

October 08, 2025

Grihum Housing Finance Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	100.00	100.00	[ICRA]A1+; reaffirmed
Total	100.00	100.00	

*Instrument details are provided in Annexure I

Rationale

The rating continues to factor in Grihum Housing Finance Limited's (Grihum) scale and geographically diversified operations, supported by comfortable capitalisation. As on June 30, 2025, the company's assets under management (AUM) stood at Rs. 9,300 crore, managed through a network of more than 200 branches spread across 18 states/Union Territories (UTs). ICRA takes note of the moderation in growth in FY2025 and Q1 FY2026 due to operational challenges; growth is expected to pick up pace in the current fiscal. With a net worth of Rs. 2,642 crore in June 2025, the company has sufficient headroom to scale up its operations further while keeping its managed gearing below 5 times (2.9 times as on June 30, 2025) over the next three years.

Grihum remains exposed to volatility in the asset quality, given the risk associated with the target borrower segment. Though the company has witnessed various economic cycles over the past few years, its performance in the longer term is yet to be seen considering the limited vintage of a significant part of the portfolio, as with most affordable housing finance companies (AHFCs). ICRA takes note of the deterioration in asset quality in FY2025 and Q1 FY2026, resulting in elevated credit costs for the company. While Grihum's operating efficiency has been gradually improving and the net interest margin (NIM; including income from direct assignment) remains healthy, high credit costs have kept its earnings profile moderate. Going forward, Grihum's ability to manage the pressure on margins, given the intense competition and rising interest rates, while controlling the credit costs will be important for maintaining its credit profile.

Key rating drivers and their description

Credit strengths

Comfortable capitalisation profile – Grihum's capitalisation profile remains comfortable with a managed gearing of 2.9 times and a capital adequacy ratio (CAR) of 49.8% (well above the regulatory requirement of 15%) as on June 30, 2025. TPG had infused ~Rs. 1,000-crore equity capital in Grihum in FY2024, which had augmented its net worth and provided headroom for growth over the near to medium term. ICRA expects the company to operate at a managed gearing level of less than 5 times (2.9 times as on June 30, 2025) over the medium term.

Geographically diversified portfolio – Grihum's portfolio is fairly diversified geographically with a presence in 18 states/UTs through a network of more than 200 branches as on June 30, 2025, catering to more than 85,000 customers with an average ticket size of Rs. 10-11 lakh. The portfolio is spread across India with the top 3 states accounting for ~41% of the loan book as on June 30, 2025 (~41% as of March 2025; ~40% as of March 2024), with no single state exceeding 20%. ICRA expects the operations to remain geographically diversified while scaling up further. The company did not have any exposure to builder/developer financing and its operations are completely focussed on retail with loans largely backed by self-occupied residential properties. Given the low penetration level and the Government of India's thrust on this segment, small-ticket

home loans have good growth opportunity. However, competition has intensified over the last few years with the entry of new players and the company's ability to manage the pressure on its business growth will remain a key monitorable.

Credit challenges

Moderate earnings profile – The company reported a net profit of Rs. 211 crore in FY2025 (Rs. 42 crore in Q1 FY2026), translating into a return of 2.1% on AMA (1.5% in Q1 FY2026) and 8.4% on average net worth against Rs. 140 crore, 1.7% and 7.8%, respectively, in FY2024. While Grihum's operating efficiency has been gradually improving and the net interest margin (NIM; including income from direct assignment) remains healthy, high credit costs have kept its earnings profile moderate. The company reported an increase in delinquencies and it wrote off/sold stressed assets in FY2025 and Q1 FY2026, keeping its credit costs elevated during these periods. Going forward, Grihum's ability to manage the pressure on margins, given the intense competition and rising interest rates, while controlling the credit costs will be important for maintaining its credit profile.

Relatively limited portfolio seasoning – Grihum's portfolio has increased considerably in the past few years as reflected by the compound annual growth rate (CAGR) of ~23% during March 2020 to March 2025. Its organic disbursements over the past 12 quarters comprised ~83% of the AUM as on June 30, 2025. Going forward as well, the portfolio growth rate is expected to remain at a similar level. Though the company has witnessed various economic cycles over the past few years, its performance in the longer term is yet to be seen considering the limited vintage of a significant part of the portfolio, as with most AHFCs.

Relatively vulnerable borrower profile – Like other AHFCs, Grihum lends to borrowers in the low-and-mid-income segments, which are more vulnerable to income shocks. Given the pace of growth in the last few years and the relatively riskier borrower profile of these segments with assessed income profiles, it remains exposed to the volatility in the asset quality. The company reported an uptick in gross stage 3 assets to 1.6% as on June 30, 2025 (1.6% as on March 31, 2025) from 1.0% as on March 31, 2024. It sold stressed assets of Rs. 87 crore in FY2025 (1.1% of on-book portfolio as of March 2025) and Rs. 57 crore in Q1 FY2026 (0.7% of on-book portfolio as of June 2025) for cash, lowering the stage 3 assets reported at the end of these periods. ICRA takes note of the granular nature of the company's portfolio with no exposure to the wholesale segment. Further, the loan-to-value (LTV) ratio is in the range of 60-70% for home loans (HLs) and 50-60% for loan against property (LAP), limiting the loss given default. Nonetheless, Grihum's ability to maintain the asset quality as it scales up its operations will be important for its credit profile.

Liquidity position: Strong

The company's liquidity profile is strong, given the on-book liquidity being maintained by it and the presence of sanctioned but unutilised funding lines. It had a free cash and bank balance and liquid investments of ~Rs. 835 crore as on June 30, 2025. This, along with scheduled principal collections of Rs. 1,348 crore till June 30, 2026, is sufficient to meet the scheduled debt repayments of Rs. 1,450 crore during this period in a timely manner. The presence of ~Rs. 1,261 crore of unutilised sanctions from various lenders, as on June 30, 2025, further supports its liquidity profile. The liquidity coverage ratio of 172.0%, for the quarter ended June 30, 2025, was well above the regulatory requirement. Grihum's liquidity profile is also supported by its fairly diversified funding mix and demonstrated track record of raising funds from diverse sources. Its funding profile comprised loans from banks (52%), refinance from National Housing Bank (NHB; 24%), non-convertible debentures (NCDs) and subordinated debt (3%), direct assignment and others (21%) as on June 30, 2025. At present, the company has funding relationships with more than 35 lenders, including banks, financial institutions and mutual funds, and it has been able to raise funds regularly from various sources, including public, private and foreign banks and refinancing from NHB.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Pressure on the rating could arise on an increase in the managed gearing beyond 5 times or a deterioration in the asset quality indicators (gross stage 3 assets above 2.5%), impacting the earnings on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Grihum Housing Finance Limited (Grihum) is a housing finance company registered with the Reserve Bank of India (RBI). The company provides home loans (~78% of AUM as on June 30, 2025) and loan against property (~22%) in the affordable housing finance segment. It had a presence in 18 states/UTs in India through a network of over 200 branches as on June 30, 2025. Grihum reported assets under management (AUM) of Rs. 9,300 crore as on June 30, 2025, catering to more than 85,000 customers.

TPG, through Perseus SG Pte Ltd. (Perseus), acquired a 99.02% stake in Grihum on July 26, 2023. TPG is a global investment firm and Perseus is advised and managed by TPG Capital (S) Pte. Ltd., which holds a capital markets services licence issued by the Monetary Authority of Singapore (MAS); it is regulated by MAS. TPG Asia Fund VIII ultimately holds 100% of the equity interest in Perseus.

Key financial indicators (audited)

Grihum	FY2024	FY2025	Q1 FY2026*
Total income	1,051	1,299	347
Profit after tax	140	211	42
Total managed assets	9,535	10,921	10,613
Return on managed assets	1.7%	2.1%	1.5%
Managed gearing (times)	2.9	3.1	2.9
Gross stage 3/Gross NPA	1.0%	1.6%	1.6%
CRAR	47.3%	48.8%	49.8%

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations and estimates; Amount in Rs. crore
CRAR – Capital to risk-weighted assets ratio

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Oct 08, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	100.00	[ICRA]A1+	Oct 24, 2024	[ICRA]A1+	Oct 16, 2023	[ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
Yet to be placed	CP programme	NA	NA	NA	100.00	[ICRA]A1+

Source: Company; CP – Commercial paper

Annexure II: List of entities considered for consolidated analysis

Not applicable

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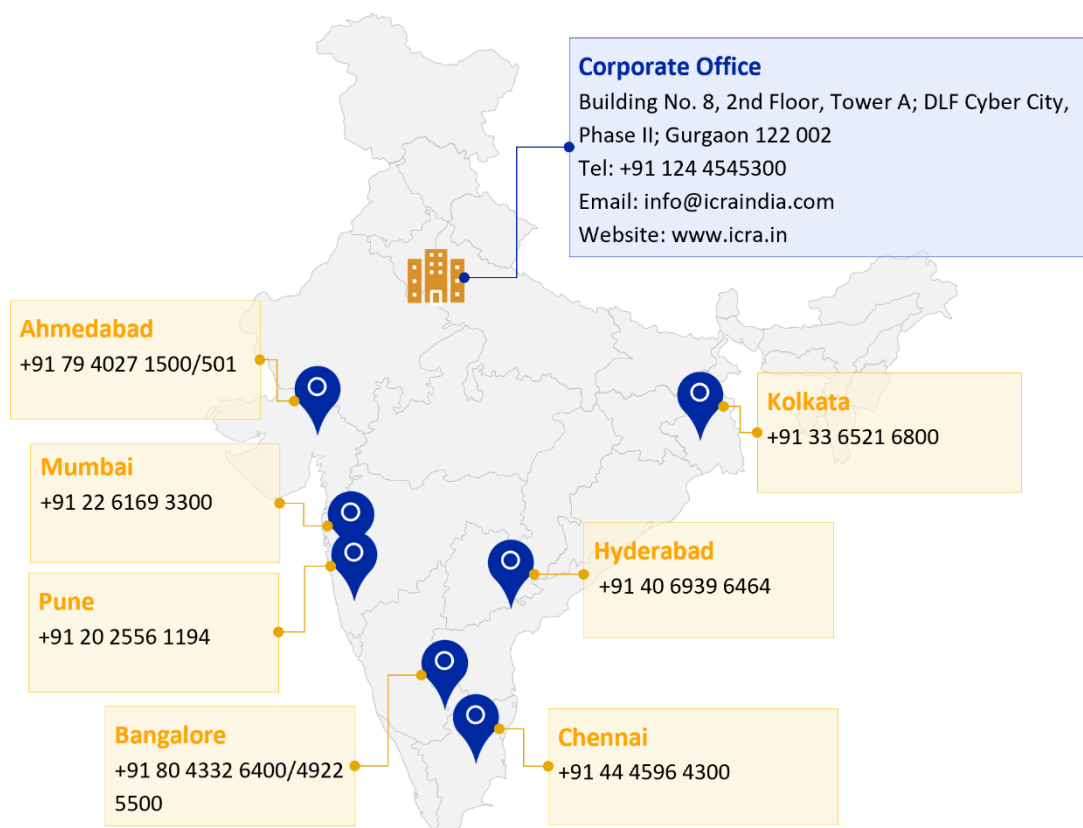


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