

PNB Housing Finance Ltd — 04 Jul 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd. (July 04, 2025)
Rating Change	CARE AA+; Stable / CARE A1+ (Reaffirmed)
Outlook	Stable (Current) vs Stable (Previous)
Key Drivers of Change	<ol style="list-style-type: none"> Profitability Surge: PAT increased to ₹1,936 Cr (FY25) from ₹1,508 Cr (FY24); ROTA hit 2.51%, meeting historical positive rating triggers. Asset Quality Cleanup: GNPA dropped to 1.1% (FY25) from a high of 8.13% (FY22) due to the total resolution of the corporate book (0% GNPA). Capitalization: Low gearing of 3.7x and comfortable CAR provides a massive buffer for AUM expansion. Promoter Stability: PNB remains the largest shareholder (28.1%) after Carlyle's total exit, ensuring brand strength and funding access.
Rated Instruments	<ul style="list-style-type: none"> • Fixed Deposits: ₹25,000 Cr (CARE AA+; Stable) • Bank Facilities (LT/ST): ₹16,400 Cr (CARE AA+; Stable / A1+) • Long-term Bank Facilities: ₹15,600 Cr (CARE AA+; Stable) • Commercial Paper: ₹10,000 Cr (CARE A1+) • NCDs: ₹3,935 Cr (CARE AA+; Stable)
Key Observations	<ul style="list-style-type: none"> • Retail Pivot: Portfolio is now 99% retail (Housing + LAP); corporate risk is effectively eliminated. • High-Yield Growth: "Roshni" (Affordable) segment scaled to ₹5,070 Cr in 2 years; expands margins but remains unseasoned. • Funding Mix: Well-balanced between Deposits (28.3%), Banks (37.7%), and NHB (13.6%). • Opex Increase: Branch expansion for affordable housing pushed Opex-to-ATA to 1.03% (vs 0.95% FY24). • ALM Concern: Negative cumulative mismatch in the 6-12 month bucket due to ₹3,250 Cr CP repayments. • Liquidity Buffer: Mismatches are mitigated by ₹4,400 Cr undrawn bank lines and ₹2,991 Cr in CC/OD facilities.
Investor Impact	<ul style="list-style-type: none"> • Margins: Upward bias likely as high-yield "Roshni" segment grows, offsetting rising operating costs. • Leverage: Gearing of 3.7x is very conservative for an HFC; suggests no immediate need for equity dilution to fund growth. • Asset Quality: Future credit costs depend entirely on the "seasoning" of the new affordable housing book. • Growth: Strategy shift to Tier 2/3 cities via 200 branches targeting ₹15 Lakh ticket sizes.
Agency / Cross Analysis	<p>Same Agency: CARE previously moved outlook to Positive in 2023, then upgraded to AA+ in 2024. This reaffirmation confirms that PNBHFL has successfully sustained the "Turnaround Phase."</p> <p>Financial Alignment: Performance actually hit the "Positive Factor" trigger of ROTA >2.5% this year, yet the rating was only reaffirmed, suggesting the agency is waiting for the Roshni segment to "season."</p> <p>Conclusion: Steady Improvement. The company has transitioned from a "recovery story" to a "growth story."</p>
Final Inference	<p>Real Improvement. The total exit of Carlyle and the cleanup of the corporate book removes the "legacy overhang." While ALM mismatches require watching, the low gearing and high ROTA make PNBHFL a significantly de-risked equity play compared to 2022.</p>