# PNB Housing Finance Ltd — 27 Oct 2025 Credit Rating Summary

| Section | Details |
|---|---|
| **Agency** | CRISIL Ratings |
| **Rating Action** | **Reaffirmed at AA+ / Stable** (Upgraded from AA/Positive in May 2024; 1-notch move sustained) |
| **Outlook** | **Current: Stable** |
| **Key Drivers of Change** | 1. **Capital Infusion & De-leveraging:** Networth rose to □15,548 Cr (Jun-25); Gearing drastically reduced to 3.7x (from 6.3x in FY19), providing massive growth runway without dilution.<br>2. **Asset Quality Clean-up:** Gross Stage III assets fell to 1.35% (Jun-25) from 3.83% (Mar-23) due to wholesale book sell-offs and recoveries.<br>3. **Earnings Accretion:** RoMA improved to 2.4% (Jun-25) from 2.0% (FY24), driven by lower credit costs (reversal of provisions). |
| **Rated Instruments** | • **CP / Short-term NCDs:** □26,500 Cr |
| **Key Observations** | • **Retail Pivot:** Corporate book shrunk to just ~1% (□810 Cr) of own book; focus shifted to high-yield "Affordable" and "Emerging" segments.<br>• **Brand Support:** Benefits from 28.1% PNB ownership via brand-sharing and deposit mobilization (28% of borrowings).<br>• **Liquidity:** Strong; □6,569 Cr in cash & unutilized lines against □4,831 Cr debt outflows (3 months).<br>• **Management Transition:** MD Girish Kousgi resigned (effective Oct 28, 2025); Operations Committee formed to bridge the gap.<br>• **Competitive Headwinds:** Significant pricing pressure from banks in the prime home loan segment. |
| **Investor Impact** | • **Growth:** Low gearing (3.7x) allows AUM growth (targeting 17-20%) without needing fresh equity for 2-3 years.<br>• **Margins:** Shift to "Affordable" segment supports yields, but Opex is expected to rise due to branch expansion.<br>• **Risk:** Management stability is the primary short-term monitorable; credit costs may rise as the newer "Emerging" market book seasons. |
| **Agency / Cross Analysis** | **Same Agency (CRISIL):** Reaffirms the "New Normal" for PNBHF. Since the 2024 upgrade, CRISIL notes that the exit of Carlyle (QIH) in May 2025 did not impact the rating, as PNB remains a committed anchor. The focus has moved from "Recovery/Survival" to "Sustainable Growth and Profitability."<br>**Conclusion: Improvement sustained.** Financials are significantly stronger than the 2019-2022 crisis period. |
| **Final Inference** | **Real fundamental turnaround.** The rating reaffirmation at AA+ despite the MD's exit and PE exit (Carlyle) signals deep institutional stability and a fortress balance sheet (low leverage + clean asset book). |