May 30, 2025

# Aseem Infrastructure Finance Limited: [ICRA]AA+ (Stable) assigned to Rs. 250-crore subordinated debt programme; ratings reaffirmed

## Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|---|---|---|
| **Subordinated bonds** | 0.00 | 250.00 | [ICRA]AA+ (Stable); assigned |
| **Long-term/Short-term others – Fund based/Non-fund based** | 14,000.00 | 14,000.00 | [ICRA]AA+ (Stable)/[ICRA]A1+; reaffirmed |
| **Market linked debenture** | 125.00 | 125.00 | PP-MLD[ICRA]AA+ (Stable); reaffirmed |
| **Non-convertible debenture** | 2,250.00 | 2,250.00 | [ICRA]AA+ (Stable); reaffirmed |
| **Market linked debenture** | 275.00 | 0.00 | PP-MLD[ICRA]AA+ (Stable); reaffirmed and withdrawn |
| **Non-convertible debenture** | 300.00 | 0.00 | [ICRA]AA+ (Stable); reaffirmed and withdrawn |
| **Total** | **16,950.00** | **16,625.00** | |

**Instrument details are provided in Annexure I*

## Rationale

The ratings reflect the strength of Aseem Infrastructure Finance Limited's (AIFL) parentage, particularly National Investment and Infrastructure Fund II (NIIF II; Strategic Opportunities Fund or SOF), which continued to hold a 59% stake as on March 31, 2025, and the Government of India (GoI), which held a 31% stake through a direct investment. The balance 10% is held by Sumitomo Mitsui Banking Corporation (SMBC).

ICRA believes that AIFL is important to the GoI as it is a part of the debt platform under NIIF for the development of long-term infrastructure in India. This is also reflected in the committed equity infusion of Rs. 6,000 crore (of which Rs. 1,700 crore has been drawn down till date) by the GoI in the NIIF debt platform, comprising AIFL and NIIF Infrastructure Finance Limited (NIIF IFL). The GoI's support could attract more investment in the infrastructure sector, as envisaged under the National Infrastructure Pipeline (NIP). The ratings also factor in AIFL's operational linkages with NIIF, the availability of sufficient capital for near-term growth, access to debt funds at competitive rates owing to its parentage, strong asset quality indicators and adequate liquidity.

ICRA notes that AIFL has a track record of operations of ~5 years (commenced lending operations in August 2020) in relation to the relatively higher average tenure of its loan book. In this regard, ICRA notes favourably that the company has scaled up the business with sectoral diversification with a healthy churn on the loan book. Its loan book stood at Rs. 15,156 crore as on March 31, 2025, with nil delinquencies since inception.

The company has gradually added greenfield projects to its portfolio (~22% of the total book as on March 31, 2025). While the addition of under-construction projects augments the portfolio vulnerability due to project execution risks, AIFL has mitigated the risk to an extent by being selective in its lending to projects with relatively better credit profile and investing in the later stages of the greenfield projects, most of which have successfully achieved their completion and commercial operation dates (COD). ICRA also takes comfort from the management's stated intention of ensuring that operational projects will continue to account for a major share of the overall mix over the medium term.

Over the past two years, AIFL's focus has gradually shifted towards achieving sustainable profitability and growing its assets under management (AUM) in a calibrated manner. The AUM is expected to grow at CAGR of ~15-20% over the medium term. The company's ability to grow its loan book profitably while maintaining prudent capitalisation levels and asset quality indicators would be a key monitoring factor. Going forward, it is expected to mobilise funds in line with the maturity profile of its assets, thereby supporting its asset-liability maturity (ALM) profile.

The Stable outlook reflects ICRA's expectation that AIFL would continue to grow its portfolio, while maintaining its asset quality indicators and prudent capitalisation levels, with support from key investors, its experienced management team, operational synergies with NIIF and its demonstrated financial flexibility.

ICRA has withdrawn the long-term rating for the Rs. 300-crore non-convertible debentures (NCDs) and Rs. 275-crore market linked debentures, in accordance with its policy on the withdrawal of credit ratings, as the instruments have matured and have been fully repaid.

## Key rating drivers and their description

### Credit strengths

**Strong parentage and strategic importance to GoI** – AIFL's ratings reflect its strong parentage, particularly NIIF II (SOF), which continued to hold a 59% stake as on March 31, 2025, the GoI (31% through direct investment), and SMBC (10%). NIIF is an investor-owned fund manager, anchored by the GoI in collaboration with leading global and domestic institutional investors. It is a collaborative investment platform for international and Indian investors seeking investment opportunities in infrastructure and other high-growth sectors of the country. Given NIIF's strong financial flexibility and quasi-sovereign ownership, ICRA expects timely growth capital support for AIFL.

ICRA believes that AIFL is important to the GoI as it is a part of the debt platform under NIIF for the development of long-term infrastructure in India. This is also reflected in the committed equity infusion of Rs. 6,000 crore by the GoI in the NIIF debt platform, comprising AIFL and NIIF IFL, as well as efforts to attract more investment in the infrastructure sector as enumerated in the National Infrastructure Pipeline (NIP). Out of the total infusion of Rs. 6,000 crore, ~Rs. 4,300 crore is still available for drawdown by both entities. This is over and above the GoI's capital commitment of Rs. 20,000 crore to the NIIF platform. ICRA expects AIFL to play a key role in furthering the GoI's objective of infrastructure development in the near term.

**Operational synergies with NIIF** – NIIF is a fund manager anchored by the GoI, which invests in infrastructure and high-growth sectors in India. It has invested in the infrastructure debt financing platform through SOF, which focuses on investing in sectors with significant growth potential. ICRA expects AIFL to leverage its synergies with NIIF and NIIF IFL (part of the NIIF platform), which operate in similar sectors within the infrastructure ecosystem. The company is expected to follow the project lifecycle (greenfield, brownfield and operational projects) financing approach by sharing risks and rewards with banks/institutions while maintaining a conservative liability profile and low credit costs. It has gradually added greenfield projects to its portfolio (~22% of the total book as on March 31, 2025). While the addition of under-construction projects augments the portfolio vulnerability due to project execution risks, AIFL has mitigated the risk to an extent by being selective in its lending to projects with relatively better credit profile and investing in the later stages of the greenfield projects, most of which have successfully achieved their completion and commercial operation dates (COD). ICRA also takes comfort from the management's stated intention of ensuring that operational projects will continue to account for a major share of the overall mix over the medium term.

The target sectors identified by AIFL include green energy, roads, power transmission, ports, airports, education, telecom and data centres. The company's board reflects NIIF's substantial control on its operations and strategy. AIFL also has a senior management team with considerable experience in the infrastructure financing space.

**Capital profile healthy for near-term growth; demonstrated financial flexibility, supported by parentage** – AIFL raised Rs. 1,287 crore through two rounds of capital infusions by NIIF in January 2020 and May 2020, followed by ~Rs. 947 crore from NIIF (Rs. 132 crore) and the GoI (Rs. 815 crore) in March 2021 and Rs. 317 crore from SMBC in March 2022. It reported a healthy net worth of Rs. 3,267 crore as on March 31, 2025, supported by regular capital infusions and positive internal accruals since FY2021. ICRA expects capital support from the GoI and NIIF to be forthcoming as and when required. As per ICRA, it would need to raise fresh capital over the medium term, to grow as per business plans.

In terms of leverage, ICRA expects AIFL to operate at a managed gearing[1] of less than 5 times on a steady-state basis. The company enjoys good financial flexibility, with the ability to raise funds at competitive rates of interest from a diverse set of lenders, owing to its strong parentage and linkages with the GoI. As on March 31, 2025, AIFL had total borrowings of Rs. 13,272 crore, comprising a mix of term loans (80.2%), NCDs (10.4%), and commercial paper (CP; 9.4%). The company's ability to continue to build and diversify its funding profile over the medium to long term would remain a key monitorable.

## Credit challenges

**Track record of operations of ~5 years relatively lower in relation to higher average asset tenure; evolving profitability metrics** – AIFL commenced lending operations in August 2020 and built a portfolio of Rs. 15,156 crore as on March 31, 2025 (Rs. 13,284 crore as on March 31, 2024), although the overall scale in the infrastructure financing sector remains moderate. ICRA notes that AIFL has a track record of operations of ~5 years (commenced lending operations in August 2020) in relation to the relatively higher average tenure of its loan book. In this regard, ICRA notes favourably that the company has scaled up the business with sectoral diversification, Additionally, AIFL has done a healthy churn on the opening book. As on March 31, 2025, 78% of the projects funded by AIFL were operational. However, the nature of infrastructure financing exposes the company to project risks as well as concentration risk. Hence, the portfolio could remain vulnerable to asset quality shocks in case of slippages in a few exposures, which could adversely affect the profitability, although AIFL has managed these risks well so far.

With approximately five years of lending operations, AIFL's return on managed assets (RoMA) and return on net worth (RoNW) improved to 1.7% and 8.4%, respectively, in FY2025 (1.5% and 7.1%, respectively, in FY2024). This was supported by the increase in the lending spreads, driven by better yields due to the higher share of incremental disbursements to under-construction projects. Over the long term, the company's ability to maintain control over credit costs while scaling up the business volumes will remain a key monitorable for sustaining the improvement in its earnings profile.

## Liquidity position: Adequate

As on March 31, 2025, AIFL had available liquidity in the form of a cash and liquid investments of ~Rs. 717 crore and unutilised bank lines of Rs. 1,225 crore, along with the expected cash inflow of ~Rs. 4,014 from advances over the next one year, providing adequate liquidity cover over the debt repayments of ~Rs. 3,645 crore during the above mentioned period. AIFL has raised long-term funds in line with the long-term maturity profile of the assets it funds, which augurs well for its liquidity profile. Its ALM profile, as on March 31, 2025, reflected positive cumulative mismatches across all buckets up to one year.

## Rating sensitivities

**Positive factors** – Achieving a significant scale of operations across diversified sectors, while maintaining strong asset quality and improving the profitability, would be a credit positive.

**Negative factors** – A significant change in the likelihood of support from the sponsors or key shareholders could warrant a rating downgrade. Pressure on AIFL's ratings could emerge on substantial worsening of its capitalisation profile and/or weakening of the asset quality, leading to a deterioration in its solvency on a sustained basis.

*[1] Managed gearing = (Total on-balance sheet borrowings + Off-book portfolio)/Net worth*

## Analytical approach

| Analytical approach | Comments |
|---|---|
| **Applicable rating methodologies** | ICRA's Credit Rating Methodology for Non-banking Finance Companies (NBFCs)<br>Policy on Withdrawal of Credit Ratings |
| **Parent/Group support** | The ratings derive significant strength from AIFL's parentage with 59% of the shares held by NIIF, 31% held by the GoI and 10% held by SMBC as on March 31, 2025. With the sovereign ownership of NIIF, an investor-owned fund manager anchored by the GoI in collaboration with global and domestic institutional investors, ICRA expects AIFL to receive timely growth capital and liquidity support. |
| **Consolidation/Standalone** | Standalone |

## About the company

AIFL, a subsidiary of NIIF II (SOF) managed by NIIF (a GoI-anchored fund), is registered as a non-banking financial company - Infrastructure finance company (NBFC-IFC). It received its IFC licence from the Reserve Bank of India (RBI) in January 2020 and commenced business in August 2020. It funds infrastructure projects across various phases with a mix of operating, brownfield and greenfield assets within the regulatory guidelines. As on March 31, 2025, the company had a diversified sectoral portfolio of Rs. 15,156 crore compared to Rs. 13,284 crore as on March 31, 2024.

AIFL reported a profit after tax (PAT) of Rs. 262 crore in FY2025 on a total income of Rs. 1,466 crore as on March 31, 2025 compared to a PAT of Rs. 205 crore in FY2024 on a total income of Rs. 1,196 crore as on March 31, 2024. The company's net worth stood at Rs. 3,267 crore with a managed gearing of 4.1 times as on March 31, 2025 compared to Rs. 3,005 crore and 3.9 times, respectively, as on March 31, 2024. Gross non-performing advances (NPAs) remained nil as on March 31, 2025 (nil as on March 31, 2024).

**National Investment and Infrastructure Fund**

NIIF is sponsored by the GoI to catalyse funding in the country's infrastructure sector. It has three funds, each of which is registered with the Securities and Exchange Board of India (SEBI) as Category II Alternative Investment Funds (AIFs). NIIF's investment objective is to generate attractive long-term risk-adjusted returns for its investors on a sustainable basis. The GoI's aggregate contribution to NIIF is Rs. 20,000 crore and it is proposed that a similar amount will be raised from third-party investors such that the GoI's contribution will be 49%. It has also received a commitment from certain domestic and international institutions, including the Abu Dhabi Investment Authority (ADIA) and Temasek. Moreover, the Governing Council of NIIF is chaired by the Finance Minister of India and includes the Secretary – Department of Economic Affairs and the Secretary – Department of Financial Services among representatives from its other investors. More details about NIIF are available at https://niifindia.in/

### Key financial indicators

| Aseem Infrastructure Finance Limited | FY2023 | FY2024 | FY2025 |
|---|---|---|---|
| | Audited | Audited | Audited |
| **Total income** | 789 | 1,196 | 1,466 |
| **Profit after tax** | 146 | 205 | 262 |
| **Total managed assets*** | 12,968 | 14,709 | 16,782 |
| **Return on managed assets** | 1.4% | 1.5% | 1.7% |
| **Managed gearing[2] (times)** | 3.6 | 3.9 | 4.1 |
| **Gross stage 3** | 0.0% | 0.0% | 0.0% |
| **CRAR** | 21.2% | 20.6% | 17.7% |

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore;*

** Managed assets = Total net assets + ECL provisions*

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

[2] *Managed gearing = (Total on-balance sheet borrowings + Off-book portfolio)/Net worth.*

## Rating history for past three years

| Instrument | Current (FY2026) | | | Chronology of rating history for the past 3 years | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Type | Amount rated (Rs. crore) | FY2026 | FY2025 | | FY2024 | | FY2023 | |
| | | | 30-May-25 | Date | Rating | Date | Rating | Date | Rating |
| **Long-term/Short-term others – Fund based/Non-fund based** | Long term/Short term | 14,000.00 | [ICRA]AA+ (Stable)/[ICRA]A1+ | 29-May-24 | [ICRA]AA+ (Stable)/[ICRA]A1+ | - | - | - | - |
| | | | | 28-Jun-24 | [ICRA]AA+ (Stable)/[ICRA]A1+ | - | - | - | - |
| **Non-convertible debenture** | Long term | 2,250.00 | [ICRA]AA+ (Stable) | 29-May-24 | [ICRA]AA+ (Stable) | 30-May-23 | [ICRA]AA+ (Stable) | 14-Apr-22 | PP-MLD[ICRA]AA+ (Stable) |
| | | | | 28-Jun-24 | [ICRA]AA+ (Stable) | - | - | 16-Dec-22 | [ICRA]AA+ (Stable) |
| **Market linked debenture** | Long term | 125 | PP-MLD[ICRA]AA+ (Stable) | 29-May-24 | PP-MLD[ICRA]AA+ (Stable) | 30-May-23 | PP-MLD[ICRA]AA+ (Stable) | 14-Apr-22 | PP-MLD[ICRA]AA+ (Stable) |
| | | | | 28-Jun-24 | PP-MLD[ICRA]AA+ (Stable) | - | - | 16-Dec-22 | PP-MLD[ICRA]AA+ (Stable) |
| **Subordinated bonds/Debt** | Long term | 250 | [ICRA]AA+ (Stable) | - | - | - | - | - | - |

*Source: ICRA Research*

## Complexity level of the rated instrument

| Instrument | Complexity indicator |
|---|---|
| **Long-term/Short-term fund based/Non-fund based bank lines** | Very simple |
| **Non-convertible debenture** | Very simple |
| **Market linked debenture** | Moderately complex |
| **Subordinated debt programme** | Very 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 /Sanction | Coupon rate | Maturity date | Amount rated (Rs. crore) | Current rating and outlook |
|---|---|---|---|---|---|---|
| **INE0AD507036** | **Non-convertible debenture** | May-10-2021 | 7.70% | May-08-2026 | 100.0 | [ICRA]AA+ (Stable) |
| **INE0AD507093** | **Non-convertible debenture** | Sep-05-2022 | 8.25% | Sep-03-2027 | 650.0 | [ICRA]AA+ (Stable) |
| **NA*** | **Non-convertible debenture** | NA | NA | NA | 1,500.0 | [ICRA]AA+ (Stable) |
| **NA*** | **Subordinated debt programme** | NA | NA | NA | 250.0 | [ICRA]AA+ (Stable) |
| **INE0AD507101** | **Market linked debenture** | Jan-23-2023 | 8.00% | Jul-23-2025 | 125.0 | PP-MLD[ICRA]AA+ (Stable) |
| **NA** | **Long-term/Short-term fund-based /Non-fund based bank lines** | FY2021 | NA | FY2030 | 14,000.0 | [ICRA]AA+ (Stable) / [ICRA]A1+ |
| **INE0AD507044** | **Non-convertible debenture** | Dec-01-2021 | 6.50% | Nov-29-2024 | 200.0 | [ICRA]AA+ (Stable); Withdrawn |
| **INE0AD507028** | **Non-convertible debenture** | May-10-2021 | 7.35% | May-09-2025 | 100.0 | [ICRA]AA+ (Stable); withdrawn |
| **INE0AD507069** | **Market linked debenture** | Dec-17-2021 | 6.00% | Oct-17-2024 | 275.0 | PP-MLD[ICRA]AA+ (Stable); withdrawn |

*Source: Company; *Yet to be placed; ^ As on May 29, 2025*

*Please click here to view details of lender-wise facilities rated by ICRA*

## Annexure II: List of entities considered for consolidated analysis

Not applicable

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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## ICRA Limited

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