

November 27, 2025

PNB Housing Finance Limited: Rating reaffirmed; rating assigned for enhanced bank facilities and withdrawn for matured instruments

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term bank facilities programme	5,000.00	10,000.00	[ICRA]AA+ (Stable); reaffirmed and assigned for enhanced amount
Non-convertible debentures (NCDs)	500.00	500.00	[ICRA]AA+ (Stable); reaffirmed
NCD	650.00	-	[ICRA]AA+ (Stable); reaffirmed and simultaneously withdrawn
Tier II bonds	200.00	-	[ICRA]AA+ (Stable); reaffirmed and simultaneously withdrawn
Total	6,350.00	10,500.00	

*Instrument details are provided in Annexure I

Rationale

The rating factors in PNB Housing Finance Limited's (PNBHFL) established track record in the mortgage finance industry; it is one of the largest housing finance companies in India with assets under management (AUM) of Rs. 83,879 crore as on September 30, 2025. The rating continues to consider the expectation of support from Punjab National Bank (PNB; rated [ICRA]AAA (Stable)/[ICRA]A1+/[ICRA]AA+ (Stable) for Basel III Tier I bonds), given the bank's stated intent to remain the company's sole promoter and provide financial and other forms of support, when required, to the extent allowed within the regulatory guidance/framework. PNB is expected to maintain its current stake of ~28% in PNBHFL's equity. The company also benefits from the shared brand name, which helps it leverage its franchise and raise funds, supporting its financial flexibility.

The rating also factors in the company's healthy capitalisation profile and asset quality metrics. It remains comfortably capitalised with a net worth of Rs. 17,971 crore, a capital adequacy ratio (CAR) of 29.8% and a managed gearing¹ of 3.9 times as on September 30, 2025. Further, PNBHFL has demonstrated a sustained improvement in its asset quality with the gross stage 3 assets (GS3) declining to 1.0% as of September 2025 from 1.1% as of March 2025 (1.5% as of March 2024, 3.8% as of March 2023). However, the performance of the affordable housing finance (AHF) and emerging market (EM) segments, which grew at sharp rates in the recent past, shall remain monitorable.

The rating considers PNBHFL's moderate, albeit improving, profitability metrics. It remains exposed to intense competition in the prime housing segment, especially from banks, with increasing pressure on margins. ICRA notes that the company has been able to sustain its margins thus far with the increasing share of the relatively higher-yielding EM and AHF segments. Further, continued recoveries from written-off loan accounts aided the improvement in PNBHFL's profitability in FY2025 and H1 FY2026. Nonetheless, the overall earnings profile remains moderate with higher operating expenses due to branch expansion for the AHF and EM business verticals. ICRA expects the operating efficiency to improve gradually, positively impacting the profitability over the medium term, provided credit costs remain under control in the relatively newer business verticals.

The Stable outlook on the rating reflects ICRA's expectation that PNBHFL would be able to maintain a steady credit profile as it continues to scale up its operations while maintaining prudent capitalisation. The company is expected to keep benefiting from its association and support from PNB as a promoter.

¹ Managed gearing = (On-book debt + Off-book portfolio)/Net worth

ICRA has reaffirmed and simultaneously withdrawn the rating assigned to PNBHFL's Rs. 650.00-crore non-convertible debenture (NCD) programme and Rs. 200.00-crore Tier II bonds as the instruments have matured/been redeemed with no amount outstanding against the same. This is in accordance with ICRA's policy on the withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Established player in mortgage lending market – PNBHFL is an established player with a long track record of operations in the housing finance industry and a presence in 21 states/Union Territories (UTs) in India. It is led by an experienced management team and board with a notable track record and expertise in banking, insurance, retail lending, technology and economic policy. ICRA takes note of the resignation of the company's Managing Director and Chief Executive Officer (MD & CEO). While PNBHFL intends to appoint a new MD & CEO shortly, in the meantime, Mr. Jatul Anand, Executive Director, is leading the team with the guidance of the Board, with no change in the strategy or growth plans thus far. Over the last few years, the company has focussed on the retail segment while reducing its wholesale exposure. With a loan book of Rs. 79,771 crore (AUM of Rs. 83,879 crore) as on September 30, 2025, PNBHFL registered an annualised growth of ~15% in H1 FY2026 (~16% in FY2025). ICRA expects the company to continue scaling up its operations with primary focus on the retail segment and the increasing share of the AHF and EM segments.

Improved asset quality – PNBHFL's reported asset quality has notably improved over the last few years with the GS3 declining to 1.0% as on September 30, 2025 from 1.1% as on March 31, 2025 (1.5% as on March 31, 2024; 3.8% as of March 2023). This was driven by recoveries, moderation in slippages and the growth in the loan portfolio. The relatively new product segments, i.e. AHF and EM, grew by 121% and 21%, respectively, during September 2024 to September 2025. Further, the company intends to resume disbursements towards construction finance. Thus, the performance of these segments, as the portfolio seasons, shall remain monitorable.

Comfortable capitalisation profile – PNBHFL's reported capital-to-risk weighted assets ratio (CRAR) of 29.8% (Tier I capital of 29.2%) as on September 30, 2025 [CRAR: 29.4% (Tier I: 28.4%) as on March 31, 2025] was well above the regulatory requirement. With the Rs. 2,494-crore fresh equity capital raised in FY2024, its managed gearing remained comfortable at 3.9 times as of September 2025 (4.0 times as of March 2025). In ICRA's opinion, the company is well capitalised to meet its near-to-medium term growth plans with the managed gearing staying below 6 times.

Shared brand name and benefits with PNB as the promoter – The common brand name and parentage of PNB, support the company's financial flexibility and deposit mobilisation. PNBHFL pays a royalty fee to its promoter for using the brand name as the bank's stake in the company declined below 30%, post the rights issue in FY2024. However, PNB's stated intent to remain the sole promoter and maintain its current stake of ~28% provides comfort. As a promoter, PNB remains committed to providing support to PNBHFL including capital, if needed, subject to board and regulatory approvals. Further, the company's board included two directors from PNB as on September 30, 2025.

Credit challenges

Moderate, albeit improving, profitability – PNBHFL reported a profit after tax (PAT) of Rs. 1,936 crore in FY2025, translating into a return on managed assets (RoMA) of 2.3% and a return on net worth (RoNW) of 12.2% against Rs. 1,508 crore, 1.9% and 11.6%, respectively, in FY2024. Recoveries from written-off loans and provision reversals, leading to negative credit costs, contributed to the improved profitability in FY2025 and H1 FY2026. PNBHFL reported a PAT of Rs. 1,115 crore in H1 FY2026, with RoMA of 2.5% and RoNW of 12.8%. Considering the competitive landscape in mortgage finance, sustaining the net interest margin while enhancing operational efficiency and managing credit costs, especially in the newer business verticals, shall be monitorable from an earnings perspective.

Environmental and social risks

Environmental – While housing finance companies (HFCs) like PNBHFL do not face material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. If the borrowers, to whom such HFCs have an exposure, face livelihood disruption because of physical climate adversities, it could translate into credit risks for the HFCs. However, such risk is not material for PNBHFL as it benefits from portfolio diversification.

Social – With regard to social risks, data security and customer privacy are among the key sources of vulnerability for HFCs as material lapses could be detrimental to their reputation and invite regulatory censure.

Liquidity position: Adequate

The company remains exposed to asset-liability related mismatches, given the inherent risk in the segment due to the relatively higher tenure of the assets vis-à-vis the liabilities. The scheduled inflows from advances, as per the asset-liability management (ALM) statement as on September 30, 2025, stood at Rs. 13,098 crore for the next one year against scheduled debt obligations of Rs. 20,258 crore during this period. PNBHFL held Rs. 2,983 crore as free on-book liquidity and had undrawn sanctions and working capital lines of Rs. 9,239 crore as on September 30, 2025, which support its liquidity profile. The company's liquidity coverage ratio of 169% for the quarter ended September 30, 2025 was well above the regulatory requirement. PNBHFL's liquidity profile is also supported by its diversified funding mix and demonstrated track record of raising funds from diverse sources, including deposits.

Rating sensitivities

Positive factors – A significant increase in the scale of operations while maintaining prudent capitalisation and comfortable asset quality along with an improvement in the profitability on a sustained basis could positively impact the rating.

Negative factors – A significant deterioration in the asset quality, thereby affecting the profitability, or a substantial increase in the gearing level could put pressure on the rating. Weakening in the credit profile of PNB, a change in the bank's support philosophy towards PNBHFL or a stake sale could also adversely impact the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Finance Companies (NBFCs) Policy on Withdrawal of Credit Ratings
Parent/Group support	The rating factors in ICRA's expectation that PNB would be willing to extend support to PNBHFL, if needed, given its importance as well as the shared brand name
Consolidation/Standalone	Consolidated

About the company

Incorporated in 1988, PNBHFL is a deposit-accepting housing finance company. PNB, the promoter of the company, held a 28% stake as on September 30, 2025. PNBHFL offers home loans, loan against property and construction finance and its operations are geographically diversified with its portfolio spread across 21 states/UTs. As on September 30, 2025, it reported an AUM of Rs. 83,879 crore (Rs. 80,397 crore in March 2025).

Key financial indicators (audited; consolidated)

PNB Housing Finance Limited	FY2024	FY2025	H1 FY2026*
Total income	7,057	7,692	4,212
PAT	1,508	1,936	1,115
Total managed assets	79,618	88,514	90,817
Return on managed assets	1.9%	2.3%	2.5%
Managed gearing (times)	4.1	4.0	3.9
Gross stage 3	1.5%	1.1%	1.0%
CRAR	29.3%	29.4%	29.8%

Source: Company, ICRA Research; *As per limited review financials and ICRA's estimates; All ratios as per ICRA's calculations; Amount in Rs. crore

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					
Instrument	Type	Amount rated (Rs. crore)	Nov-27-2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long-term others – Fund based	Long term	10,000.00	[ICRA]AA+ (Stable)	Nov-28-2024	[ICRA]AA+ (Stable)	-	-	-	-
NCD programme	Long term	500.00	[ICRA]AA+ (Stable)	Nov-28-2024	[ICRA]AA+ (Stable)	Apr-11-2023	[ICRA]AA (Stable)	Apr-12-2022	[ICRA]AA (Stable)
				May-10-2024	[ICRA]AA+ (Stable)	Aug-22-2023	[ICRA]AA (Positive)		
						Sep-04-2023	[ICRA]AA (Positive)		
						Mar-28-2024	[ICRA]AA+ (Stable)		
Tier II bonds	Long term	-	[ICRA]AA+ (Stable)	Nov-28-2024	[ICRA]AA+ (Stable)	Apr-11-2023	[ICRA]AA (Stable)	Apr-12-2022	[ICRA]AA (Stable)
				May-10-2024	[ICRA]AA+ (Stable)	Aug-22-2023	[ICRA]AA (Positive)		
						Sep-04-2023	[ICRA]AA (Positive)		
						Mar-28-2024	[ICRA]AA+ (Stable)		

Complexity level of the rated instruments

Instrument	Complexity indicator
NCD programme	Very simple
Tier II bonds	Very simple
Long-term bank facilities programme (others)	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
INE572E07126	NCD	Sep-06-2023	8.52%	Sep-06-2028	400	[ICRA]AA+ (Stable)
INE572E07134	NCD	Sep-14-2023	8.43%	Mar-14-2025	650	[ICRA]AA+ (Stable); withdrawn
Not issued	NCD	NA	NA	NA	100	[ICRA]AA+ (Stable)
INE572E09262	Tier II bonds	Nov-24-2014	8.70%	Nov-24-2024	200	[ICRA]AA+ (Stable); withdrawn
Not applicable	Long-term bank facilities (others)	NA	NA	NA	10,000	[ICRA]AA+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	PNBHFL ownership	Consolidation approach
PHFL Home Loans and Services Ltd.	100.00%	Full consolidation

Source: PNBHFL's annual report for FY2025

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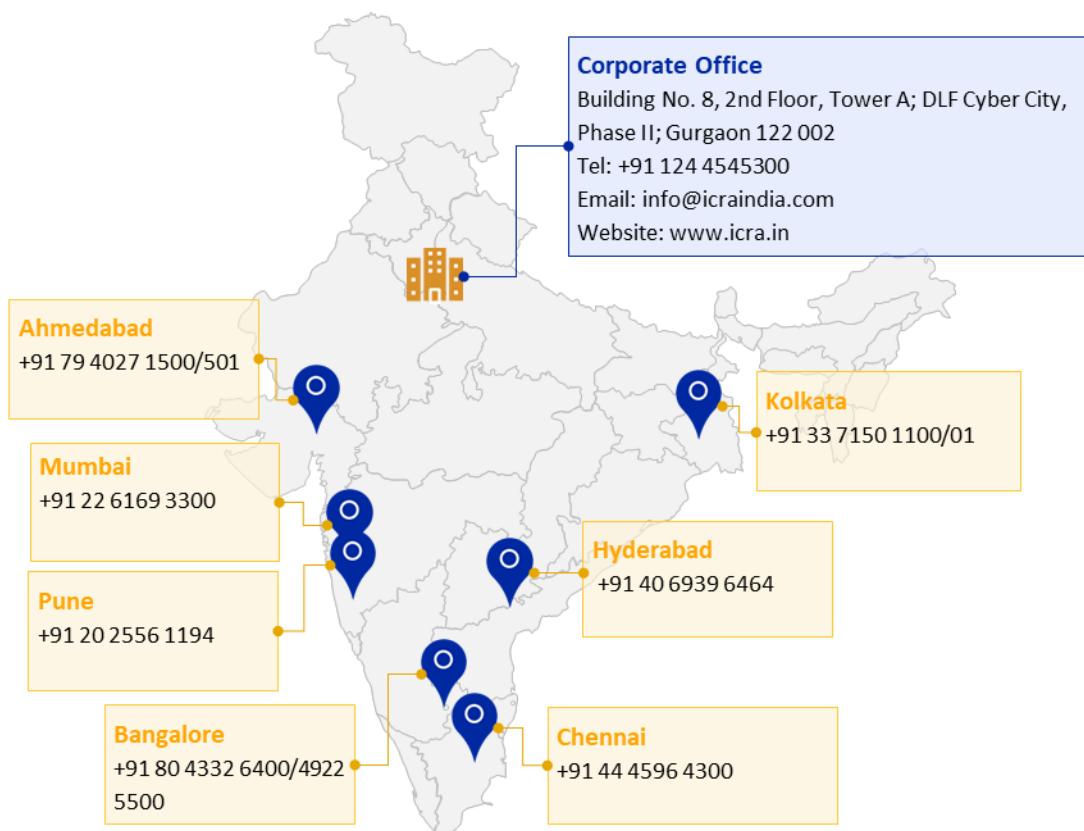
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