

27 December, 2024

To,
BSE Limited
Corporate Relationship Department
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai - 400 001

Company Code- 10828

Subject: Intimation under Regulation 51 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

Dear Sir/Madam,

Pursuant to the provisions of Regulation 51 read with Schedule III of the SEBI Listing Regulations, we wish to inform you that

1. CRISIL Ratings Limited (“CRISIL”) has upgraded/ reaffirmed the credit rating for the facilities/instruments of the Company as per the following details:

Facilities/Instrument	Amount (Rs. Crore)	Rating	Rating Action
Bank Loan Facilities	6500	CRISIL AA/Stable	Upgraded from CRISIL AA-/ Stable
Non-convertible debentures	1000	CRISIL AA/Stable	Upgraded from CRISIL AA-/ Stable
Commercial Paper	500	CRISIL A1+	Re-affirmed

The rationale of CRISIL is enclosed and available at the following link: Rating Rationale (www.crisilratings.com)

2. Press Release of the Company titled “Grihum Housing Finance Receives CRISIL Rating Upgrade to ‘AA/Stable’; Short-term Rating Reaffirmed at ‘A1+’” is attached herewith.

This is for your information and records.

Thanking you,

Yours faithfully,
For **Grihum Housing Finance Limited**
(Formerly, Poonawalla Housing Finance Limited)

Vaishnavi Suratwala
Company Secretary
Membership No.: A41827

Enclosed: as above

Grihum Housing Finance Limited

(Formerly, Poonawalla Housing Finance Limited)

CIN: U65922PN2004PLC208751 | ☎ 020-67808091 | ✉ Info@grihumhousing.com

Registered Office: 6th Floor, B-Building, Ganga Trueno, Lohegaon, Pune – 411014

Rating Rationale

December 26, 2024 | Mumbai

Grihum Housing Finance Limited

Long-term rating upgraded to 'CRISIL AA/Stable'; Short-term rating reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.6500 Crore
Long Term Rating	CRISIL AA/Stable (Upgraded from 'CRISIL AA-/Stable')

Rs.1000 Crore Non Convertible Debentures	CRISIL AA/Stable (Upgraded from 'CRISIL AA-/Stable')
Rs.500 Crore Commercial Paper	CRISIL A1+ (Reaffirmed)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has upgraded its rating on the long-term bank loan facilities and debt instruments of Grihum Housing Finance Ltd (Grihum; erstwhile Poonawalla Housing Finance Ltd) to '**CRISIL AA/Stable**' from 'CRISIL AA-/Stable', and has reaffirmed its 'CRISIL A1+' rating on the commercial papers.

The rating upgrade is driven by steady improvement in the company's operating profitability while scaling up of operations and continued comfortable capitalisation levels. The ratings also continue to centrally factor in expectation of support from TPG group (rated 'BBB+' by S&P Global Ratings) which held 98.33% in the company as on September 30, 2024, both on an ongoing basis and in the event of any exigency. TPG Group has had a track record of supporting its investee entities in times of capital need and CRISIL Ratings expects continuation of similar unconditional support to Grihum from TPG.

Grihum's assets under management (AUM) grew at a five-year compound annual growth rate (CAGR) of 28% to Rs 8,277 crore as on March 31, 2024, and further by 21% (annualised) in first half of fiscal 2025 to Rs 9,129 crore. The company's operating profitability also improved as reflected in return on managed assets (RoMA) of ~2% (annualised) in the first half of fiscal 2025 vis-a-vis 1.7% in fiscal 2024 and 1.9% in fiscal 2023. This was supported by improvement in net interest margin (NIM) and reduction in operating expenditure (opex). These have been partly offset by ~30 basis points (bps) increase in credit cost. The company's ability to sustain healthy profitability will remain monitorable over the medium term.

Furthermore, the ratings factors in the healthy capitalisation and diversified resource profile of Grihum, supported by the company's ability to raise capital. The networth stood at Rs 2,489 crore as on September 30, 2024, compared with Rs 2,390 crore as on March 31, 2024 (Rs 1,209 crore as on March 31, 2023). The gearing was comfortable at 2.5 times as on September 30, 2024, compared with 2.4 times as on March 31, 2024, and 3.8 times as on March 31, 2023. Moreover, the ratings also consider the benefit of having senior management with experience of more than two decades in their functional areas.

These strengths are partly offset by inherent vulnerability of asset quality given the segment the company operates in. The company's gross stage 3 (GS 3) stood 1.4% as on September 30, 2024, compared with 1% as on March 31, 2024. While delinquencies have inched up, it remains in line with industry, the company's ability to maintain delinquencies at comfortable level and sustain improvement in profitability will remain monitorable.

Analytical Approach

CRISIL Ratings has evaluated the standalone credit profile of Grihum, while factoring in support from the TPG group both on an ongoing basis and in the event of exigency.

Key Rating Drivers & Detailed Description

Strengths:

- Expectation of support from TPG group:** TPG group, via Perseus, acquired 98.33% stake in Grihum in July 2023. With TPG group having acquired the majority stake in Grihum, it remains imperative for TPG to continue supporting Grihum in the form of equity and debt capital.

The said investment by the TPG group, is via TPG Capital Asia VIII fund (\$ 8 billion fund), wherein Grihum commands an exposure share of ~8% (around \$ 600 million), factoring in Rs 3,584 crore sale consideration and Rs 1,000 crore additional equity infusion commitment, thus making investment in Grihum strategically important for TPG Group. CRISIL Ratings believes that Grihum will benefit from TPG group's global experience and improvement in its processes, while deriving synergies from TPG group's ecosystem.

TPG group has had a track record of supporting its investee entities in times of capital need and CRISIL Ratings expects continuation of similar unconditional support to Grihum from TPG group, with likely synergies between Grihum and TPG's existing portfolio companies in the form of development of digital infrastructure and process efficiency practices. TPG group is a global investment firm with ~\$ 239 billion in AUM as on September 30, 2024. TPG group was founded in 1992 by Jim Coulter and David Bonderman, former colleagues at the Bass Family Office.

- **Healthy capitalisation and diversified resource profile:** Grihum's capitalisation remains healthy as reflected in the networth base and gearing of Rs 2,489 crore and 2.5 times, respectively, as on September 30, 2024, compared with Rs 2,390 crore and 2.4 times, respectively, as on March 31, 2024. This is supported by improving internal accrual, with fresh capital of Rs 1,038 crore from TPG group in fiscal 2024 and timely infusion from erstwhile promoters in previous years. Capital adequacy ratio of Grihum also stood healthy at 45.9% as on September 30, 2024.

The company's borrowings are from diversified sources, with bank funding from public sector banks comprising 39% of the total borrowings as on September 30, 2024; borrowings from private lenders constituted 15%; refinance outstanding from National Housing Bank (NHB) was 31%; 14% was in the form of non-convertible debentures (NCD)/sub-debt from mutual funds and 1% was securitisation. Post the acquisition by TPG group, incremental borrowing costs have also remained comfortable, with blended borrowing cost of around 8.3% during the first half of fiscal 2025.

The healthy capitalisation and diversity in resource profile at competitive costs should continue to support the credit profile of the company.

- **Experienced senior management:** The board is supported by a strong senior management with relevant and significant experience in retail financing, having previously worked in reputed banks and non-banking financial companies (NBFCs). Grihum has strengthened its leadership across functions by onboarding highly experienced CXOs. These senior management personnel have been in the industry for more than two decades each and have extensive experience in their functional areas. With TPG being a majority shareholder, representatives from TPG group are also on Grihum's board, thus deepening domain knowledge and corporate governance practices of Grihum. Grihum continues to be headed by its MD and CEO, Mr Manish Jaiswal, who has over 30 years of industry experience, with over seven years in the company. In 2021, Grihum had inducted Pankaj Rathi as the Chief Financial Officer and Amit Kumar Khan as the Chief Business Officer, who have over 14 years and 17 years of experience respectively in financial services space.

Weaknesses:

- **Improved earnings; sustenance to be monitored:** Grihum has sequentially reported an improvement in RoMA to 2.0% in the first half of fiscal 2025, from 1.7% in fiscal 2024, against 1.9% and 1.6% in fiscal 2023 and fiscal 2022.

This was aided by NIM increasing to 8% in the first half of fiscal 2025 from 7.7% in fiscal 2024 (7.3% in fiscal 2023). Over the last two fiscals, the company incurred one-time opex to segregate its functions and infrastructure from the erstwhile parent entity, enhance its digital infrastructure and ramp up physical fleet of collection personnel, leading to increase in opex to average managed assets ratio to 4.7% in fiscal 2024 from 4.1% and 3.2% in fiscals 2023 and 2022, respectively. However, the same has been gradually absorbed resulting in reduced opex to average managed assets ratio of 4.3% in the first half of fiscal 2025. . These have been partly offset by a 30 bps increase in credit cost in the first half of fiscal 2025 to 0.8% from 0.5% in fiscal 2024 given the inch-up in GS 3 in line with industry.

The company has various additional levers on the liability and asset side, which are impeding the operating profitability currently, such as legacy high-cost borrowings and legacy low yielding acquired portfolio, among others. On run down of these in about 2 years, the company's profitability is expected to improve further and reach steady state levels. CRISIL Ratings expects the profitability to benefit from the economies of scale over the medium term as the company scales up, while maintaining the asset quality. The company is carrying 39.6% provision cover on GS3 assets as on September 30, 2024. Any sharp rise in asset quality could lead to rise in provisioning requirement which, in turn, would impact the overall profitability of the company.

Therefore, Grihum's ability to ensure sustained healthy RoMA while scaling up operations, remains monitorable.

- **Inherent vulnerability in asset quality given the segment of operation and relatively limited seasoning of loan portfolio:** Asset quality of Grihum remains vulnerable, given the credit risk profile of the borrower segment that it caters to. Within the affordable housing segment itself, self-employed borrowers (67% of Grihum's AUM as on September 30,

2024) are inherently more susceptible to economic cycles. Grihum's GS 3 assets was 1.4% as on September 30, 2024, against 1% as on March 31, 2024.

The company disbursed ~Rs 4,337 crore in total during fiscal 2024 and in the first half of fiscal 2025, which is ~48% of the outstanding AUM as on September 30, 2024. Given that 48% of the AUM outstanding as on September 30, 2024, was disbursed during fiscal 2024 and in the first half of fiscal 2025, when looked on a two-year lagged basis, GS 3 was 2% as on September 30, 2024, against 1.6% as on March 31, 2024.

However, the asset quality should benefit from geographically diversified loan book, with northern region contributing to ~39%, east ~4%, south ~22% and west ~35% as on September 30, 2024, and no single state contributing to greater than 19% in the loan book. This along with granular secured book with average ticket size of Rs 10 lakh, lends lower geographical and borrower concentration risk.

Moreover, the company has strengthened its underwriting policies and has updated state or region level policies to factor in contours specific to the region. It has also adopted a robust monitoring and collection model, with systems and processes such as segregated collections team and legal or litigation team which will report to an integrated collection head. Furthermore, the company maintains average loan-to-value (LTV) at 60-70% for home loan (HL) cases and 50-60% for loan against property (LAP) cases. These are expected to improve the asset quality over the medium term and will remain monitorable.

Liquidity: Strong

As on September 30, 2024, the Asset Liability statement of the company remained strong with positive cumulative gaps across all buckets, on the back of large equity base. Furthermore, following its ability to raise incremental funds thereafter, the liquidity position of Grihum remained strong as on September 30, 2024, with it having cash and equivalents (including unutilised cash credit/Working capital demand loan limits) of ~Rs 1,100 crore, along with undrawn sanctions (including Rs 260 crore from NHB) of around Rs 1,485 crore from private and public sector banks. The debt obligations stood at ~Rs 1,243 crore over December 2024 to May 2025.

Outlook: Stable

CRISIL Ratings believes Grihum will continue to maintain healthy capitalisation and benefit from TPG's support. However, steady improvement in the earnings profile and ability to maintain asset quality, while scaling up operations, will remain monitorable.

Rating sensitivity factors

Upward factors:

- Significant ramp-up in the scale of operations, while maintaining the asset quality
- Improvement in the earnings profile, with RoMA remaining above 2.5% to 3% on a sustained basis

Downward factors:

- Decline in support from the TPG group or material change in TPG's shareholding in Grihum, or downward revision in the credit profile of the TPG group
- Any sustained weakening in the asset quality, resulting in constrained earnings profile
- Weakening in the capitalisation metrics, with gearing greater than 6 times on a sustained basis

About the Company

Grihum is a national scale affordable housing finance company with more than 200 branches across 18 states or union territories, catering to more than 83,000 live borrowers as on September 30, 2024.

Grihum's AUM of Rs 9,129 crore as on September 30, 2024, is geographically diversified with northern region contributing to ~39%, east ~4%, south ~22% and west ~35%.

The share of affordable home loans in AUM was 67% as on September 30, 2024. Grihum continues to focus on increasing the share of home loans in its loan portfolio and on penetrating into deeper geographies as a part of its 'Go-Direct, Go-HL and Go-Deeper' strategy. The average ticket size of the book was ~Rs 10 lakh as on September 30, 2024.

In February 2013, erstwhile Magma Fincorp acquired GE Money Housing Finance. Post-acquisition, the company was renamed to Magma Housing Finance Ltd. Magma Housing Finance Ltd was rebranded as Poonawalla Housing Finance Ltd, post the acquisition by Rising Sun Holdings Pvt Ltd (via Poonawalla Fincorp Ltd) in February 2021.

Thereafter, in December 2022, Poonawalla Fincorp Ltd announced its decision to sell-off its entire stake in Poonawalla Housing to Perseus SG Pte Ltd (TPG group). The transaction was completed in July 2023, after receiving the requisite approvals from all the necessary regulatory bodies. Post the acquisition of 98.33% stake by TPG group in the housing finance entity, the latter was renamed to Grihum as a part of the rebranding exercise in December 2023.

Grihum has acquired ~5% holding in RMBS development company limited (RDCL) which is established by National Housing Bank (NHB) with an objective to promote growth in Residential Mortgage Backed Securities market (RMBS) in India.

Key Financial Indicators (Grihum, standalone):

Particulars as on, for the period ending	Unit	Sep-24	Mar-24	Mar-23	Mar-22
Total assets	Rs crore	8,880	8,346	5,971	4,387
Total income	Rs crore	626	1,046	716	470
Profit after tax	Rs crore	98	140	115	77
Gross stage 3	%	1.4	1.0	0.8	1.0
Adjusted gearing [%]	Times	3.0	2.9	4.5	3.7
Return on total managed assets [#]	%	2.0*	1.7	1.9	1.6

* annualised

Calculated over total managed assets

% Calculated as (on-book borrowings + securitisation (assignment))/reported networth

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Commercial Paper	NA	NA	7-365 days	100.00	Simple	CRISIL A1+
NA	Commercial Paper	NA	NA	7-365 days	400.00	Simple	CRISIL A1+
NA	Non Convertible Debentures [#]	NA	NA	NA	1000.00	Simple	CRISIL AA/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	3325.00	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	31-Dec-29	75.00	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	30-Jun-31	250.00	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	31-Mar-30	250.00	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	28-Jan-39	350.00	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	31-Jan-31	150.00	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	30-Jun-29	100.00	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	01-Jul-34	900.00	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	30-Sep-29	100.00	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	30-Sep-32	1000.00	NA	CRISIL AA/Stable

Yet to be issued

Annexure - Rating History for last 3 Years

Instrument	Current			2024 (History)		2023		2022		2021		Start of 2021
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	6500.0	CRISIL AA/Stable	23-12-24	CRISIL AA-/Stable	27-12-23	CRISIL AA-/Stable	20-12-22	CRISIL AA+/Watch Negative		--	--
			--	28-10-24	CRISIL AA-/Stable	15-07-23	Withdrawn	31-01-22	CRISIL AA+/Stable		--	--
			--	17-07-24	CRISIL AA-/Stable	08-05-23	CRISIL AA+/Watch Negative		--		--	--
			--	20-06-24	CRISIL AA-/Stable	17-03-23	CRISIL AA+/Watch Negative		--		--	--
			--	08-05-24	CRISIL AA-/Stable		--		--		--	--
			--	27-03-24	CRISIL AA-/Stable		--		--		--	--
			--	11-01-24	CRISIL AA-/Stable		--		--		--	--
Commercial Paper	ST	500.0	CRISIL A1+	23-12-24	CRISIL A1+	27-12-23	CRISIL A1+	20-12-22	CRISIL A1+/Watch Developing	15-12-21	CRISIL A1+	CRISIL A1+
			--	28-10-24	CRISIL A1+	01-08-23	CRISIL A1+	31-01-22	CRISIL A1+	12-02-21	CRISIL A1+	--
			--	17-07-24	CRISIL A1+	15-07-23	CRISIL A1+/Watch Developing		--		--	--
			--	20-06-24	CRISIL A1+	08-05-23	CRISIL A1+/Watch Developing		--		--	--
			--	08-05-24	CRISIL A1+	17-03-23	CRISIL A1+/Watch Developing		--		--	--
			--	27-03-24	CRISIL A1+		--		--		--	--
			--	11-01-24	CRISIL A1+		--		--		--	--
Non Convertible Debentures	LT	1000.0	CRISIL AA/Stable	23-12-24	CRISIL AA-/Stable	27-12-23	CRISIL AA-/Stable	20-12-22	CRISIL AA+/Watch Negative		--	--
			--	28-10-24	CRISIL AA-/Stable	15-07-23	Withdrawn	31-01-22	CRISIL AA+/Stable		--	--
			--	17-07-24	CRISIL AA-/Stable	08-05-23	CRISIL AA+/Watch Negative		--		--	--
			--	20-06-24	CRISIL AA-/Stable	17-03-23	CRISIL AA+/Watch Negative		--		--	--
			--	08-05-24	CRISIL AA-/Stable		--		--		--	--
			--	27-03-24	CRISIL AA-/Stable		--		--		--	--
			--	11-01-24	CRISIL AA-/Stable		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Long Term Bank Loan Facility	3325	Not Applicable	CRISIL AA/Stable
Term Loan	75	CSB Bank Limited	CRISIL AA/Stable
Term Loan	250	Bank of India	CRISIL AA/Stable
Term Loan	250	ICICI Bank Limited	CRISIL AA/Stable
Term Loan	350	Axis Bank Limited	CRISIL AA/Stable

Term Loan	150	Canara Bank	CRISIL AA/Stable
Term Loan	100	Punjab and Sind Bank	CRISIL AA/Stable
Term Loan	900	National Housing Bank	CRISIL AA/Stable
Term Loan	100	Kotak Mahindra Bank Limited	CRISIL AA/Stable
Term Loan	1000	State Bank of India	CRISIL AA/Stable

Criteria Details

Links to related criteria

[Rating Criteria for Finance Companies](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Mapping global scale ratings onto CRISIL scale](#)

[CRISILs Criteria for rating short term debt](#)

[Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support](#)

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Grihum Housing Finance Receives CRISIL Rating Upgrade to 'AA/Stable'; Short-term Rating Reaffirmed at 'A1+'

A milestone achievement driven by strong fundamentals, enhanced profitability, and unwavering TPG Group support

Pune/Mumbai, India | December 27, 2024: In a resounding endorsement of its robust performance and strategic direction, Grihum Housing Finance Limited (Grihum, formerly Poonawalla Housing Finance Ltd) has been awarded a significant credit rating upgrade by CRISIL, India's premier credit rating agency. The Company's long-term credit rating has been upgraded to 'CRISIL AA/Stable' from 'CRISIL AA-/Stable,' with its short-term rating reaffirmed at 'CRISIL A1+.'

The rating upgrade reflects Grihum's sustained profitability, expanding scale, stable asset quality, and exceptional capitalisation support provided by its majority stakeholder, TPG Group.

Key Drivers of the Ratings Upgrade:

- **Strong Financial Metrics:** Operating profitability consistently improved in FY24, even as the Company scaled its operations.
- **Efficient Liability Management:** A diversified funding base ensured a stable borrowing cost of ~8.3% in H1 FY25, amidst challenging economic conditions.
- **Solid Capitalisation:** Grihum's net worth stood at ₹2,489 crore as of September 30, 2024, underscoring its financial strength and resilience.
- **Growing Scale:** The Company's Assets Under Management (AUM) surged to ₹9,129 crore, backed by a rapidly expanding customer base of 83,000+ and an extensive branch network spanning 200 locations across India.

On this achievement, Mr. Manish Jaiswal, Managing Director & CEO, Grihum Housing Finance, shared, "This rating upgrade is a testament to Grihum's unwavering commitment to operational excellence and customer-centric growth. It recognizes our prudent financial practices, efficient liability management, and steadfast dedication to creating value for all stakeholders. Backed by the trust of the TPG Group and the exceptional efforts of our talented team, we have achieved remarkable progress in a short span.

Our mission remains focused on empowering millions of Self-Made Indians (SMIs) with the opportunity of homeownership while staying rooted in our values of trust, humility, and togetherness. Looking ahead, our proprietary low-code/no-code platform, 'Ekhum,' and advanced data-driven analytics will continue to redefine loan lifecycle management, setting new standards in customer service. We deeply appreciate the confidence of the rating agencies and FI's in our vision and execution, and we are committed to scaling even greater heights in the years to come."

Grihum has developed a formidable leadership team comprising industry veterans with over two decades of experience in housing finance, risk management, and strategic operations. Coupled with TPG Group's intellectual capital and adherence to global best practices, Grihum has cemented its position as a leader in India's affordable housing finance landscape.

About Grihum Housing Finance Limited:

Grihum Housing Finance Limited is a national-scale affordable housing finance company serving over 83,000 customers through a network of 200+ branches across 18 states and Union Territories. With an AUM of ₹9,129 crore and an average loan ticket size of ~₹10 lakh, Grihum is dedicated to enabling homeownership for underserved segments of India's population.

Guided by its brand ethos, **"Apna Ghar, Apni Pehchan"** (My Home, My Identity), Grihum focuses on expanding its home loan portfolio and penetrating deeper geographies under its 'Go-Direct, Go-HL' strategy. The Company's digital-first approach leverages cutting-edge technologies to enhance customer experiences, ensuring seamless and efficient loan lifecycle management.

For more information, visit www.grihumhousing.com.

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