



# NBFC-Infrastructure Finance Companies

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**Entities expected to report steady  
performance; industry outlook  
revised to Stable**

**March 2024**





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*NBFC-IFCs expected to grow by 10-12% in FY2024 and FY2025.*

*Asset quality indicators healthy at multi-year low, supported by book growth and recoveries.*

*Post-tax RoMA of NBFC-IFCs is expected to be around 2.1-2.3% for FY2025 as some pressure on margins could be visible.*



- The overall infrastructure credit growth, (including banks and NBFCs), has seen an uptick from Q3 FY2023 onwards and grew by 8% in FY2023 and 10% in 9M FY2024. Within this, NBFC-IFCs expanded by 14% (YoY) and 11% (annualised) in 9M FY2024, while the banking sector grew at 5%.



- Reported gross stage 3 for NBFC-IFCs moderated to 2.2% as on December 31, 2023 from 2.5% as of March 31, 2023.



- The reported asset quality indicators could improve by another 10-20 bps supported by book growth in FY2025, some loan recoveries and controlled slippages.



- NBFC-IFCs, especially Public-IFCs, have demonstrated a healthy profitability trajectory with the decline in the share of non-performing loans and stable cost of borrowings, which has been driving healthy internal capital generation. On an aggregate basis, they achieved an RoMA of 2.1% in FY2023 and 2.3% in 9M FY2023.



- Capitalisation and solvency levels of IFCs are currently comfortable. Prudent capitalisation is a key mitigant against the risks in IFCs' portfolios arising out of sectoral and credit concentration.



- Asset-liability maturity profiles have improved as reliance on short-term borrowings reduced and longer-tenor borrowings were raised in the recent past amid favourable systemic rate movements.



- ICRA has revised the industry outlook for NBFC-IFCs to Stable from Positive, reflecting its expectation that performance witnessed in FY2024, is expected to be maintained in FY2025 with calibrated loan book growth in the near term and stable asset quality and earnings profile.



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