October 10, 2025

GIC Housing Finance Limited: [ICRA]AA+ (Stable) assigned to NCD programme; ratings reaffirmed for other instruments

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	-	500	[ICRA]AA+ (Stable); assigned
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	**12,530**	**13,030**	

**Instrument details are provided in Annexure I*

Rationale

The ratings factor 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 if needed. 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. 10,692 crore as on June 30, 2025 from Rs. 10,497 crore as on March 31, 2025. ICRA takes note of the change in asset classification in Q1 FY2026, whereby repossessed assets were reclassified from 'assets held for sale' to 'loans at amortised cost', resulting in an increase in the gross stage 3 assets to 4.7% as on June 30, 2025 from 3.0% as on March 31, 2025. Nonetheless, the company has made adequate provisions for the same and the net stage 3 assets consequently remained stable at 2.1% as on June 30, 2025 vis-à-vis 2.0% as on March 31, 2025. The company continues to maintain a comfortable capitalisation profile with a gearing of 4.4 times as on June 30, 2025 (4.5 times as on March 31, 2025) 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 the moderate earnings profile with GICHF 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 takes note of the increase in credit costs in Q1 FY2026 due to the one-time impact of the change in the accounting practice and the expected credit loss methodology, resulting in a sharp drop in the net profit to Rs. 7 crore in Q1 FY2026 (Rs. 39 crore in Q1 FY2025). This, along with some pressure on the net interest margin, given the intense competition in this space, is likely to exert some pressure on the profitability in FY2026.

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.

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 June 30, 2025, it was operating in 20 states through 71 branches and 5 satellite offices with AUM of Rs. 10,692 crore (up ~4% 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 from FY2024 with disbursements growing by 19% 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 June 30, 2025, followed by loan against property (LAP; the balance). Also, within individual borrowers, the company remains focussed on salaried borrowers (80% of the portfolio as on June 30, 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 4.4 times as on June 30, 2025 (4.5 times as on March 31, 2025). 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.

Adequate asset quality and solvency – The company's asset quality and solvency indicators have improved significantly over the past couple of years with gross stage 3 assets of 3.0% as on March 31, 2025 vis-à-vis 7.3% as on March 31, 2022, driven by continuous recovery efforts and strengthening of the collections team and process. Although the gross stage 3 assets increased to 4.7% as on June 30, 2025, this was due to the change in the company's accounting practice in Q1 FY2026. GICHF reclassified repossessed assets from 'assets held for sale' to 'loans at amortised cost', in the absence of which the gross stage 3 assets would have been lower at ~3.2% as on June 30, 2025. Nonetheless, the company has created adequate provisions on the same and the net stage 3 assets consequently remained stable at 2.1% as on June 30, 2025 vis-à-vis 2.0% as on March 31, 2025. As a result, the solvency profile remains under control with net stage 3, as a proportion of net worth, at 11.3% as on June 30, 2025 vis-à-vis 10.4% as of March 2025 (14.1% in March 2024). Further, given the secured nature of the loan portfolio, ultimate credit losses are expected to remain low. 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 if needed. Further, ICRA expects GICHF to continue receiving managerial and operational support from GIC-Re.

Credit challenges

Moderate profitability indicators – 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 profitability deteriorated in Q1 FY2026 with the increase in credit costs due to the one-time impact of the change in the accounting practice and the expected credit loss methodology. Consequently, GICHF's net profit fell to Rs. 7 crore in Q1 FY2026 (Rs. 160 crore in FY2025) from Rs. 39 crore in Q1 FY2025 (Rs. 151 crore in FY2024). Further, pressure on the net interest margin, given the intense competition in this space, is likely to exert some pressure on the profitability in FY2026.

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. The liquidity coverage ratio for the quarter ended June 30, 2025 stood at 107% (108% for the quarter ended March 31, 2025), well above the regulatory requirement. -

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
Parent/Group support	Given the ownership, strong board representation and shared brand name, ICRA expects financial support to be forthcoming from GIC-Re if needed. 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), with all contributing 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	FY2024	FY2025	Q1 FY2026*
As per	Ind-AS	Ind-AS	Ind-AS
Total income	1,061	1,065	263
Profit after tax	151	160	7
Total managed assets	10,768	11,060	11,162
Return on average managed assets	1.4%	1.5%	0.1%
Gearing (reported; times)	4.7	4.5	4.4
Gross stage 3 assets	3.7%	3.0%	4.7%
Capital-to-risk weighted assets ratio	33.6%	34.9%	NA

*Total managed assets = Total assets + Impairment allowance; NA – Not available; *As per limited review of financials*
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					
						FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Oct 10, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term bank lines – Fund based/Non-fund based	Long term	9,000	[ICRA]AA+ (Stable)	Aug 18, 2025	[ICRA]AA+ (Stable)	Aug 19, 2024	[ICRA]AA+ (Stable)	Aug 23, 2023	[ICRA]AA (Stable)	Aug 26, 2022	[ICRA]AA (Stable)
Non-convertible debenture programme	Long term	1,530	[ICRA]AA+ (Stable)	Aug 18, 2025	[ICRA]AA+ (Stable)	Aug 19, 2024	[ICRA]AA+ (Stable)	Aug 23, 2023	[ICRA]AA (Stable)	Aug 26, 2022	[ICRA]AA (Stable)
Non-convertible debenture programme	Long term	-	-	Aug 18, 2025	-	Aug 19, 2024	[ICRA]AA+ (Stable); withdrawn	Aug 23, 2023	[ICRA]AA (Stable)	Aug 26, 2022	[ICRA]AA (Stable)
Non-	Long	-	-	Aug 18,	[ICRA]AA+	Aug 19,	[ICRA]AA+	Aug 23,	[ICRA]AA	Aug 26,	[ICRA]AA

Instrument	Current rating (FY2026)					Chronology of rating history for the past 3 years					
						FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Oct 10, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
convertible debenture programme	term			2025	(Stable); withdrawn	2024	(Stable)	2023	(Stable)	2022	(Stable)
Non-convertible debenture programme	Long term	-	-	Aug 18, 2025	-		-	Aug 23, 2023	[ICRA]AA (Stable); withdrawn	Aug 26, 2022	[ICRA]AA (Stable)
Short-term bank lines – Fund based	Short term	1,000	[ICRA]A1+	Aug 18, 2025	[ICRA]A1+	Aug 19, 2024	[ICRA]A1+	Aug 23, 2023	[ICRA]A1+	Aug 26, 2022	[ICRA]A1+
Commercial paper programme	Short term	1,500	[ICRA]A1+	Aug 18, 2025	[ICRA]A1+	Aug 19, 2024	[ICRA]A1+	Aug 23, 2023	[ICRA]A1+	Aug 26, 2022	[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)
NA	**Non-convertible debentures – Yet to be issued**	-	-	-	530	[ICRA]AA+ (Stable)
NA	**Long-term bank facilities**	Jul 2015-Dec 2022	4.61-8.70%	Sep 2025 - Jan 2033	9,000	[ICRA]AA+ (Stable)
NA	**Short-term bank facilities**	Dec 2019-Feb 2021	6.55-6.80%	Sep 2025 - Mar 2026	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+
INE289B14JU1	**Commercial paper**	Aug 06, 2025	6.55%	Feb 27,2026	175	[ICRA]A1+
INE289B14JV9	**Commercial paper**	Aug 13, 2025	6.80%	May 22, 2026	150	[ICRA]A1+
NA	**Commercial paper – Yet to be issued**	-	-	7-365 days	950	[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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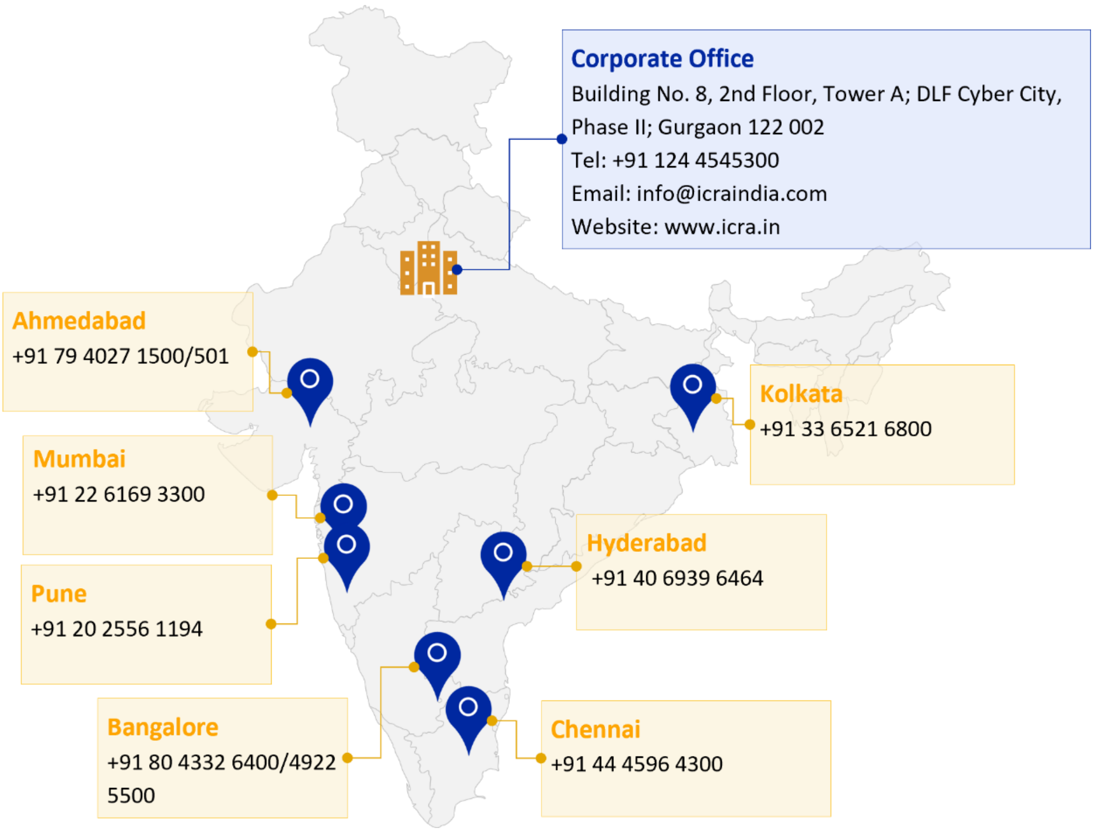

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