05 November, 2025

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 India Ratings and Research Private Limited has reaffirmed the credit rating for the facilities/instruments of the Company as per the following details:

Facilities/Instrument	Amount (Rs. Crore)	Rating	Rating Action
Commercial Paper	200	IND A1+	Reaffirmed

The rationale of India Ratings and Research Private Limited is enclosed and is also available at the link: Rating Rationale (www.indiaratings.co.in)

This is for your information and records.

Thanking you,

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

VAISHNAVI BHUPENDRA SURATWALA
Digitally signed by VAISHNAVI BHUPENDRA SURATWALA
Date: 2025.11.05 17:35:12 +05'30'

Vaishnavi Suratwala
Company Secretary
Membership No.: A41827

Enclosed: as above

India Ratings & Research
A Fitch Group Company

India Ratings Affirms Grihum Housing Finance's CP at 'IND A1+'

Nov 05, 2025 | Housing Finance Company

India Ratings and Research (Ind-Ra) has affirmed Grihum Housing Finance Limited's commercial paper (CP) rating as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Commercial Paper	-	-	-	INR2,000	IND A1+	Affirmed

Analytical Approach

Ind-Ra continues to take a standalone view of Grihum while arriving at the rating.

Detailed Rationale of the Rating Action

The rating reflects Grihum's healthy credit profile, driven by an established competitive franchise in the retail affordable housing space in its key operating geographies. While the business model of granular low-ticket loan portfolio continues to be scalable, the agency believes competition in the segment will remain elevated over the near-to-medium term. Furthermore, the company has well-diversified funding, adequate liquidity, sizeable capital base and evolving risk management. Although fairly high growth has resulted in a loan book with significant share of recent originations, Grihum's focus on individual loans and avoiding builder-led disbursements provides comfort. However, due to a rapid scale up of operations, the asset quality needs to be monitored over a period of time.

List of Key Rating Drivers

Strengths

- Growing franchise in affordable housing segment
- Healthy capital levels backed by support from TPG; leverage remains comfortable
- Diversified lender base; improving funding mix
- Pressure on profitability to subside as operational leverage picks up

Weaknesses

- Moderate asset quality due to vulnerable borrower class and lower seasoning

Detailed Description of Key Rating Drivers

Growing Franchise in Affordable Housing Segment: Grihum is one of the key players in the affordable housing segment in terms of market share with assets under management (AUM) of INR93.0 billion in 1QFY26 (FY25: INR93.7 billion, FY24: INR82.8 billion), catering to more than 85,000 customers. It has a presence across 18 states/union territories, where it continues to deepen its presence, as these are the key and significant markets in the overall affordable housing segment in India. In FY25, disbursements declined 17.7% yoy (FY24: up 12.7% yoy), largely because of the implementation of Reserve Bank of India's (RBI) regulations in April 2024, and the strategic decision to review underwriting policies in certain micro markets along with the implementation of new loan origination system which slowed down the originations.

Grihum's footprint with over 200 branches at end-1QFY26 remained at levels similar to that in FY24; however, it has increased from 128 branches in FY22, which has augmented its direct sourcing ability and would be key for AUM growth and market share gains, complemented by connectors specifically for salaried class origination. The contribution from the top three states increased to 41.0% in 1QFY26 from 39.5% in FY23, largely driven by increasing originations from Uttar Pradesh and Madhya Pradesh, with no state's share being greater than 20%, indicating Grihum's higher diversification compared to its peers'. The company's portfolio is spread across India, with the northern region contributing about 40% in 1QFY26, western regions about 34%, southern regions about 22%, and the eastern regions accounting for the balance. The deepening of geographies has resulted in geographic diversification in certain key markets of Grihum and will balance the AUM mix further, whereby pressure on the collections in any key state/region would not materially impact the asset quality at the portfolio level.

Healthy Capital Levels Backed by Support from TPG; Leverage Remains Comfortable: Grihum's equity base steadily increased to INR26.4 billion at end-1QFY26 from INR3.4 billion at FYE19, resulting from equity infusions of INR5.0 billion by the erstwhile parent entity in FY22 (post acquisition in FY21), INR10.38 billion in FY24 (INR5.38 billion in August 2023 and INR5 billion in March 2024) by TPG (post acquisition of 99.02% stake in FY23). The leverage (debt/equity), which stood at 2.3x at end-1QFY26 (FYE25: 2.5x, FYE24: 2.4x, FYE23: 3.8x), is likely to remain under 3.5x, basis the management's expectations, over the near-to-medium term. The strong capital buffers, with tier I capital ratio of 49.52%- and total capital adequacy ratio of 49.75% at end-1QFY26, continue to aid the company on its strong growth trajectory and provide a cushion against significant asset quality shocks. Furthermore, over the past few quarters, Grihum has witnessed a slowdown in originations, mainly due to the implementation of new loan origination system; however, with the establishment of in-house sourcing, underwriting and collection team and focus on connectors & DSA sourcing, the management expects the growth momentum to recover and internal accruals to be sustainable, with return on assets (ROA) of over 2.0% in the near-to-medium term.

Diversified Lender Base; Improving Funding Mix: Grihum has a broad based funding profile with more than 35 borrowing relationships, which encompasses private sector banks, public sector banks, capital market participants and enhanced limits from the National Housing Bank (debt rated at 'IND AAA'/Stable). Since FY22, the company has deepened its relationships with all its bankers and has managed its average borrowing cost to 8.28% in 1QFY26 (FY22: 8.7%) even in the rising interest rate scenario. Ind-Ra expects the borrowing costs to improve in FY26, given the incremental borrowing cost at 7.55% in 1QFY26 (FY25: 8.37%, FY24: 8.09%), and a faster repricing of the marginal cost of funds-based lending rate (MCLR)-based bank loans and Grihum paying off certain earlier high-cost sub-debt by FYE26. Moreover, Grihum maintains undrawn documented lines of INR12.6 billion which can be drawn in 2HFY26 to support the liquidity.

At end-1QFY26, Grihum had a diversified funding profile with an average tenor of over seven years with borrowing from banks and financial institutions (65.0%), National Housing Bank (30.0%), non-convertible debentures (1.9%), sub debt (1.7%) and pass-through certificates (0.7%). A major portion of its loan book qualifies for priority sector lending; therefore, securitisation/assignment is an additional source of fund raising. The company has also entered into partnerships for co-lending since FY25, wherein it offloads assets, thereby freeing up capital and maintaining similar return profiles on their share of co-lending.

Pressure on Profitability to Subside as Operational Leverage Picks up: Grihum's profitability improved in FY25, with annualised return of assets of 2.39% (FY24: 1.96%; FY23: 2.22%), largely focused on self-employed individuals in the semi-urban areas, thus reporting improving calculated spreads of 6.89% in FY25 (FY24 : 6.15%, FY24: 5.86%) and rationalising opex to AUM to 4.55% in FY25 (FY24: 5.21%, FY23: 4.32%); however, it remains much lower than comparable peers'. The higher operating cost was on account of the segregation of IT infrastructure (erstwhile with the parent entity), implementation of a new loan origination system alongside rapid branch expansion, a ramp up of collections team and a strengthened management team.

However, largely because of the higher-than-Ind-Ra-expected stress in certain geographies and a change of underwriting policies, Grihum witnessed a credit cost of INR0.4 billion in 1QFY26 (FY25: INR0.85 billion, FY24: INR0.38 billion), which translated into a credit cost on AUM of 1.71% (FY25: 0.96%, FY24: 0.52%). While this has constrained the overall profitability at the bottom line, the PPOP/AUM reached 4.47% in 1QFY26 (FY25: 4.14%, FY24: 3.04%). Grihum's profitability trajectory will depend on the benefits it derives from the economies of scale with growth in AUM, and maintaining control on asset quality. In Ind-Ra's opinion, the company's capitalisation levels, with tier 1 at 49.52% in 1QFY26 (FY25: 48.62%, FY24: 46.68%), are adequate to absorb the existing levels of stress in the loan book.

Moderate Asset Quality due to Vulnerable Borrower Class and Lower Seasoning: Grihum has a growing presence in the affordable housing finance segment and its AUM grew at a CAGR of 22.8% during FY22-FY25. However, the company's borrowers belong to the low-income and mid-income groups and have limited buffers to absorb volatility in income levels. Largely exhibiting a comparatively higher stress in loan against property originations, Grihum's gross stage three (GS3) assets rose to 1.64% in 1QFY26 (FY25: 1.63%, FY24: 0.95%; FY23: 0.81%; FY22: 0.96%). Furthermore, 1+ day past due (dpd) on AUM saw an uptick to 9.3% in 1QFY26 (1QFY25: 7.5%), largely led by higher delinquencies in off-book while 1+dpd on on-book exposure also witnessed an increase to 8.8% in 1QFY26 (FY25: 6.9% FY24: 4.8%; FY23: 6.4%). Bounce rates have improved consistently post the COVID-19 outbreak but continue to be above the pre-pandemic levels and hovered around 15% in 1QFY26. In addition, the company's restructured portfolio declined to 1.2% of the AUM in 1QFY26 (around 5.5% of this book is already in stage 3), with a provision coverage of 13.0% on the overall restructured portfolio.

Though Grihum has witnessed higher-than-Ind-Ra-expected stress in earlier obligations, the company has continued to maintain higher overall provisions at 1.43% of AUM in 1QFY26 (FY25: 1.31%, FY24: 0.93%), largely due to higher provision coverage ratio of 38.9% in stage 3 (FY25: 39.3%, FY24: 41.2%) and 14.7% in stage 2 (FY25: 14.5%, FY24:13.9%). Furthermore, the seasoning of the portfolio is low, as 61% of the AUM in 1QFY26 consisted of disbursements in the last nine quarters. Also, Grihum plans to further increase its AUM above INR100 billion over FY26 in view of the aforementioned factors; the asset quality would be a key monitorable.

Liquidity

Adequate: Grihum intends to maintain two months of debt repayment as liquidity on the balance sheet, assuming nil inflows. Moreover, at 1QFYE26, Grihum had reported positive cumulative surplus in the one-year time despite stressing the structural liquidity statement. Also, at end-1QFY26, Grihum had maintained working capital limits of INR4.25 billion and documented undrawn term loan sanctions of INR8.36 billion from various banks in addition to on-balance sheet liquidity (liquid investments and unencumbered cash and investments) of INR8.35 billion, against total scheduled debt repayment of INR8.15 billion over the next two quarters, which can be met by Grihum even without any inflows.

Rating Sensitivities

Positive: Not applicable

Negative: Significant deterioration in the profitability, impacting the capitalisation buffers, and challenges in mobilising incremental funds and the leverage exceeding 5.0x, on a sustained basis, could lead to a negative rating action. Deterioration in the asset quality, with the gross non-performing assets exceeding 4%, on a sustained basis, could lead to a rating review.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on Grihum, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

Grihum is an affordable housing finance company, primarily engaged in extending home loans and affordable LAP to borrowers in the low-to-middle income groups, with an AUM of INR93.0 billion at end-June 2025. The company lends to the low-ticket segment and targets low-income semi urban self-employed customers. It operates through a network of 211 branches across 18 states/union territories and it has over 3,900 employees, largely because of the in-house sourcing, underwriting and collection model of business. At end-June 2025, TPG was the majority shareholder of Grihum, with a 98.33% stake.

Key Financial Indicators

Particulars	FY25	FY24
Total assets (INR million)	93,077	83,464
Total equity (INR million)	26,011	23,899
Net profit (INR million)	2,107.1	1,400
Return on average assets (%)	2.39	1.96
Equity/assets (%)	27.95	28.63
Tier 1 capital (%)	48.62	46.68
Source: Grihum, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook	
	Rating Type	Rated Limits (million)	Rating	6 November 2024	7 November 2023
Commercial paper	Short-Term	INR2,000	IND A1+	IND A1+	IND A1+

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Commercial paper	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

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About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

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