So, that is the same, right?
- Sunita Sharma:** Yes.



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- Shweta Daptardar:** Secondly, Madam can you quantify the amount of portfolio which should get reprised this year?
- Sunita Sharma:** I do not think much will be there. If you want we can give you set numbers, but I do not think much will be there.
- Shweta Daptardar:** So, can you like quantify?
- Sunita Sharma:** It will be around 6000 Crores.
- Shweta Daptardar:** 6000 Crores, and Madam what is the incremental yield on your builder loan portfolio?
- Sunita Sharma:** I think 13% to 14% according to the category of the builder, it will be categorized generally because that is how the builder yields and with the kind of interest rate scenario I think it is a good rate.
- Shweta Daptardar:** Okay 13% to 14% right?
- Sunita Sharma:** Yes.
- Shweta Daptardar:** Madam on the LAP portfolio incrementally?
- Sunita Sharma:** LAP it is around 11.5%.
- Shweta Daptardar:** So that remains unchanged. Madam lastly any expenses towards wage arrears or Elite Stuff in this quarter?
- Sunita Sharma:** Yes, around 9 Crores.
- Shweta Daptardar:** That is it from my side. Thank you Madam.
- Moderator:** Thank you. We will take the next question from the line of Nishchint Chawathe from Kotak Securities. Please go ahead.
- Nishchint Chawathe:** Two questions from my side. One is what quantum of NCDs is getting redeemed in the next two quarters and in the next financial year?
- Sunita Sharma:** 7000 Crores in the next two quarters and around 15000 Crores in the next one year.
- Nishchint Chawathe:** Madam, again on your leverage side somewhere you are getting the optimal level, so just wanted to understand the thought process at this point of time whether you are looking at raising capital or so?



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**Sunita Sharma:** I think at the moment tier I we have got around 14% so this is quite adequate. Any housing finance company can grow below 11% or so. So lot of leverages, lot of headroom is there.

**Nishchint Chawathe:** You do not basically have anything on the cards at the moment?

**Sunita Sharma:** No.

**Nishchint Chawathe:** Thank you very much and all the best.

**Moderator:** Thank you. We will take the next question from the line of Avinash Singh from Jefferies. Please go ahead.

**Avinash Singh:** One of your peers have highlighted that the other impact of this pay commission could be increased, prepayment and given that your customer profile is a lot worth at central government employee do you expect increase in prepayment fare?

**Sunita Sharma:** We have told you that we have done actually better in this quarter and despite the fact that we have launched new product, so in fact this pay commission will throw us a lot of opportunity to increase spends. They will spend more and may be they will change from a lower home to a higher home, so that should be a very big marketing opportunity for us.

**Avinash Singh:** Thank you.

**Moderator:** Thank you. We will take the next question from the line of Manish Shukla from Deutsche Bank. Please go ahead.

**Manish Shukla:** Good morning Madam. Good morning Sudipto. On slight 11 you mentioned that floating rate loans are about 61%. First just a clarification, Sudipto is this only individual book or the total book?

**Sudipto Sil:** This is individual.

**Manish Shukla:** This is just the individual book. So this number has been inching up every quarter by between 5% and 10% points for the last few quarters. I believe part of it is due to fixed to floating conversion and part of it could be new loans.

**Sunita Sharma:** We have got new product launches, which is pure floating.

**Manish Shukla:** So that was my first question that of your incremental disbursals in first half this year how much would have been approximately pure floating rate versus fixed cum floating?

**Sudipto Sil:** 70%.



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- Manish Shukla:** 70% would have been pure floating. I mean is it fair to assume that the 61% number which is there today would probably be more than 70% by the end of the year on the individual book given the conversion from fixed to floating as well as the fresh disbursements that are happening?
- Sudipto Sil:** Yes, it could be.
- Manish Shukla:** Second question is that the government employee home loan rate you are offering at 9.3% but what is the marginal floating rate for others to date?
- Sudipto Sil:** I think for most of the other players it is more than that.
- Manish Shukla:** For you, I was to borrow from LIC HFL on floating rate, what is the floating rate today for other than government employees?
- Sudipto Sil:** 9.4%.
- Manish Shukla:** 9.4% all right. Thank you. Those were my questions.
- Moderator:** Thank you. We will take the next question from the line of Amit Premchandani from UTI Mutual Funds. Please go ahead.
- Amit Premchandani:** Good morning Madam. Thanks for the opportunity. Madam, I see that your incremental spreads are inching up over the last many quarters based on your assessment how long can this sustain that incremental retail spreads continue to move up for housing finance companies?
- Sunita Sharma:** Actually this is for both assets side and also for the cost of fund. So the spreads are because of both. Since we have had a good asset mix because of that this is the spread from there because the cost of fund is going down that also is giving us. I think it should take some more time for the margins to spread.
- Amit Premchandani:** Is there any pressure from the customer's side to reduce for interest rates because as of now large part of decline in cost is being kept by the NBFCs as of now. Is there any pressure from the customers?
- Sunita Sharma:** I do not think there is any competitive pressure as far as customer is concerned, because we are quite competitive as the pricing is concerned. It is a market phenomenon and banks and other companies also have reduced only by 5 basis points, how does it matter?
- Amit Premchandani:** You are absolutely Madam. That is what I was hinting to everybody is kind of keeping the cost of funds going down with themselves rather than passing it out to the customer. That was my question how long can this continue?



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**Sunita Sharma:** This will take some more time I think, because I do not want to comment on banks otherwise it is basically given by banks because at the moment of financial positions of the banks it will need more time for them.

**Amit Premchandani:** I see commercial paper average cost for you is 688 while the share of commercial is very low at 1.2% any thoughts increasing commercial paper as a funding mechanism for LIC Housing Finance given that it is the least cost option?

**Sunita Sharma:** Actually we have started borrowing through commercial paper was only very recently last one year before that we were not doing it. So we are slowly increasing it and we have plans to increase it further.

**Amit Premchandani:** Any ballpark 5%, 10% of funding that you are looking at?

**Sunita Sharma:** It is subject to ALM. It depends on ALM position.

**Amit Premchandani:** Thank you Madam. That is it from my side.

**Moderator:** Thank you. We will take the next question from the line of Adarsh P from Nomura Securities. Please go ahead.

**Adarsh P:** Congrats on good numbers. Just a question on your conversion from the fixed to floating rate loans where is the conversion happening like last two, three, four years you have been and even the historic book you have done more fixed rate loans for two to three years, so today when these loans are converting what are the yields on conversion?

**Sunita Sharma:** The conversion is happening in two ways. One is that we have a new product, which is pure floating. So because of that, you see the increase in numbers of floating. The second thing is, now we are more or less at the same rate, market rates are the same. I do not think we are at a higher rate than others. So I do not think that really matters.

**Adarsh P:** No, Madam. My question was more that assuming two years back, you gave a fixed rate loan for two years at say 10% or 10.1%. Now it is due to get converted into a floating rate loan. When it is getting converted today at a floating rate loan, what is the yield that that customer is paying back?

**Sunita Sharma:** 9.9%.

**Adarsh P:** 9.9%. Is that not a very large difference, because you would be seeing a lot of conversions and you are charging 9.3% to 9.4%, it is a 50 BPS, 60 BPS gap. So do you do not see the need because again there will be a risk to your prepayment rates, right, because 50 BPS, 60 BPS is pretty immaterial?



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**Sunita Sharma:** No, Adarsh. I think we keep a very close watch on that. And the moment we see something like that, we will take a call on that.

**Adarsh P:** Because I remember two quarters back, it was 10.1% or 10.2% and you said that psychologically these guys, some of the people want to get it below 10%, so you are offering 9.9%. But at that time, you are offering a new loan at 9.6%. So the gap was only 25 BPS. But now the gap has expanded to 50 BPS, so?

**Sunita Sharma:** So what you are saying is that we should reduce this rate?

**Adarsh P:** No, it is obviously your call but the gaps expanded again right. So while it helps margin near term but your repayments can actually go up.

**Sunita Sharma:** We have not it has not really helped. The only change in interest rates or decrease in the interest rate, loan has not helped decrease prepayment rates. What is more important is that how we communicate and what kind of new products are we able to offer. And the gap I think is the same, what was there earlier. The gap has not changed but still I think more than interest rate, the communication with the customer and the handling of our distribution terms with the customer is more important, that doesn't really make a difference. And the prepayment rates have come down in Q1 and Q2.

**Adarsh P:** Obviously that has seen a good trend. My second question was on the dividend payment policy. Last couple of years has seen risk weight reductions in mortgage as a product, which means that you can grow more with the same amount of capital and given where our growth is today, you will probably accrue capital rather than deplete on capital levels. So I am just trying to understand would the board want to consider increasing dividend payments given the fact that this business is consuming less capital now?

**Sunita Sharma:** I won't be able to comment on the Board's decision, but as you yourself said that payout ratio is a Board decision, but normally till now we have been giving something on 20%, 21% of payout rates. So I think that is what it will continue to be, but I would not be able comment on Board's decision; at the time when we take a decision, the Board considers all the aspects. So I think accordingly a decision will be taken, I would not be able to comment on that.

**Adarsh P:** Just that with the same capital you can grow more, so ideally you can pay out and still maintain capital levels. So that is the only point?

**Sunita Sharma:** Yes, I got your point, but then I can't comment on what Board will decide.

**Adarsh P:** Absolutely. That is fine. Thanks a lot.



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- Moderator:** Thank you. The next question is from the line of Nilang Mehta from HSBC Global Asset Management. Please go ahead.
- Nilang Mehta:** Just one question from my side, what is the management doing to improve their retail deposits, we have been talking about earlier but nowadays we do not find a mention of that so anything on that front?
- Sunita Sharma:** We have already improved it from some 1-odd percentage of the portfolio volume liability, which is around 3.6%. We are working on it and continuously working on that. Slowly and steadily we have increased the rate to a percentage of 3.6% now.
- Nilang Mehta:** Any medium term target?
- Sunita Sharma:** I am not used to giving any target, but we work on that. We always improve, but if you want, it will be something around 5%.
- Nilang Mehta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Jigar Walia from OHM Group. Please go ahead.
- Jigar Walia:** Thanks for the opportunity. Congratulations on the continued good numbers. Madam, first question is if you can explain me on the commission expense, is it more linked to sanctions or the first disbursement or the scheduled disbursements, I am coming from the fact that trying to understand from a perspective of a home loan for an under construction property?
- Sunita Sharma:** No, it is connected to the scheduled disbursements, all the disbursements, it has to be according to the - if first disbursement is only 10%, only 10% of the commission only will be paid. So this disbursement will get the commission from the agent.
- Jigar Walia:** My second question is if you can clarify that the prepayment ratio that we mentioned is a gross number or a net number? And do we actually see balance transfers coming the other way from some other high yield NBFCs to us? Customers moving from other probably slightly higher yield NBFCs to us on balance transfers.
- Sunita Sharma:** I think we have a very, very small number in that if there are any. I do not think, I am going to present this number.
- Jigar Walia:** The reporting is also on a gross basis?
- Sunita Sharma:** Yes.
- Jigar Walia:** This was it. Thank you.



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- Moderator:** Thank you. The next question is from the line of Sarvesh Gupta from Trivantage Capital. Please go ahead.
- Sarvesh Gupta:** Just one question on the HFC versus bank discussion that we had previously. So you implied that in case banks are forthcoming in terms of decreasing their rates for home loans, then HFCs including yourself would be also doing the same?
- Sunita Sharma:** I did not say that. I said that because somebody asked me the question that whole of the market including the banks are holding onto that. I just said that banks would be doing it because of the financial position. I did not say anything like that, that we will do it if the banks do.
- Sarvesh Gupta:** But in case banks kind of reduce then their rates, then would it have an impact on our spreads and NIMs?
- Sunita Sharma:** It is like this, if whatever happens in the competition, we will take a call at that time and we will be have to remain competitive, that will happen. But we will find some ways and means to ensure that our NIMs, they do not come under pressure.
- Sarvesh Gupta:** Understood. My second question was on your processing fee, which has fallen by 27% this quarter, while we have seen 10% growth in disbursements. So are we these days even charging a processing fee, to what percentage of customers are we recharging processing fee and what is the blended percentage that we get these days?
- Sunita Sharma:** This quarter we had a lower component of LAP business, so LAP business gets a good processing fee. In the home loans, we have hardly any processing fee that is why this quarter it has gone down.
- Sarvesh Gupta:** Understood. And finally on the spreads, do you want to give any guidance of the steady state spreads, of course right now we are undergoing a period of adjustment where our cost of funds are falling. But is there any steady state spread that you target?
- Sunita Sharma:** It should be somewhere around 2%.
- Sarvesh Gupta:** Thanks a lot and congratulations again for a good set of results.
- Moderator:** Thank you. We will take the next question from the line of Manish Karva from Deutsche Bank. Please go ahead.
- Manish Karva:** Just had a small question. Suppose I am a customer, who is paying 9.9% today, and I come to LIC Housing for a rate reduction and I come to LIC Housing for a rate reduction or if I tell them that I want to prepay, would LIC entertain and give me a rate at 9.4%, which is your marginal funding rate? And if it does, then what is the process of doing that?



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- Sunita Sharma:** No, we do not do that. The 9.9% is the rewriting rate.
- Manish Karva:** So then if some other bank is giving me 9.4%, probably you will let me prepay and I can move out?
- Sunita Sharma:** Yes, I cannot do anything about that. Other than talking to the customer, trying to explain how good we are, we can't do that. We cannot be playing on rates.
- Manish Karva:** No, sure. But then you will not give me a rate, which is offered by the competition at 9.4%?
- Sunita Sharma:** Yes.
- Manish Karva:** That was it. Thanks.
- Moderator:** Thank you. We will take the next question from the line of Prakhhar Sharma from CLSA. Please go ahead.
- Prakhhar Sharma:** Good afternoon, Madam. I hope you get better. Thank you for taking time out. Madam, I have three quick questions. One, if you could share with us the amount of individual disbursements in the first quarter of this fiscal?
- Sunita Sharma:** Rs.8755 Crores. That is the first quarter.
- Prakhhar Sharma:** Actually Madam, I am talking about the home loan disbursement in the quarter ended June. Home loan disbursement, which is for this quarter at Rs.7493 Crores?
- Sunita Sharma:** I understood. Let me check, I do not remember the figure off hand, Rs.5922 Crores.
- Prakhhar Sharma:** Sure. And Madam, the next thing was within your customer, you give the detail on how much is salaried and non-salaried. Could you give us some sense on what percentage of your customers are employed with central government entities and might be recipient of the pay commission so existing customer base?
- Sunita Sharma:** Around 45% to 50%.
- Prakhhar Sharma:** Okay. Madam, do you expect that with all the housing finance companies or banks offering new rates for pay commission entities, there could be increase in the churn that we could see going forward. It is not a very big difference but just trying to understand if you think that is a possibility?
- Sunita Sharma:** I do not think that is a possibility in the sense that we have very strong and long connect with the customers and LIC Housing Finance especially has been known for that kind of connect with



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them. So simply because somebody has got money to pay now, all these people are - you can say that they are very connected to LIC every time. So I do not see any possibility out there. This we will have in the last pay commission information also. So we do not foresee anything like that. In the first place they come to LIC Housing Finance public sector is because they trust the company. So why would they leave it now?

**Prakhar Sharma:** Actually just was trying to understand, because when we looked at last 12 months because of these some product related issues that fixed rate products that we were pushing for some time, we did see some churn towards other banks. And from an outside, at least, we feel that there is one segment of customers who can be sensitive to these aspects, which clearly means they are more focused on financials, they understand the difference, etc., that is where I was coming from that do you see, given that there is a sensitivity within your customer base also that potentially there could be some churn because of banks offering, everybody offering a different rate for a pay commission awardees?

**Sunita Sharma:** Yes, that is correct. But then I feel that that will have a very negligible impact because people who like for home loan, people would like to stay with a reliable provider.

**Prakhar Sharma:** Last thing, you are back in the Housing Finance with a product, which is comparable with the market, which is a floating rate product. Do you expect the competition to respond to the change, you are almost 10% of the market and people were probably getting some clients of yours for some time, but now you are offering is very competitive. How do you expect the peers in the market to respond to the second largest company getting back with very competitive product?

**Sunita Sharma:** Since April, we have got this product and I do not think there is any increase in competition.

**Prakhar Sharma:** Thank you Madam.

**Moderator:** Thank you. We will take the next question from the line of Roshan Chutkey from ICICI Prudential Asset Management Company. Please go ahead.

**Roshan Chutkey:** Thanks for taking my question. Madam, previously you said that when fixed rate to floating conversion used to happen, it used to happen at a higher rate. And then there was this Rs.1000 nominal fee payment that the customer had to do to move to this 9.9% rate. So do you still earn that Rs.1000 or are we straightly?

**Sunita Sharma:** Yes, we do.

**Roshan Chutkey:** You do? And despite therefore, either he pays Rs.1000 or he does not pay and move to competition. Is that how we should understand?

**Sunita Sharma:** Yes.



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- Roshan Chutkey:** Okay, Sure. And do we have any kind of top 10-city contribution towards disbursements?
- Sunita Sharma:** Yes, we have, just a minute. I will look for that. Top 7 will have 45%.
- Roshan Chutkey:** Top 7 is it?
- Sunita Sharma:** Yes, will have 45%.
- Roshan Chutkey:** 45% of disbursements. Okay and are seeing significant competition in these markets? If you can just break up the prepayment, is it in these top 7 cities or is it in the rest of it? How do you see that?
- Sunita Sharma:** No, I do not think that maybe it is nothing out of normal. It is normally average only. We do not see in particular phase it will happen more, no.
- Roshan Chutkey:** Sorry, Madam. I did not get that.
- Sunita Sharma:** I said there is nothing out of normal. In the 7 cities also, it is average everywhere.
- Roshan Chutkey:** Thank you so much Madam. That is all from my side.
- Moderator:** Thank you. We will take the next question from the line of Rahul Ranade from Goldman Sachs Asset Management Company. Please go ahead.
- Rahul Ranade:** Thanks for the opportunity. Just one clarification; as far as I have gathered till now, the 61% proportion of floating rate loan that we have given out is a combination of fewer floating rate products, which start from day one as floating, and the products, which have converted from fixed to floating. Am I right?
- Sunita Sharma:** Yes.
- Rahul Ranade:** So Madam would it be possible to give a proportion of the 61%, which were pure floating from day one?
- Sunita Sharma:** At the moment, I do not have the figure ready with me but we can get it for you.
- Rahul Ranade:** Sure, and that would be good.
- Sunita Sharma:** I think we will send a mail to you. We will send you a mail, Rahul.
- Rahul Ranade:** Thank you.



*LIC Housing Finance Limited  
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**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference over to Mr. Praveen Agarwal from Axis Capital Limited for closing comments.

**Praveen Agarwal:** On behalf of Axis Capital, I would like to thank the management team of LIC Housing Finance and participants for being on the call. Thank you very much.

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