August 07, 2026

GIC Housing Finance Limited: [ICRA]AA+ (Stable) assigned to Rs. 500-crore NCD programme; ratings reaffirmed for other instruments & withdrawn for matured instruments

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Non-convertible debenture programme	-	500	[ICRA]AA+ (Stable); assigned	SEBI
Non-convertible debenture programme	1,230	1,230	[ICRA]AA+ (Stable); reaffirmed	SEBI
Non-convertible debenture programme	300	-	[ICRA]AA+ (Stable); reaffirmed and withdrawn	SEBI
Long-term bank lines – Fund based/Non-fund based	9,000	9,000	[ICRA]AA+ (Stable); reaffirmed	RBI
Short-term bank lines – Fund based	1,000	1,000	[ICRA]A1+; reaffirmed	RBI
Commercial paper programme	1,500	1,500	[ICRA]A1+; reaffirmed	RBI
Total	**13,030**	**13,230**		

**Instrument details are provided in Annexure I*

 # The Securities and Exchange Board of India's (SEBI) grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators (FSRs) other than SEBI

Rationale

The rating 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, 2026. Given the ownership, strong board representation and shared brand name, ICRA expects financial support to be forthcoming from GIC-Re, if the need arise. Further, ICRA expects the company to keep 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, its focus on salaried home loans and the retail 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 by 7% year-on-year (YoY) to Rs. 11,235 crore as on March 31, 2026 (up 2% in FY2025). Further, its capitalisation profile remains comfortable with a gearing of 4.3 times (4.5 times as on March 31, 2025) and a capital-to-risk weighted assets ratio (CRAR) of 33.9% as on March 31, 2026 (34.9% as on March 31, 2025). ICRA takes note of the change in asset classification in FY2026, whereby repossessed assets were reclassified to 'loans at amortised cost' from 'assets held for sale', resulting in an increase in the gross stage 3 assets to 3.96% as on March 31, 2026 from 3.03% 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 1.6% as on March 31, 2026 vis-à-vis 1.9% as on March 31, 2025.

The ratings continue to factor in GICHF's moderate earnings profile with a net profit of Rs. 154 crore in FY2026, translating into a return on average managed assets (RoMA) of 1.4% compared to Rs. 160 crore and 1.5%, respectively, in FY2025. While the company was able to maintain steady margins, supported by the improvement in its cost of funding, its credit costs increased in FY2026 due to the change in the accounting practice and expected credit loss methodology, resulting in lower profitability.

ICRA expects some pressure on the net interest margin due to the intense competition in this space, which shall likely result in the profitability remaining under pressure in FY2027.

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. 300-crore non-convertible debentures as the instruments have matured/been 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, 2026, it was operating in 20 states through 88 branches with AUM of Rs. 11,235 crore. The company has been gradually increasing its disbursements with Rs. 2,299 crore of loans provided in FY2026 (Rs. 1,789 crore in FY2025), resulting in a 7% growth in its AUM (2% in FY2025).

Further, GICHF's loan book remains granular with individual home loans (including renovation loans) comprising 91% of the portfolio as on March 31, 2026, 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, 2026). 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 remains comfortable, supported by internal capital generation in relation to growth plans. The net worth increased to Rs. 2,106 crore as on March 31, 2026 from Rs. 1,964 crore as on March 31, 2025, while the gearing stood at 4.3 times (4.5 times as on March 31, 2025). The CRAR remained comfortable at 33.9% as on March 31, 2026 (Tier I: 32.8%), staying well above the regulatory requirement of 15%. In ICRA's opinion, the company is well capitalised to support its growth plans over the near-to-medium term. Over the long term, if the growth momentum increases considerably, GICHF may need external capital to maintain comfortable capitalisation levels.

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, 2026. Given the ownership, strong board representation and shared brand name, ICRA expects financial support to be forthcoming from GIC-Re, if 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 profit after tax (PAT) of Rs. 154 crore, translating into a return of 1.4% on average managed assets (AMA) in FY2026, slightly lower than Rs. 160 crore and 1.5%, respectively, in FY2025. Despite competitive pressure, the company was able to maintain its margins in FY2026, aided by the improvement in its cost of funding. However, the operating efficiency and credit costs moderated in FY2026, impacting profitability. Operating expenses increased marginally to 1.5% of AMA in FY2026 from 1.4% in FY2025 as the company continued to recruit and invest in its systems and processes. Given the one-time change in accounting practices and expected credit loss methodology, credit costs increased to 0.5% of AMA in FY2026 as opposed to negative credit costs in FY2025 due to recoveries from delinquent and written-off accounts. ICRA expects some pressure on the net interest margin, given the intense competition in this space, which shall likely result in the profitability remaining under pressure in FY2027.

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. GIC Housing Finance Limited (GICHF) has undertaken various initiatives to improve its outreach in the retail housing finance segment. These include digital marketing activities, financial awareness podcasts, online and offline campaigns, social media engagement, branch-level marketing initiatives and customer awareness programmes. The initiatives are aimed at supporting customer engagement and maintaining the company's presence in a competitive operating environment.

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 material lapses over the years.

Liquidity position: Adequate

As on March 31, 2026, the company held Rs. 210 crore of free cash and cash equivalents, investments mainly in G Sec/ Tbill while its liquidity coverage ratio of 118.82%, for the quarter ended March 31, 2026, was above the regulatory requirement. Additionally, it had sanctioned but unutilised funding lines of Rs. 1,084 crore as on March 31, 2026. GICHF's structural liquidity statement had positive cumulative mismatches in the up to two months bucket, factoring in the unutilised funding lines. 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 company's 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 and any change in the expectation of support from the parent 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, 2026, 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	FY2026
As per	**Ind-AS**	**Ind-AS**	**Ind-AS**
Total income	1,061	1,065	1,068
Profit after tax	151	160	154
Total managed assets	10,768	11,060	11,705
Return on average managed assets	1.4%	1.5%	1.4%
Gearing (reported; times)	4.7	4.5	4.3
Gross stage 3 assets	3.88%	3.03%	3.96%
Capital-to-risk weighted assets ratio	33.6%	34.9%	33.9%

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 (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	August 07, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Non-convertible Debenture	Long term	1,730.00	[ICRA]AA+ (Stable)	August 18, 2025	[ICRA]AA+ (Stable)	August 19, 2024	[ICRA]AA+ (Stable)	August 23, 2023	[ICRA]AA (Stable)
				October 10, 2025	[ICRA]AA+ (Stable)	-	-	-	-
Non-convertible Debenture	Long term	300.00	[ICRA]AA+ (Stable); withdrawn	-	-	-	-	-	-
Non-convertible debenture programme	Long term	-	-	-	-	August 19, 2024	[ICRA]AA+ (Stable); withdrawn	August 23, 2023	[ICRA]AA (Stable)
Non-convertible debenture programme	Long term	-	-	August 18, 2025	[ICRA]AA+ (Stable); withdrawn	August 19, 2024	[ICRA]AA+ (Stable)	August 23, 2023	[ICRA]AA (Stable)
Non-convertible debenture programme	Long term	-	-	-	-			August 23, 2023	[ICRA]AA (Stable); withdrawn
Fund-based/Non-fund based - Others	Long-term	9000.00	[ICRA]AA+(Stable)	August 18, 2025	[ICRA]AA+ (Stable)	August 19, 2024	[ICRA]AA+ (Stable)	August 23, 2023	[ICRA]AA (Stable)
				October 10, 2025	[ICRA]AA+ (Stable)	-	-	-	-
Commercial Paper	Short-term	1500.00	[ICRA]A1+	August 18, 2025	[ICRA]A1+	August 19, 2024	[ICRA]A1+	August 23, 2023	[ICRA]A1+
				October 10, 2025	[ICRA]A1+	-	-	-	-
Fund-based - Others	Short-term	1000.00	[ICRA]A1+	August 18, 2025	[ICRA]A1+	August 19, 2024	[ICRA]A1+	August 23, 2023	[ICRA]A1+
				October 10, 2025	[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	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)	Rating	Financial sector regulator#
INE289B07081	Non-convertible debenture	Nov 21, 2024	8.25%	Jun 19, 2026	300	[ICRA]AA+ (Stable); withdrawn	SEBI
INE289B07099	Non-convertible debenture	Nov 21, 2024	8.28%	Aug 21, 2026	300	[ICRA]AA+ (Stable)	SEBI
INE289B07115	Non-convertible debenture	Jul 24, 2025	7.49%	Feb 24, 2027	200	[ICRA]AA+ (Stable)	SEBI
INE289B07107	Non-convertible debenture	Jul 24, 2025	7.59%	Aug 24, 2027	200	[ICRA]AA+ (Stable)	SEBI
INE289B07123	Non-convertible debenture	Nov 6, 2025	7.65%	Feb 29, 2028	175	[ICRA]AA+ (Stable)	SEBI
INE289B07131	Non-convertible debenture	Feb 25, 2026	7.59%	June 10, 2027	150	[ICRA]AA+ (Stable)	SEBI
NA	Non-convertible debenture – Yet to be issued	-	-	-	705	[ICRA]AA+ (Stable)	SEBI
NA	Long-term bank facilities	Oct 2016 – March 2026	4.86% - 8.20%	Jul 2026 – - Jan 2033	9,000	[ICRA]AA+ (Stable)	RBI
NA	Short-term bank facilities	Dec 2019 – Aug 2024	6.25% - 7.00%	Sep 2026 – Jan 2027	1,000	[ICRA]A1+	RBI
INE289B14JW7	Commercial paper	Feb 26,2026	7.45%	26-Feb-27	150	[ICRA]A1+	RBI
INE289B14JZ0	Commercial paper	May 08, 2026	6.67%	07-Aug-26	100	[ICRA]A1+	RBI
INE289B14KA1	Commercial paper	May 27, 2026	7.80%	25-Aug-26	150	[ICRA]A1+	RBI
INE289B14KB9	Commercial paper	Jun 01, 2026	7.65%	31-Aug-26	100	[ICRA]A1+	RBI
INE289B14KC7	Commercial paper	Jun 11, 2026	7.15%	10-Sep-26	150	[ICRA]A1+	RBI
INE289B14KD5	Commercial paper	Jun 19, 2026	7.80%	28-Jan-27	150	[ICRA]A1+	RBI
INE289B14KE3	Commercial paper	Jul 07, 2026	7.40%	12-Feb-27	100	[ICRA]A1+	RBI
INE289B14KF0	Commercial paper	Jul 24, 2026	7.15%	18-Sep-26	75	[ICRA]A1+	RBI
NA	Commercial paper – Yet to be issued	-	-	7-365 days	525	[ICRA]A1+	RBI

Source: Company; # SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of FSRs other than SEBI

[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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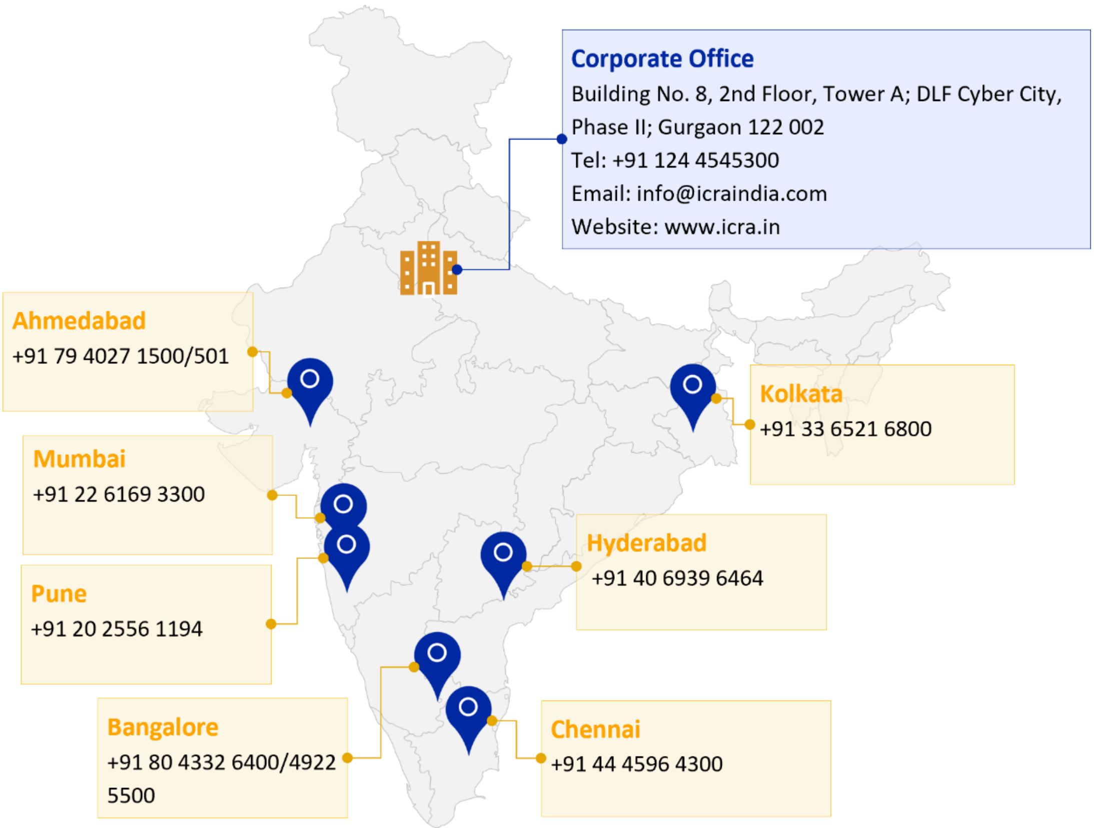

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