PNB Housing Finance Ltd — 26 Aug 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**CARE AA+; Stable / CARE A1+** (Reaffirmed)
Outlook (Current vs Previous)	**Stable vs Stable** (The rating was previously upgraded to AA+ in March 2024; currently maintained).
Key Drivers of Change	1. **Profitability Surge:** FY25 PAT rose to ₹1,936 Cr (RoTA: 2.51%) vs ₹1,508 Cr in FY24, hitting the 2.5% upgrade threshold. 2. **Asset Quality Clean-up:** Corporate GNPA reduced to **Nil** (from 37.13% in 2022); Retail GNPA improved to 1.09%. 3. **Capital Adequacy:** Robust capitalization with gearing at **3.7x** and CAR >20%, providing a massive buffer for growth. 4. **Promoter Stability:** Carlyle Group exit completed; PNB remains the largest shareholder (28.1%), ensuring brand support.
Rated Instruments	• **Fixed Deposits:** ₹25,000 Cr (CARE AA+; Stable) • **Bank Facilities (LT/ST):** ₹32,000 Cr (CARE AA+; Stable / A1+) • **Commercial Paper:** ₹10,000 Cr (CARE A1+) • **NCDs:** ₹5,206.30 Cr (CARE AA+; Stable) • **Bonds/Tier II:** ₹3,039.70 Cr (CARE AA+; Stable)
Key Observations	**Strengths:** • 3rd largest HFC in India (AUM: ₹82,100 Cr). • Retail-heavy strategy: Retail now 99% of total book; Corporate shrunk to 1%. • Successful launch of "Roshni" (Affordable segment) reaching ₹5,744 Cr AUM. • Diversified borrowing (35.6% Banks, 28.5% Deposits, 14.7% NHB). **Concerns:** • **ALM Mismatch:** Negative cumulative mismatch in 2-3 month bucket due to ₹3,700 Cr CP repayments. • **Unseasoned Book:** Affordable housing (Roshni) is high-yield but nascent and untested for credit cycles.
Investor Impact	• **Growth:** Strategic pivot to high-yield affordable housing will drive AUM and ROE expansion. • **Margins:** NIMs stable at 3.5%; yields expected to rise as Roshni's share increases. • **Leverage:** At 3.7x gearing, the company has significant room to grow without immediate equity dilution. • **Liquidity:** Heavy reliance on short-term CP (6.9% of mix) increases refinancing sensitivity.
Agency / Cross Analysis	**Same Agency:** CARE reaffirmed the March 2024 upgrade. While financials (RoTA 2.5%) technically qualify for positive triggers, CARE is maintaining "Stable" to monitor the seasoning of the new Roshni portfolio and ALM management. **Conclusion:** Consistent **Improvement**. The entity has transitioned from a "recovery story" to a "growth story."
Final Inference	**Real improvement.** The credit profile is now decoupled from legacy corporate stress. For equity investors, the focus shifts from "solvency risk" to "execution risk" in the affordable housing segment and managing short-term liquidity gaps.