

December 16, 2025<sup>(Revised)</sup>

## India Infrastructure Finance Company Limited: [ICRA]AAA(Stable)/ [ICRA]A1+ assigned; rated amount enhanced; earlier ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debenture	4,000.00	4,000.00	[ICRA]AAA (Stable); reaffirmed
Non-convertible debenture	0.00	15,000.00	[ICRA]AAA (Stable); assigned
Fund-based/Non-fund based bank facilities	6,000.00	16,000.00	[ICRA]AAA (Stable); reaffirmed/ assigned for the enhanced amount
Tax-free/Taxable bonds	13,015.20	13,015.20	[ICRA]AAA (Stable); reaffirmed
Commercial Paper	0.00	5,000.00	[ICRA]A1+; assigned
<b>Total</b>	<b>23,015.20</b>	<b>53,015.20</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating continues to draw strength from India Infrastructure Finance Company Limited's (IIFCL) sovereign ownership (wholly owned by the Government of India; GoI), the demonstrated support from the GoI in the form guarantees on borrowings, and its strategic importance as a facilitator of infrastructure development in the country. The company benefits from management oversight with its board including representatives from the Ministry of Finance, scheduled commercial banks and NITI Aayog. By virtue of its parentage, IIFCL enjoys good financial flexibility, which has helped it raise long-term liabilities at competitive costs, supporting its liquidity profile.

ICRA notes the company's asset quality indicators have been supported by controlled slippages in FY2025 and H1FY2026. Further, the overall credit profile of IIFCL's loan book has improved over the past few years with the share of A and higher rated exposures at ~93% of the total portfolio as on September 30, 2025 (88% in March 2024). Moreover, the standalone gearing was comfortable at 4.28x as on September 30, 2025 (3.88x as on March 31, 2024). However, the gearing is expected to gradually increase from the current level in accordance with book growth as per business plans. Going forward, IIFCL's ability to continue growing the business, while keeping its fresh slippages at manageable levels and maintain a healthy solvency profile will be crucial.

The stable outlook reflects ICRA's expectation that IIFCL will remain strategically important to the GoI, given the thrust on infrastructure development in the country. ICRA expects IIFCL to continue to maintain an adequate capitalisation profile.

### Key rating drivers and their description

#### Credit strengths

**Sovereign ownership; diversified borrowing profile** – The ratings continue to draw significant strength from IIFCL's sovereign ownership (wholly owned by GoI), the demonstrated support from the GoI in the form of capital and guarantees on borrowings (~22% of the borrowings at the standalone level were guaranteed by the GoI as on September 30, 2025), and its strategic importance as a facilitator of infrastructure development in the country. IIFCL has received capital support from the GoI in the past with Rs. 5,797 crore infused in FY2020 in addition to Rs. 100 crore each in FY2019, FY2018 and FY2017, and Rs. 600 crore in FY2015.

ICRA expects support from the GoI to be forthcoming going forward as well, given IIFCL's strategic importance to the GoI. In addition to funding support, the company benefits from management oversight with its board including representatives from

the Ministry of Finance, NITI Aayog and scheduled commercial banks. Overall, ICRA expects that the GoI would continue to hold a majority stake in the company.

IIFCL enjoys good financial flexibility by virtue of its sovereign ownership, which augurs well for raising long-term liabilities from both domestic and international financial institutions at competitive rates. The funding mix remains adequately diversified and includes tax-free bonds (14% of total borrowings as on September 30, 2025), taxable bonds (32%), bank loans (20%) and loans from multilateral agencies (34%).

**Adequate capitalisation profile** – IIFCL’s gearing (standalone level) stood at 4.3x as on September 30, 2025 (3.9x as on March 31, 2025). Its capital adequacy ratio stood at 22.0% (Tier I – 20.8%) as on September 30, 2025 (compared to 23.4% (Tier I – 22.2%) as on March 31, 2025). Going forward, the gearing is expected to increase steadily from the current levels with business growth expected to outpace internal capital generation. Nonetheless, the requirement for additional capital remains low over the next three years to support business growth in accordance with business plans. ICRA expects the company to maintain a prudent capitalisation profile with a steady-state gearing of less than 5x over the medium term.

### Credit challenges

**Concentration risk** – Given its mandate, IIFCL lends to commercially viable public and private partnership projects in the infrastructure space. Consequently, project risk remains relatively high for the company. The inherent nature of the infrastructure financing business exposes IIFCL to concentration risk, with the top 20 advances aggregating 2.5x the net worth and accounting for ~59% of the loan book as on March 31, 2025 (2.0x and 56%, respectively, as on March 31, 2024). In this regard, ICRA notes that majority of IIFCL’s top 20 exposures is towards refinance segment which is to entities with a good credit profile. The company’s asset quality indicators, i.e. the gross and net stage 3 ratios, improved to 0.95% and 0.32%, respectively, as on September 30, 2025 (1.11% and 0.35%, respectively, as on March 31, 2025), as compared to 1.6% and 0.46%, respectively, as on March 31, 2024. The credit profile of the loan book has improved in recent years due to the change in the portfolio mix in favour of investment in bonds/Infrastructure Investment Trusts (InVITs). This is demonstrated in the relatively high share of A and higher rated exposures at 93% of the total portfolio as on September 30, 2025. However, the inherent nature of infrastructure financing means that the company is exposed to project risks and exposures are concentrated. Hence, the portfolio would remain vulnerable to asset quality shocks in case of slippages. Hence, the company’s ability to manage the slippages would be monitorable.

**Improving earnings profile; sustainability of profitability key for further growth** – The yield and cost of funds remained broadly stable in FY2025 resulting in stable NIMs of 2.2% in FY2025. Further, the improvement in the asset quality due to provision reversal against written off accounts and controlled slippages led to negligible credit costs in FY2025. At the same time, given the wholesale nature of the business, the operating expenses/average managed assets remained low at 0.2% in FY2025. The earnings profile was further supported by one time gain (gain on fair valuation of security receipts guaranteed by government) of Rs. 764.3 crore, resulting in an increase in the return on average managed assets (RoMA) and return on average net worth (RoE) to 2.9% and 14.1%, respectively, in FY2025<sup>1</sup> from 2.4% and 11.4%, respectively, in FY2024. In H1FY2026, NIMs moderated due to the decline in yields with the change in portfolio mix with higher share of investment in bonds/Infrastructure Investment Trusts (InVITs), increase in foreign currency expenses and marginal increase in credit costs, notwithstanding stable operating expenses resulted in decline in return on average assets (RoA) and return on average net worth (RoE) to 1.6% and 8.6%, respectively.

### Liquidity position: Adequate

IIFCL’s liquidity profile is adequate with large cash & liquid balances, supported by its ability to mobilise long-tenure funding (average tenure of over 15 years). As of September 30, 2025, the company’s asset liability maturity profile reflected Rs 41,935 crore of outflows in the next 12 months against cash inflows of Rs. 44,514 crore in the next twelve months. The company was also maintaining on-balance sheet liquidity of ~Rs. 4,533.3 crore in the form of cash & bank balances and liquid investments (including balances encumbered against overdraft limits (net of outstanding overdraft facility)). The company’s strong financial

<sup>1</sup> RoMA and RoE excluding one-time item gain stood at 1.9% and 9.1% respectively in FY2025.

flexibility, given its sovereign parentage, large proportion of borrowings being covered by Gol guarantee and its strategic importance to the Gol, provides additional comfort.

## Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – ICRA could change the rating outlook to Negative or downgrade the ratings on a change in the ownership and/or in IIFCL's strategic role or importance to the Gol. Also, a solvency ratio (Net NPA/Tier I capital) of over 40% on a sustained basis will be a negative for the credit profile.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">ICRA's Credit Rating Methodology for Non-banking Finance Companies</a>
Parent/Group support	The ratings derive significant strength from IIFCL's sovereign ownership (100% stake held by the Gol as on September 30, 2025), strategic importance to the Gol and the expectation of continued support from the Gol in the form of capital as well as guarantees on debt
Consolidation/Standalone	Standalone

## About the company

India Infrastructure Finance Company Limited (IIFCL), incorporated in January 2006 and wholly owned by the Government of India (Gol), is recognised as a public financial institution for financing infrastructure projects in the country.

At the standalone level, the total loan book was Rs. 76,590 crore as on September 30, 2025 against Rs. 69,904 crore as on March 31, 2025. As on September 30, 2025, the take-out finance book (operational exposures taken over from other financial institutions) accounted for 18% of the portfolio while the balance was in the form of direct lending (22%) and refinance (~29%) and bonds/InvITs (~32%). IIFCL's exposure is largely concentrated towards the road and power sectors, which accounted for 34% and 50%, respectively, of the overall portfolio (excluding refinance) as on September 30, 2025.

At the standalone level, IIFCL reported a net profit of Rs. 719 crore on a total asset base of Rs. 92,308.2 crore in H1FY2026 compared with a net profit of Rs. 2,165 crore on a total asset base of Rs. 82,095.7 crore in FY2025.

As on September 30, 2025, IIFCL's gross and net stage 3 assets (standalone level) stood at 0.95% and 0.32%, respectively (1.11% and 0.35%, respectively, as on March 31, 2025). The company's capitalisation at the standalone level is characterised by a net worth of Rs. 17,024.6 crore and a gearing of 4.3x as on September 30, 2025. The gearing, excluding the borrowings guaranteed by the Gol, is estimated to have stood at 3.3x as on September 30, 2025. About 22% of the company's borrowings at the standalone level are guaranteed by the Gol.

## Key financial indicators

IIFCL	FY2024	FY2025	H1 FY2026
	Audited	Audited	Prov.
Total income	5,472	6,517	3,415
PAT	1,552	2,165	719
Total managed assets	67,444	82,096	92,308
Return on managed assets	2.4%	2.9%	1.6%
Gearing (times)	3.6	3.9	4.3
Gross stage 3	1.6%	1.1%	0.9%
CRAR	28.2%	23.4%	22.0%

Source: IIFCL, ICRA Research; 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

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	Dec-16-2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Fund-based/Non-fund based bank facilities</b>	Long term	16,000.00	[ICRA]AAA (Stable)	Apr-2-25	[ICRA]AAA (Stable)	May-13-24	[ICRA]AAA (Stable)	Feb-23-24	[ICRA]AAA (Stable)	Feb-24-23	[ICRA]AAA (Stable)
						Jan-27-25	[ICRA]AAA (Stable)	-	-	-	-
						Feb-21-25	[ICRA]AAA (Stable)				
<b>Gol guaranteed bonds</b>	Long term	-	-	-	-	May-13-24	[ICRA]AAA (CE) (Stable)	Feb-23-24	[ICRA]AAA (CE) (Stable)	Feb-24-23	[ICRA]AAA (CE) (Stable)
						Jan-27-25	[ICRA]AAA (CE) (Stable)	-	-	-	-
						Feb-21-25	[ICRA]AAA (CE) (Stable)				
<b>Non-convertible debentures</b>	Long term	4,000.00	[ICRA]AAA (Stable)	Apr-2-25	[ICRA]AAA (Stable)	May-13-24	[ICRA]AAA (Stable)	Feb-23-24	[ICRA]AAA (Stable)	Feb-24-23	[ICRA]AAA (Stable)
						Jan-27-25	[ICRA]AAA (Stable)	-	-	-	-
						Feb-21-25	[ICRA]AAA (Stable)	-	-	-	-
<b>Non-convertible debentures</b>	Long term	15,000.00	[ICRA]AAA (Stable)	-	-	-	-	-	-	-	-
<b>Tax-free/Taxable bonds</b>	Long term	13,015.20	[ICRA]AAA (Stable)	Apr-2-25	[ICRA]AAA (Stable)	13-May-24	[ICRA]AAA (Stable)	Feb-23-24	[ICRA]AAA (Stable)	Feb-24-23	[ICRA]AAA (Stable)
						27-Jan-25	[ICRA]AAA (Stable)	-	-	-	-
						21-Feb-25	[ICRA]AAA (Stable)	-	-	-	-
<b>Commercial Paper</b>	Short term	5,000.00	[ICRA]A1+	-	-	-	-	-	-	-	-

Source: ICRA Research

## Complexity level of the rated instrument

Instrument	Complexity indicator
Tax-free/Taxable bonds	Very Simple
Non-convertible debenture	Very Simple
Commercial Paper	Very Simple
Fund-based/Non-fund based bank facilities	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 as on December 05, 2025**

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE787H07081	Tax-free bonds	15-Nov-12	7.38%	15-Nov-27	100	[ICRA]AAA (Stable)
INE787H07115	Tax-free bonds	21-Nov-12	7.38%	21-Nov-27	50	[ICRA]AAA (Stable)
INE787H07149	Tax-free bonds	22-Jan-13	(7.36/7.86)%	22-Jan-28	761	[ICRA]AAA (Stable)
INE787H07172	Tax-free bonds	26-Mar-13	(7.02/7.52)%	26-Mar-28	46.6	[ICRA]AAA (Stable)
INE787H07198	Tax-free bonds	23-Aug-13	8.26%	23-Aug-28	630.3	[ICRA]AAA (Stable)
INE787H07214	Tax-free bonds	30-Aug-13	8.46%	30-Aug-28	1,159.70	[ICRA]AAA (Stable)
INE787H07255	Tax-free bonds	05-Sep-13	8.48%	05-Sep-28	1,129.70	[ICRA]AAA (Stable)
INE787H07289	Tax-free bonds	12-Nov-13	8.38%	12-Nov-28	303.5	[ICRA]AAA (Stable)
INE787H07289	Tax-free bonds	12-Nov-13	8.38%	12-Nov-28	8.9	[ICRA]AAA (Stable)
INE787H07297	Tax-free bonds	12-Nov-13	8.63%	12-Nov-28	157.1	[ICRA]AAA (Stable)
INE787H07339	NCD	22-Jan-14	8.48%	22-Jan-29	6.8	[ICRA]AAA (Stable)
INE787H07362	NCD	22-Jan-14	8.73%	22-Jan-29	141.1	[ICRA]AAA (Stable)
INE787H07396	Tax-free bonds	27-Mar-14	8.55%	27-Mar-29	1,595.80	[ICRA]AAA (Stable)
INE787H07396	Tax-free bonds	27-Mar-14	8.55%	27-Mar-29	12.3	[ICRA]AAA (Stable)
INE787H07099	Tax-free bonds	15-Nov-12	7.41%	15-Nov-32	340	[ICRA]AAA (Stable)
INE787H07123	Tax-free bonds	21-Nov-12	7.41%	21-Nov-32	21	[ICRA]AAA (Stable)
INE787H07156	Tax-free bonds	22-Jan-13	(7.4/7.9)%	22-Jan-33	1,156.40	[ICRA]AAA (Stable)
INE787H07180	Tax-free bonds	26-Mar-13	(7.08/7.58)%	26-Mar-33	23.3	[ICRA]AAA (Stable)
INE787H07206	Tax-free bonds	23-Aug-13	8.19%	23-Aug-33	2	[ICRA]AAA (Stable)
INE787H07222	Tax-free bonds	30-Aug-13	8.37%	30-Aug-33	26.5	[ICRA]AAA (Stable)
INE787H07305	Tax-free bonds	12-Nov-13	8.50%	12-Nov-33	15.9	[ICRA]AAA (Stable)
INE787H07305	Tax-free bonds	12-Nov-13	8.50%	12-Nov-33	186.9	[ICRA]AAA (Stable)
INE787H07313	Tax-free bonds	12-Nov-13	8.75%	12-Nov-33	242.1	[ICRA]AAA (Stable)
INE787H07347	NCD	22-Jan-14	8.66%	22-Jan-34	754.4	[ICRA]AAA (Stable)
INE787H07370	NCD	22-Jan-14	8.91%	22-Jan-34	544.3	[ICRA]AAA (Stable)
INE787H07404	Tax-free bonds	27-Mar-14	8.55%	27-Mar-34	126	[ICRA]AAA (Stable)
INE787H07404	Tax-free bonds	27-Mar-14	8.55%	27-Mar-34	12.6	[ICRA]AAA (Stable)
INE787H07438	Tax-free bonds	27-Mar-14	8.80%	27-Mar-34	128.7	[ICRA]AAA (Stable)
INE787H08071	NCD	26-Oct-23	7.69%	26-Oct-38	2,000	[ICRA]AAA (Stable)
INE787H08089	NCD	08-Dec-23	7.67%	08-Dec-38	1,000	[ICRA]AAA (Stable)
NA^	Tax-free/Taxable bonds	NA	NA	NA	332.3	[ICRA]AAA (Stable)
INE787H08048	NCD	12-Mar-22	7.17%	14-Mar-32	1,500.00	[ICRA]AAA (Stable)
INE787H08055	NCD	31-May-23	7.46%	31-May-33	500	[ICRA]AAA (Stable)
INE787H08063	NCD	18-Sep-23	7.53%	18-Sep-38	2,000.00	[ICRA]AAA (Stable)
NA^	NCD	NA	NA	NA	15,000.00	[ICRA]AAA (Stable)
NA^	Commercial Paper	NA	NA	NA	5,000.00	[ICRA]A1+
NA^	Fund-based/Non-fund based	NA	NA	NA	16,000.00	[ICRA]AAA (Stable)

Source: IIFCL, ICRA Research; ^ Yet to be placed

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

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

Not applicable

### Corrigendum

Document dated December 16, 2025 is corrected with revision as detailed below:

Revision in Annexure I: Rating and outlook of Commercial paper revised from [ICRA]A1+ (Stable) to [ICRA]A1+.

## ANALYST CONTACTS

**Karthik Srinivasan**  
+91 22 6114 3444  
[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

**A M Karthik**  
+91 44 4596 4308  
[a.karthik@icraindia.com](mailto:a.karthik@icraindia.com)

**Sandeep Sharma**  
+91 22 6114 3419  
[sandeep.sharma@icraindia.com](mailto:sandeep.sharma@icraindia.com)

**Mishi Yadav**  
+91 124 4545 320  
[mishi.yadav@icraindia.com](mailto:mishi.yadav@icraindia.com)

**Rajat Kher**  
+91 124 4545 833  
[rajat.kher@icraindia.com](mailto:rajat.kher@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)  
[info@icraindia.com](mailto:info@icraindia.com)

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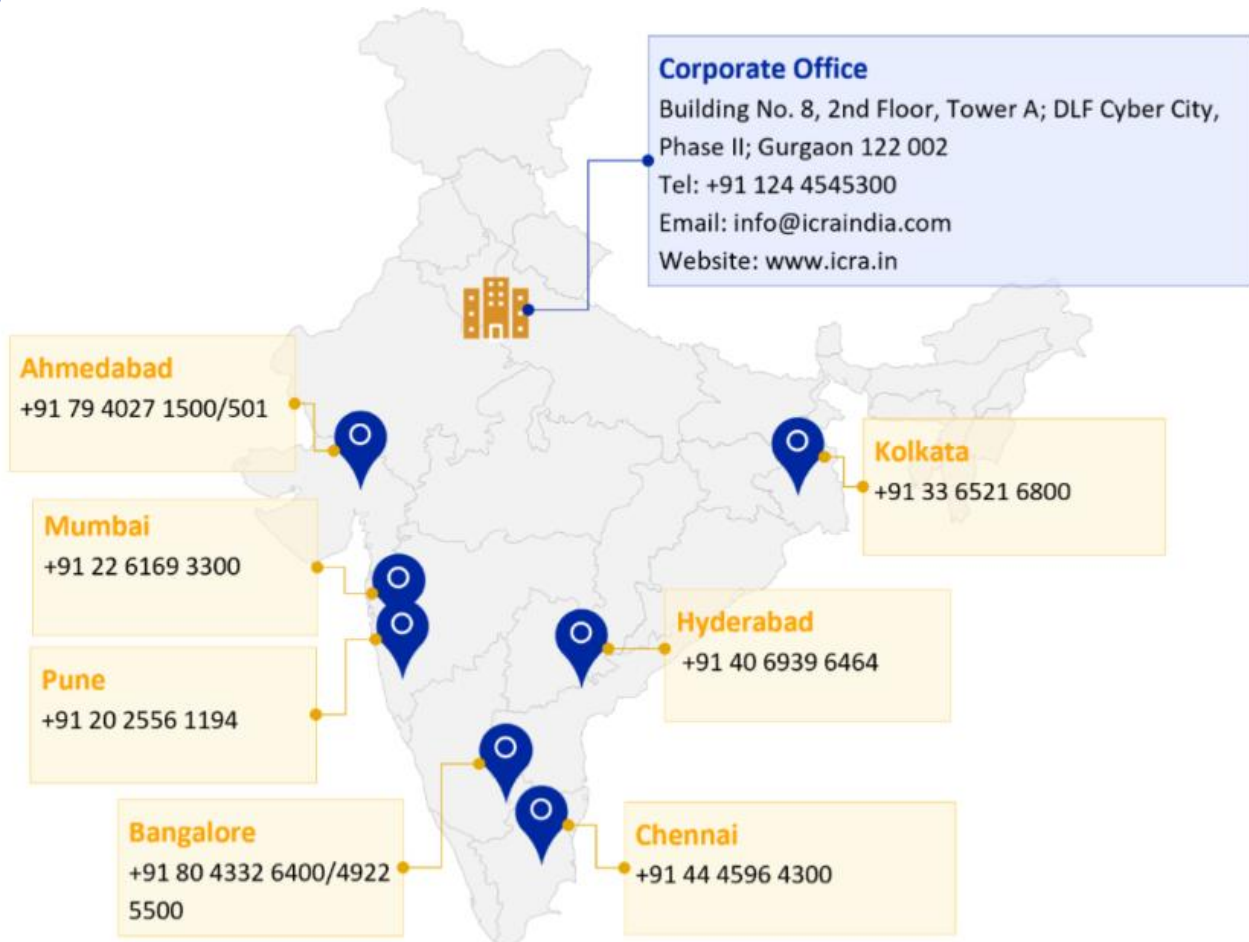
### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



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