



GIC Housing Finance Limited

Key Stock Indicators

NSE Ticker:	GICHSGFIN	CMP (as on 23 Jun 2011 Rs/Share)	107.7	Shares outstanding (mn):	53.9
Bloomberg Ticker:	GICHF:IN	52-week range up to 23 Jun 2011 (Rs) (H/L):	164.0/92.0	Free Float (%):	54.8
Face value / Share:	10.0	Market Cap as on 23 Jun 2011 (Rs mn):	5,797	Average daily volumes (12 months):	388,109
Div. Yield (%):	4.2	P/BV (x):	1.2	Beta (2 year):	1.0

GIC Housing Finance Limited (GICHFL) was incorporated as 'GIC Grih Vitta Ltd' on December 12, 1989. The name was changed to GIC Housing Finance Ltd on November 16, 1993. The company was formed to make direct lending to individuals and corporates to accelerate housing activities in India. The primary business of GICHFL is granting housing loans to individuals and to persons/entities engaged in construction of houses/ flats for residential purposes.

KEY HIGHLIGHTS

Support from GIC, other insurers and PE investors

The company was promoted by the General Insurance Corp of India (GIC) and its erstwhile subsidiaries namely, National Insurance Co Ltd, The New India Assurance Co Ltd, The Oriental Insurance Co Ltd and United India Insurance Co Ltd, together with UTI, ICICI, IFCI, HDFC and SBI, all of them contributing to the initial share capital. GICHFL receives strong financial, managerial and operational support from GIC, its single largest shareholder with a ~15% stake. It also receives support from various insurance companies and private equity (PE) investors who have substantial stake in the company.

Prime focus is on the retail loan segment

The company's business profile is largely the retail loan segment (especially salaried customers). The exposure to corporates and builders forms only a small proportion of the overall loan book. The company's retail loan portfolio stood at Rs 29.2 bn on March 31, 2010, up 8.87% from Rs 26.8 bn on March 31, 2009. New loans approved during the year amounted to Rs 7.77 bn, while disbursements amounted to Rs 6.73 bn, as against Rs 6.20 bn and Rs 6.01 bn for the year ended March 31, 2009.

Strategic tie-ups with insurance companies

The company had taken contingency insurance such as accidental insurance and mortgaged property insurance with The New India Assurance Co Ltd, which covers the borrowers of the company. GICHFL has also tied up with Kotak Mahindra Old Mutual Life Insurance, for getting insurance cover on the life of the borrower to the extent of the outstanding home loan amount. The said group life cover is optional and the applicable premium is given as loan. These schemes ensure protection to the families of the borrower in case of unexpected eventualities like untimely death of borrower due to accident or natural death.

KEY RISKS

- Revenue concentration risk as major part of revenue comes from south and west India
- Intense competition from public and private sector banks in housing finance industry
- Default by customers
- Volatility in interest rates could affect net interest margin

Stock Performances vis-à-vis market

	Returns (%)			
	YTD	1-m	3-m	12-m
GICHSGFIN	23	-2	14	8
NIFTY	1	-1	-3	0

Note:

1) YTD returns are since Apr 01, 2010 to Jun 21, 2011.

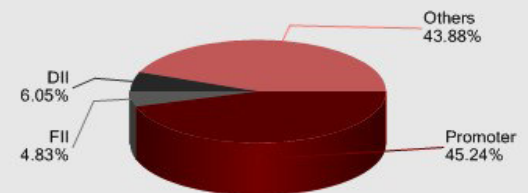
2) 1-m, 3-m and 12-m returns are up to Jun 21, 2011.

Key Financial Indicators

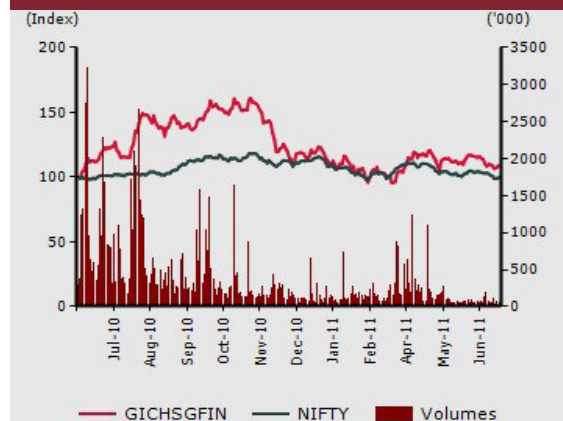
	Mar-08	Mar-09	Mar-10
Net Interest Income (Rs Mn)	934	951	1124
Non Interest Income (Rs Mn)	80	59	101
PAT (Rs Mn)	564	570	671
Capital adequacy ratio (%)	21.6	17.7	18.0
EPS (Rs)	10.5	10.6	12.5
Book value	58.7	64.6	71.8
P/E (x)	5.7	3.4	6.9
P/BV (x)	1.0	0.6	1.2
ROE (%)	18.8	17.2	18.3

n.m.: Not meaningful

Shareholding (As on Mar 31, 2011)



Indexed price chart



GIC Housing Finance Limited

BACKGROUND

GICHFL, a subsidiary of GIC, provides housing finance services to individuals and corporate customers in India. It grants housing loans to individuals and to persons/entities engaged in construction of houses/ flats for residential purposes. The company's business profile is largely the retail loan segment. During FY10, the company has opened its branches in Tier 2 cities such as Vadodara, Nagpur and Nasik. GICHFL has presence in 27 locations (24 business centres and 3 collection centres) across the country. It has tie-ups with builders to provide finance to individual borrowers. It also has tie-ups with corporates for various housing finance needs. The total number of employees as on March 31, 2010, stood at 173.

COMPETITIVE POSITION

Peer Comparison

	GIC Housing Finance Limited	Dewan Housing Finance Corporation Ltd	Housing Development Finance Corporation Ltd
	Mar-10	Mar-10	Mar-10
Net Interest Income (Rs Mn)	1,124.1	2,323.5	35,668.5
Non Interest Income (Rs Mn)	100.8	1,080.5	21,066.9
PAT (Rs Mn)	671.0	1,584.0	32,328.6
Capital adequacy ratio (%)	18.0	17.3	14.6
EPS (Rs)	12.5	20.4	113.3
Book value	71.8	111.2	641.5
P/E (x)	6.9	10.0	23.9
P/BV (x)	1.2	1.8	4.2
ROE (%)	18.3	21.8	20.0

n.m.: Not meaningful

FINANCIAL PROFILE

Higher disbursements boost NII in FY10

GICHFL's net interest income grew ~18% to Rs 1.1 bn in FY10 from Rs 951 mn in FY09, backed by increase in disbursements in retail loan segment, which grew ~8.8% year-on-year (y-o-y) basis. The company sanctioned loans worth Rs 7.77 bn during the year, and disbursed Rs 6.73 bn, as against Rs 6.20 bn approved and Rs 6.01 bn disbursed for the year ended March 31, 2009.

Total income declined marginally, mainly due to lower lending rates prevailing in the economy during FY10.

Net profit stood at Rs 671 mn, as against Rs 570 mn in FY09, a growth of ~18% on y-o-y basis. Growth was largely attributed to healthy operating profit as a result of increase in fee-based and other income.

The company had a capital adequacy ratio of 18% on March 31, 2010, against the minimum requirement of 12%. Net non-performing assets as amounted to Rs 428.9 mn (1.47% of total assets) as against Rs 395.1 mn on March 31, 2009.

Key Financial Indicators

	Units	Mar-08	Mar-09	Mar-10
Net Interest Income	Rs million	934	951	1124
Non Interest Income	Rs million	80	59	101
Total Income	Rs million	2748	3125	3111
Pre-provisioning profit (PPP)	Rs million	866	841	1029
PAT	Rs million	564	570	671
Net Interest Income growth	Per cent	34.0	1.8	18.2
Non Interest Income growth	Per cent	-21.5	-25.9	70.8
Total Income growth	Per cent	39.4	13.7	-0.4
PAT growth	Per cent	15.1	1.1	17.7
Capital adequacy ratio	Per cent	21.6	17.7	18.0
ROE	Per cent	18.8	17.2	18.3

INDUSTRY PROFILE

Housing finance

Housing finance emerged as an industry in India after the establishment of the country's first housing finance company (HFC) in 1977 — the Housing Development Finance Corporation Ltd (HDFC). The National Housing Bank was set up in 1987 as a subsidiary of the Reserve Bank of India to regulate and provide refinance support to HFCs. As of date, there are 43 HFCs registered with NHB. Apart from HFCs, the scheduled commercial banks also extend housing finance loans to retail and institutional segments. Banks, due to their lower cost of funds, are increasingly giving stiff competition to HFCs. In 2009-10, the retail housing finance sector witnessed y-o-y growth of 23.2% in disbursements, on account of favourable interest rate scenario, increase in transaction volumes and higher property prices. Growth in the underlying housing market, improving affordability, increased finance penetration, and favourable demographic factors would be the key long-term drivers for growth in the housing finance market.

GIC Housing Finance Limited

ANNUAL RESULTS

Income Statement

(Rs million)	Mar-08	Mar-09	Mar-10
Net Interest Income (Rs Mn)	934	951	1124
Non Interest Income (Rs Mn)	80	59	101
Total Income	2748	3125	3111
Pre- provisioning profit (PPP)	866	841	1029
Provisions	83	55	104
PBT	778	779	919
Tax	214	208	248
PAT	564	570	671

Balance sheet

(Rs million)	Mar-08	Mar-09	Mar-10
Liabilities			
Equity Capital	539	539	539
Reserves	2622	2941	3330
Shareholders Funds	3161	3479	3869
Borrowings	21115	24780	26269
Deferred Tax Liability	0	0	0
Total Current Liabilities	58	89	97
Total Provisions	750	259	290
Sources of funds	25084	28607	30525
Assets			
Loans & Advances	23956	26433	28687
Investments	11	11	491
Cash & Bank Balances	212	1750	865
Deferred Tax Asset	173	196	231
Net Fixed Assets	25	28	30
Other assets	706	189	221
Application of funds	25084	28607	30525

Ratio

	Mar-08	Mar-09	Mar-10
Loan book growth (%)	22.0	10.3	8.5
Borrowings growth (%)	20.6	17.4	6.0
NII growth (%)	34.0	1.8	18.2
PAT growth (%)	15.1	1.1	17.7
Tax rate (%)	31.1	29.6	30.7
Dividend Payout (%)	44.7	44.2	42.1
ROE (%)	18.8	17.2	18.3
CAR (%)	21.6	17.7	18.0
Provision Coverage Ratio (%)	n.a	n.a	n.a
Gross NPA (%)	n.a	n.a	n.a
Net NPA (%)	2.3	1.5	1.5

n.m : Not meaningful;

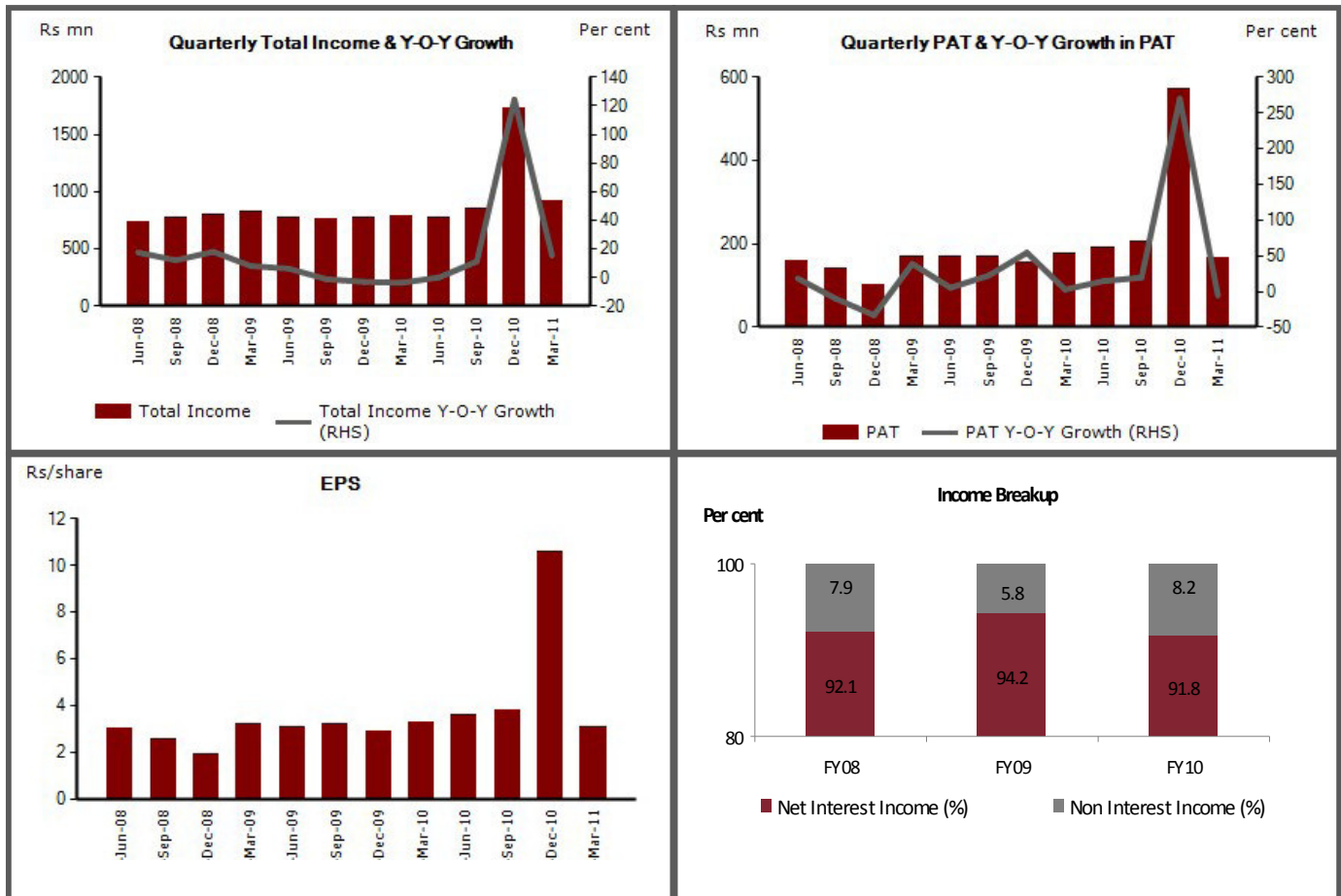
QUARTERLY RESULTS

Profit and loss account

(Rs million)	Mar-11	% of Rev	Mar-10	% of Rev	Dec-10	% of Rev
No of Months	3		3		3	
Total Income	914.5	100.0	792.6	100.0	1,735.6	100.0
Interest and Finance Charges	620.7	67.9	451.7	57.0	572.4	33.0
Gross Profit	241.3	26.4	247.2	31.2	1,086.3	62.6
Total Writeoffs and Provisions	-	67.9	-	57.0	400.0	33.0
PBT	238.9	26.1	245.5	31.0	684.6	39.4
PAT	165.8	18.1	175.8	22.2	573.5	33.0

GIC Housing Finance Limited

FOCUS CHARTS & TABLES



Shareholding Pattern (Per cent)

	Jun 2010	Sep 2010	Dec 2010	Mar 2011
Promoter	47.0	46.4	45.2	45.2
FII	5.5	6.5	6.5	4.8
DII	5.1	9.5	8.7	6.1
Others	42.4	37.6	39.6	43.9

Board of Directors

Director Name	Designation
Yogesh Ramavtar Lohiya	Nominee Director, Non-Executive Chairman
Sivaraman Mahadevan	Managing Director
Manu Chadha	Non-Executive Director
Srinivasan Gopalan	Non-Executive Director
Ravinder Kumar Kaul	Non-Executive Director
Ramadoss Madhuswamy	Non-Executive Director
Ranganathan Ramakrishnan Nallepilly	Nominee Director, Non-Executive Director
Chandraprasad Nalam Sri Rama Rao	Non-Executive Director
Ashok Kumar Roy	Non-Executive Director
Mohan Krishna Tandon	Non-Executive Director
Shivendra Udavir Tomar	Non-Executive Director

Additional Disclosure

This report has been sponsored by NSE - Investor Protection Fund Trust (NSEIPFT).

Disclaimer

This report is based on data publicly available or from sources considered reliable. CRISIL Ltd. (CRISIL) does not represent that it is accurate or complete and hence, it should not be relied upon as such. The data / report is subject to change without any prior notice. Opinions expressed herein are our current opinions as on the date of this report. Nothing in this report constitutes investment, legal, accounting or tax advice or any solicitation, whatsoever. The subscriber / user assume the entire risk of any use made of this data / report. CRISIL especially states that, it has no financial liability whatsoever, to the subscribers / users of this report. This report is for the personal information only of the authorised recipient in India only. This report should not be reproduced or redistributed or communicated directly or indirectly in any form to any other person – especially outside India or published or copied in whole or in part, for any purpose.

CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this report. For information please contact 'Client Servicing' at +91-22-33423561, or via e-mail: clientservicing@crsil.com.