

## Credit Update – Punjab National Bank (Revised)

February 17, 2025

### Updates

Punjab National Bank (PNB; rated CARE AAA; Stable for Tier II Bonds), vide its stock exchange announcement dated February 13, 2025, has informed that it made the payment of principal (₹1,500 crore) and interest (₹137.25 crore) in respect of Basel III Additional Tier I (AT I) Bonds Series VII (INE160A08076) by exercising call option. However, there was a failure to remit payments to eight bond holders as the payment made to bond holders returned due to reasons including account closed/ incorrect account details/ NRE/ mismatch in customer account and IFSC/ Credit restricted in FCRA.

CARE Ratings Limited (CARE Ratings) notes that PNB had adequate funds for the payment to be made to the bond holders and had remitted the required amount towards principal and interest (net of TDS) to the concerned bondholders on the due date. However, payment to eight bond holders amounting to ₹2,37,62,290 was returned on the same date of payment. Out of the eight bondholders, an amount of ₹2,26,79,940 towards seven bondholders which remained uncredited, was deposited in an escrow account maintained by PNB on the due date of the payment i.e. February 13, 2025. For the pending single bondholder, the amount of ₹10,82,350 was transmitted by PNB and remained in pipeline. The uncredited amount was returned by the beneficiary's bank on the subsequent day (i.e. February 14, 2025) in the escrow account maintained by PNB.

As per the guidelines specified in the SEBI circular dated November 18, 2024, and the checks undertaken by CARE Ratings, this development has not been recognised as an event of default, as the non-payment of debt (principal and/ or interest) was due to the reasons beyond the control of PNB and can be attributed to the failure to remit payment due to absence of correct information or due to incorrect or dormant investor account furnished by the investor(s).

The details of the instrument are given in the table below:

Issuer Name	Name of the Security	ISIN	Amount to be paid (₹)	Due date of payment	Amount of payment made (₹)	Amount of payment failed (₹)	Reason for failure of payment
Punjab National Bank	Basel III Additional Tier I Bonds Series VII	INE160A08076	16,37,25,00,000	13-Feb-2025	16,34,87,37,710	2,37,62,290	Account closed/ incorrect account details/ NRE/ mismatch in customer account and IFSC/ Credit restricted in FCRA

Refer the following link for the previous press release that captures key rating factors and rating sensitivities: [Link here](#).

## Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Sanjay Agarwal Senior Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3582 E-mail: <a href="mailto:sanjay.agarwal@careedge.in">sanjay.agarwal@careedge.in</a>
<b>Relationship Contact</b>  Pradeep Kumar V Senior Director <b>CARE Ratings Limited</b> Phone: 044-28501001 E-mail: <a href="mailto:pradeep.kumar@careedge.in">pradeep.kumar@careedge.in</a>	Priyesh Ruparelia Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 1593 E-mail: <a href="mailto:priyesh.ruparelia@careedge.in">priyesh.ruparelia@careedge.in</a>  Aditya R Acharekar Associate Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3528 E-mail: <a href="mailto:aditya.acharekar@careedge.in">aditya.acharekar@careedge.in</a>

### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

Ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or rec concerned bank facilities or to buy, sell, or hold security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of information and is not responsible for errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. Ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for errors and states that it has no financial liability whatsoever to the users of Ratings of CARE Ratings. Ratings of CARE Ratings do not factor in rating-related trigger clauses per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if such clauses are introduced and triggered, Ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**