

PNB Housing Finance Ltd — 07 May 2026 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd. (CareEdge)
Rating Change	CARE AA+ → CARE AAA (Upgraded by 1 notch)
Outlook (Current vs Prev)	Stable vs Stable
Key Drivers of Change	Asset Quality Transformation: GNPA plummeted from 8.1% (FY22) to 0.93% (FY26), indicating a successful cleanup of the legacy corporate book. Promoter Commitment: PNB (AAA) holds 27.75%; stated intent to maintain >26% stake and provide "need-based unconditional support." Scale & Market Position: 3rd largest HFC in India with AUM of ₹90,921 Cr (13% YoY growth) and shift to 99.5% retail portfolio. Capital Cushion: Maintained robust Capital Adequacy Ratio (CAR) of 27.26%, far above regulatory requirements.
Rated Instruments	• Fixed Deposits: ₹25,000 Cr (AAA; Stable) • LT/ST Bank Facilities: ₹16,400 Cr (AAA/A1+) • LT Bank Facilities: ₹15,600 Cr (AAA; Stable) • Commercial Paper: ₹10,000 Cr (A1+) • NCDs: ₹5,206.30 Cr (AAA; Stable)
Key Observations	• (+) Retail Pivot: Corporate book shrunk to just 0.5% of total portfolio. • (+) Funding Diversity: Balanced mix of Banks (39.2%), Deposits (25.3%), and NHB (14.4%). • (+) Profitability: PAT grew to ₹2,291 Cr (FY26) with a healthy RoTA of 2.6%. • (-) Unseasoned Book: Affordable housing ('Roshni') grew to ₹8,153 Cr; book is young and performance is yet to be tested. • (-) Profitability Drivers: Current earnings are aided by negative credit costs (recoveries of ₹332 Cr); sustainability is key once credit costs normalize. • (-) ALM Gaps: Negative cumulative mismatches in the 6-month to 5-year bucket (mitigated by ₹8,720 Cr in undrawn lines).
Investor Impact	• Growth: Strategic shift toward high-yield Affordable/Emerging markets to drive future AUM. • Margins: Potential for lower Cost of Funds (CoF) due to AAA rating, though offset by rising Opex in the affordable segment. • Leverage: Conservative on-book gearing of 3.72x; high TNW of ~₹19,000 Cr suggests zero dilution risk in the near term.
Agency / Cross Analysis	Same Agency: Upgraded from AA+ to AAA. The agency has moved from a "Recovery/Turnaround" stance to a "Core Strength" stance. What changed: Full resolution of legacy corporate stress, solidified promoter support (PNB brand linkage), and consistent RoTA >2.4%. Conclusion: Fundamental improvement; PNBHFL now commands the highest credit quality on par with top-tier PSU banks.
Final Inference	Strong Buy-Side Signal: The upgrade to AAA validates a complete balance sheet de-risking. While "Roshni" seasoning is a monitorable, the massive capital buffer and PNB backing make this a low-risk growth play with significant potential for NIM expansion as borrowing costs align with the new AAA status.