

August 18, 2025

GIC Housing Finance Limited: Ratings reaffirmed; rating withdrawn for Rs. 325-crore NCD programme

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term bank lines – Fund based/Non-fund based	9,000	9,000	[ICRA]AA+ (Stable); reaffirmed
Non-convertible debenture programme	325	-	[ICRA]AA+ (Stable); reaffirmed and withdrawn
Non-convertible debenture programme	1,030	1,030	[ICRA]AA+ (Stable); reaffirmed
Short-term bank lines – Fund based	1,000	1,000	[ICRA]A1+; reaffirmed
Commercial paper programme	1,500	1,500	[ICRA]A1+; reaffirmed
Total	12,855	12,530	

**Instrument details are provided in Annexure I*

Rationale

The ratings action factors in GIC Housing Finance Limited’s (GICHF) strong parentage in the form of General Insurance Corporation of India (GIC-Re) with GIC-Re and its erstwhile subsidiaries holding a 42.41% stake as on June 30, 2025. Given the ownership, strong board representation and shared brand name, ICRA expects financial support to be forthcoming from GIC-Re, should the need arise. Further, ICRA expects GICHF to continue receiving managerial and operational support from GIC-Re. The ratings continue to consider GICHF’s long track record of operations of more than 30 years, the focus on salaried home loans and the granular nature of the loan book. While growth was impacted during the Covid-19 pandemic amid asset quality challenges, the company has been gradually improving the same and its assets under management (AUM) rose slightly to Rs. 10,497 crore as on March 31, 2025 (2% growth in FY2025; 3% decline in FY2024). Further, the asset quality continues to improve with the gross stage 3 assets declining to 3.0% as on March 31, 2025 from 3.7% as on March 31, 2024. The company continues to maintain a comfortable capitalisation profile with a gearing of 4.5 times (4.7 times as on March 31, 2024) and a capital-to-risk weighted assets ratio (CRAR) of 34.9% as on March 31, 2025 (33.6% as on March 31, 2024).

The ratings remain constrained by GICHF’s moderate earnings profile with the company reporting a net profit of Rs. 160 crore in FY2025, translating into a return on average managed assets (RoMA) of 1.5%, compared to Rs. 151 crore and 1.4%, respectively, in FY2024. ICRA expects some pressure on the net interest margin, given the intense competition in this space. The company’s ability to manage its margins while controlling its operating and credit costs will remain important from a profitability perspective.

The Stable outlook on the long-term rating reflects ICRA’s opinion that the company would be able to maintain a steady credit profile supported by its long track record, the granular nature of its loan portfolio and the comfortable capitalisation profile. Further, ICRA expects support from GIC-Re to be forthcoming, if needed.

ICRA has simultaneously withdrawn the rating for the Rs. 325-crore non-convertible debentures as the instruments have matured/redeemed with no amount outstanding against the same. The rating has been withdrawn in accordance with ICRA’s policy on the withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Established track record, focus on salaried home loan segment and granular nature of loan book – Incorporated in 1989, GICHF has a long track record in the housing finance business. As on March 31, 2025, it was operating in 20 states through 71 branches and 5 satellite offices with AUM of Rs. 10,497 crore (up ~2% YoY). While the company had slowed down disbursements due to the pandemic and asset quality challenges in the past, the same had picked up pace in FY2024 with disbursements growing by 19% YoY in FY2024 and 40% in FY2025.

GICHF's loan book remains granular with individual home loans (including renovation loans) accounting for 91% of the portfolio as on March 31, 2025, followed by loan against property (LAP; the balance). Also, within individual borrowers, the company remains focussed on salaried borrowers (79% of the portfolio as on March 31, 2025). Given its presence primarily in retail housing loans and the granular nature of its portfolio, GICHF's credit concentration remains low. ICRA expects the company to continue scaling up its operations with focus remaining on individual home loans.

Comfortable capitalisation profile – The company's capitalisation profile has been improving, supported by internal capital generation. The gearing was reported at 4.5 times as on March 31, 2025 (4.7 times as on March 31, 2024). The CRAR of 34.9%, as on March 31, 2025, was well above the regulatory requirement of 15%. In ICRA's opinion, given GICHF's growth plans and internal capital generation, the capitalisation profile is expected to remain comfortable in the near-to-medium term. Over the long term, if the growth momentum increases considerably, the company may need external capital to maintain comfortable capitalisation levels.

Improving asset quality and solvency – The company's asset quality improved with the gross stage 3 assets declining to 3.0% as on March 31, 2025 from 3.7% as on March 31, 2024 (4.4% as on March 31, 2023), driven by limited slippages and higher recoveries. With an adequate provision cover of 36.2%, the net stage 3 assets were lower at 1.9% as on March 31, 2025 (2.5% as on March 31, 2024; 3.0% as on March 31, 2023). Given the improvement in the asset quality, the solvency profile (Net stage 3/Net worth) improved significantly to 10.4% as on March 31, 2025 from 14.1% as on March 31, 2024. Further, ultimate losses are expected to be low due to the secured nature of the loans. GICHF's ability to control slippages while scaling up its operations and achieving recoveries from delinquent loans will be a key monitorable.

Strong parentage of GIC-Re – GIC-Re, together with its erstwhile subsidiaries (The New India Assurance Company Limited, United India Insurance Company Limited, The Oriental Insurance Company Limited and National Insurance Company Limited), held a 42.41% stake in GICHF as on June 30, 2025. Given the ownership, strong board representation and shared brand name, ICRA expects financial support to be forthcoming from GIC-Re, should the need arise. Further, ICRA expects GICHF to continue receiving managerial and operational support from GIC-Re.

Credit challenges

Moderate profitability indicators – GICHF reported a net profit of Rs. 160 crore in FY2025 compared to Rs. 151 crore in FY2024. The net interest margin rose marginally to 3.2% of the AMA in FY2025 from 3.0% in FY2024 owing to the increase in its lending yield. Operating expenses increased to 1.4% of AMA in FY2025 from 1.2% in FY2024 as the company continued to recruit and invest in its systems and processes. With improved asset quality indicators and recoveries from delinquent and written-off accounts, credit costs were negative in FY2025. The earnings profile remains moderate with GICHF reporting a RoMA of 1.5% and a return on average net worth (RoNW) of 8.4% in FY2025 compared to 1.4% and 8.6%, respectively, in FY2024. The company's ability to manage its margins while controlling its credit costs and improving its operating efficiency will remain important from a profitability perspective.

Competitive pressure – GICHF faces competition from banks and leading housing finance companies (HFCs), primarily while lending to the salaried borrower segment where pricing, turnaround time, and service quality are the key differentiators. This segment is highly sought after due to its relatively lower credit risk and stable income profiles, making it a strategic focus for

most lenders. As a result, competition is expected to remain high over the medium term, with players continuously innovating on product offerings, interest rates, and digital onboarding processes to capture market share. GICHF may need to enhance its value proposition and operational efficiency to maintain relevance and growth in this segment.

Environmental and social risks

Given the service-oriented business of the company, its direct exposure to environmental risks as well as those emanating from regulations or policy changes is not material. While lending institutions can be exposed to environmental risks indirectly through their portfolio of assets, GICHF's exposure to environmentally sensitive segments remains low. Hence, indirect transition risks arising from changes in regulations or policies concerning the underlying assets are not material.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for lending institutions as material lapses could be detrimental to their reputation and could invite regulatory censure. GICHF has not faced such lapses over the years.

Liquidity position: Adequate

As on March 31, 2025, the company held Rs. 272 crore of cash and cash equivalents, bank deposits and liquid investments. Additionally, it had sanctioned but unutilised funding lines of Rs. 1,047 crore as on March 31, 2025. GICHF's structural liquidity statement (SLS), as on March 31, 2025, had positive cumulative mismatches in the up to three months bucket, factoring in the lines of credit committed by other institutions. Given the relatively longer tenure of its assets vis-à-vis liabilities, the company's ability to roll over its borrowings will remain a key rating monitorable. The granular nature of the loan book and established track record of raising funds from diverse sources support the liquidity profile.

Rating sensitivities

Positive factors – A significant increase in the scale of operations and sustained improvement in the asset quality and earnings profile (RoMA exceeding 2.5% consistently) could positively impact the long-term rating.

Negative factors – GICHF's ratings are strongly underpinned by its parentage in the form of GIC-Re. Any change in the expectation of support from the parent or a deterioration in the credit profile of GIC-Re shall negatively impact the ratings. Further, a deterioration in the capitalisation or asset quality indicators with the solvency ratio (Net stage 3/Net worth) increasing beyond 25% on a sustained basis would be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies Policy on Withdrawal of Credit Ratings
Parent/Group support	Given the ownership, strong board representation and shared brand name, ICRA expects financial support to be forthcoming from GIC-Re, should the need arise. Further, ICRA expects GICHF to continue receiving managerial and operational support from GIC-Re.
Consolidation/Standalone	Standalone

About the company

GIC Housing Finance Limited was founded in 1989 by GIC-Re and its erstwhile subsidiaries, National Insurance Company Limited, The New India Assurance Company Limited, The Oriental Insurance Company Limited, and United India Insurance Company Limited, together with Unit Trust of India (UTI), Industrial Credit and Investment Corporation of India (ICICI), Industrial Finance Corporation of India (IFCI), Housing Development Finance Corporation (HDFC) and State Bank of India (SBI), all of which contributed to the initial share capital. Later on, HDFC, SBI, ICICI, UTI, and IFCI sold their stakes in GICHF and ceased

to be promoters. As on June 30, 2025, the promoter group held a 42.41% stake in the company, with GIC-Re being the largest shareholder.

Key financial indicators (audited)

GIC Housing Finance Limited	FY2023	FY2024	FY2025
As per	Ind-AS	Ind-AS	Ind-AS
Total income	1,118	1,061	1,065
Profit after tax	213	151	160
Total managed assets	11,244	10,768	11,060
Return on average managed assets	1.8%	1.4%	1.5%
Gearing (reported; times)	5.4	4.7	4.5
Gross stage 3 assets	4.4%	3.7%	3.0%
Capital-to-risk weighted assets ratio	31.5%	33.6%	34.9%

Total managed assets = Total assets + Impairment allowance

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
				Aug 18, 2025	Aug 19, 2024	Aug 23, 2023	Aug 26, 2022	
1	Long-term bank lines – Fund based/Non-fund based	Long term	9,000	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	
2	Non-convertible debenture programme	Long term	1,030	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	
3	Non-convertible debenture programme	Long term	-	-	[ICRA]AA+ (Stable); withdrawn	[ICRA]AA (Stable)	[ICRA]AA (Stable)	
4	Non-convertible debenture programme	Long term	325	[ICRA]AA+ (Stable); withdrawn	[ICRA]AA+ (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	
5	Non-convertible debenture programme	Long term	-	-	-	[ICRA]AA (Stable); withdrawn	[ICRA]AA (Stable)	
6	Short-term bank lines – Fund based	Short term	1,000	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	
7	Commercial paper programme	Short term	1,500	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	

Source: Company

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term bank lines – Fund based/Non-fund based	Simple
Non-convertible debenture programme	Simple
Short-term bank lines – Fund based	Simple
Commercial paper programme	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance /Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE289B07081	Non-convertible debenture	Nov 21, 2024	8.25%	Jun 19, 2026	300	[ICRA]AA+ (Stable)
INE289B07099	Non-convertible debenture	Nov 21, 2024	8.28%	Aug 21, 2026	300	[ICRA]AA+ (Stable)
INE289B07115	Non-convertible debenture	Jul 24, 2025	7.49%	Feb 24, 2027	200	[ICRA]AA+ (Stable)
INE289B07107	Non-convertible debenture	Jul 24, 2025	7.59%	Aug 24, 2027	200	[ICRA]AA+ (Stable)
INE289B07073	Non-convertible debenture	Feb 27, 2023	8.70%	Nov 27, 2024	325	[ICRA]AA+ (Stable); withdrawn
NA	Non-convertible debentures – Yet to be issued	-	-	-	30	[ICRA]AA+ (Stable)
NA	Long-term bank facilities	Jul 2015-Dec 2022	4.61-8.75%	Jul 2023-Dec 2031	9,000	[ICRA]AA+ (Stable)
NA	Short-term bank facilities	Dec 2019-Feb 2021	7.56-8.6%	Sep 2023-Mar 2024	1,000	[ICRA]A1+
INE289B14JL0	Commercial paper	Mar 25, 2025	7.89%	Feb 13, 2026	100	[ICRA]A1+
INE289B14JO4	Commercial paper	Apr 30, 2025	7.55%	Apr 30, 2026	125	[ICRA]A1+
INE289B14JP1	Commercial paper	May 08, 2025	6.79%	Aug 07, 2025	175	[ICRA]A1+
INE289B14JQ9	Commercial paper	May 15, 2025	6.87%	Aug 14, 2025	100	[ICRA]A1+
INE289B14JR7	Commercial paper	May 28, 2025	6.55%	Aug 26, 2025	100	[ICRA]A1+
INE289B14JS5	Commercial paper	Jun 04, 2025	6.40%	Sep 03, 2025	150	[ICRA]A1+
INE289B14JT3	Commercial paper	Jul 03, 2025	6.39%	Oct 01, 2025	125	[ICRA]A1+
NA	Commercial paper – Yet to be issued	-	-	7-365 days	625	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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