

National Bank for Financing Infrastructure and Development's rating reaffirmed at 'CareEdge BBB+ /Stable'

Long-Term Foreign Currency Issuer Rating	CareEdge BBB+ /Stable
---	-----------------------

CareEdge Global Ratings has reaffirmed National Bank for Financing Infrastructure and Development's (NaBFID) long-term foreign currency issuer rating at **'CareEdge BBB+ /Stable'**.

Rating rationale

The rating affirmation reflects CareEdge Global's expectation of strong support for NaBFID from the Government of India (GoI; rated CareEdge BBB+/ Stable 'Unsolicited'), considering the entity's highly critical role in funding the infrastructure projects in India, coupled with strong linkages with the GoI. NaBFID, an All-India Financial Institution (AIFI¹), is focused on enhancing the long-term financing needs of the sector, which is one of the government's key focus areas. Besides having 100% ownership, the GoI also nominates two nominee directors and the chairperson of the board. Further, the GoI has notified NaBFID as a public financial institution (PFI) on September 10, 2024.

The GoI's strong support for NaBFID is reflected in significant equity infusion of Rs 200 bn and an interest-free grant of Rs 50 bn during fiscal 2022. CareEdge Global believes that the likelihood of extraordinary support for NaBFID is high from the GoI, resulting in the equation of NaBFID's rating with that of the GoI. NaBFID's credit profile also benefits from its experienced and skilled management team, coupled with a strong board.

These strengths are partly mitigated by NaBFID's relatively early stage of operations, low seasoning of the loan book, relatively high steady state gearing of 7-8 times expected over the medium term, and inherent risks in the infrastructure sector, especially during the project construction stage.

Outlook

The stable outlook on NaBFID, in line with the sovereign of India, reflects CareEdge Global's expectation of continued support from and integration with the GoI. NaBFID's rating and outlook will move in tandem with the country's sovereign rating.

1 AIFIs are specialised financial institutions in India under sovereign ownership and provide long-term financing to specific sectors of the economy. Five AIFIs—EXIM, NABARD, SIDBI, NHB, and NaBFID—function either as all-India development bank, specialised financial institution, investment institution, or a refinance institution.

Rating sensitivities

Upward factors

- Any upward revision in the sovereign rating or outlook of India by CareEdge Global

Downward factors

- Any downward revision in the sovereign rating or outlook of India by CareEdge Global
- Material dilution in support philosophy of GoI or a significant decrease in the government shareholding below the majority
- Significant deterioration in its capitalisation profile or asset quality on a sustained basis

Analytical approach

CareEdge Global has equated NaBFID's rating with that of GoI with application of its criteria for rating government-related entities (GRE). Under the criteria, CareEdge Global Ratings believes that there is a very high likelihood of extraordinary support to NaBFID from the GoI.

Key rating drivers

Strengths

Strategic importance and strong support from the government

NaBFID is the apex financial institution for the development and financing of the infrastructure sector in India. It was established as an AIFI under the National Bank for Financing Infrastructure and Development Act (NaBFID Act), 2021, with both development and financing objectives. The government has demonstrated strong support in the form of an equity infusion of Rs 200 bn and additional financial support of Rs 50 bn through a grant. The RBI has approved the treatment of this grant as Additional Tier 1 capital.

We expect the GoI to maintain majority and controlling stake in NaBFID in the foreseeable future, considering the institution's strategic importance and GoI's focus on development of infrastructure in the country. The NaBFID Act also has a provision for the GoI to maintain at least a 26% stake in NaBFID.

Additionally, the Act provides certain enabling features to the institution, such as access to guarantees from the GoI for its overseas borrowings at concessional rates, reimbursement of hedging costs from the government, a 10-year tax holiday, and application of market standards on the employee remuneration. These provisions are expected to allow the institution to remain competitive and specialise in financing infrastructure projects through bespoke structuring.

Well-positioned to tap significant growth opportunity over medium to long term

NaBFID has scaled up significantly in the initial years of operations with assets under management (AUM) reaching Rs 1,168 bn within four years of operations given robust public and private investments in the infrastructure development in the country, especially in power, renewables and roads sectors. As the investment momentum is likely to sustain over the next

5-10 years, NaBFID's AUM is expected to continue to grow robustly. This would be facilitated by its high equity base, as reflected in a healthy capital adequacy ratio (CAR) of 44.2% as of March 31, 2026 (PY: 74%).

The institution also has a strong resource profile in the form of 50% borrowing from the bond market and the remaining from multiple banks at very fine coupon rates ranging 6.67-7.65%. NaBFID would be further able to raise resources at a competitive price to fund its growth.

Experienced management team and strong board

NaBFID's senior leadership team has extensive experience in the banking and financial services industry, spanning the public and private sectors. Of the 12 directors on the board, two are GoI nominee directors and six are independent directors.

Mr. K V Kamath (former MD and CEO of ICICI Bank) was NaBFID's first chairman and entrusted with the responsibility of developing NaBFID to catalyse investment in the infrastructure sector. He completed his three-year term in October 2024.

The board also includes eminent bankers such as Mr. B. Sriram, Mr. N.S. Kannan, Mr. L.V. Prabhakar, and Mr. Suresh Patel (former MDs and CEOs of large Indian banks) as independent directors, thereby enabling strategic guidance and oversight to the institution in fulfilling its policy mandate. Mr. Rajkiran Rai G (former CEO of Union Bank of India) is the MD and current acting-chair of NaBFID.

The three Deputy MDs – Mr. B S Venkatesha (Chief Risk Officer), Ms. Monika Kalia (Chief Financial Officer) and Mr. Samuel Jebaraj (Lending and Project Finance) – also have board seats and bring decades of experience from large Indian public sector banks. The board and management together have robust understanding of lending in the infrastructure sector with deep expertise in project finance and related domains such as treasury, risk, credit underwriting, etc. The institution has operational flexibility in setting lending terms, loan tenures, and interest rates tailored to the needs of the infrastructure segment.

Weaknesses

Early stage of operations and low seasoning of the portfolio

NaBFID was established in 2021 and started lending operations in December 2022. Initially, it funded operational and brownfield projects and has gradually expanded into greenfield projects. NaBFID had cumulative sanctions of Rs 3,365 bn as of March 31, 2026, of which 69% is for roads, power and renewables, with allocations across major infrastructure segments such as transport & logistics, data centres, warehousing, water & sanitation, etc.

Of the total sanctioned amount, Rs 1,492 bn had been disbursed and Rs 1,168 bn was outstanding as of March 31, 2026. Of the disbursements, around 27% is for greenfield projects and >55% for funding projects with a tenor of more than 15 years. Given the wholesale nature

of the business and the initial stage of operations, the portfolio concentration remains high with top 20 loans contributing to ~41% of the total advances (fiscal 2025: 59%). However, these exposures are towards well-rated borrowers with 88% of borrowers being rated 'A' and above as of March 31, 2026.

The non-performing assets (NPAs) are nil as of March 31, 2026, corroborating the low seasoning of the portfolio. CareEdge Global believes that the same will evolve only over the medium term. Further, considering the inherent risk associated with the infrastructure funding business, NaBFID's track record of maintaining asset quality remains to be seen.

Comfortable gearing at present, likely to increase to 7-8 times over medium term

NaBFID started lending through equity capital in fiscal 2023 and started raising debt only in fiscal 2024, resulting in gearing (debt-to-equity) of 0.9 time as of March 31, 2024. Gearing increased to 1.6 times as of March 31, 2025, and 3.1 times by March 31, 2026. Its gearing is expected to moderate to 7-8 times on a steady-state basis, with envisaged growth in the loan book over the next 3-4 years. Additional financial support from the GoI through equity infusion may also be required to support its loan book growth; this is monitorable.

Exposure to risks associated with project finance

The infrastructure financing ecosystem has evolved in India over the past decade, driven by a supportive policy environment, the government's thrust on completing infrastructure projects, and participation of foreign/private equity investments. However, project implementation risks—especially related to land acquisition, regulatory approvals and cost overruns—remain.

While NaBFID has been profitable since its inception, its ability to generate margin and maintain the asset quality is a key monitorable. Furthermore, the current book focuses on roads and renewable energy projects, aligning with the industry's sectoral exposure.

CareEdge Global believes that NaBFID has adequate skillset and expertise in the sector to manage these risks through prudent underwriting and risk management policies as well as appropriate project structuring mechanisms.

Liquidity

NaBFID has strong liquidity, with a cash and bank balance of Rs 181 bn and no major debt repayment obligations. It also has unutilised lines of Rs 135 bn from various banks as of March 31, 2026, and an investment book of around Rs 202 bn. Furthermore, NaBFID has a policy of maintaining 60 days of liquidity to cover all ensuing liabilities, including planned disbursements. While there is no asset-liability management (ALM) mismatch as of date, the institution is exposed to a potential ALM mismatch in the long run.

Environmental, social, and governance (ESG) considerations

NaBFID has established a framework to incorporate environmental considerations into its financing activities, reflecting its focus on sustainable infrastructure development. The institution is undertaking initiatives such as ESG-focused products, sustainability-linked financing, and support for green financing markets. Environmental and social risk assessments are embedded within the credit appraisal process to evaluate project-level risks and promote prudent lending practices.

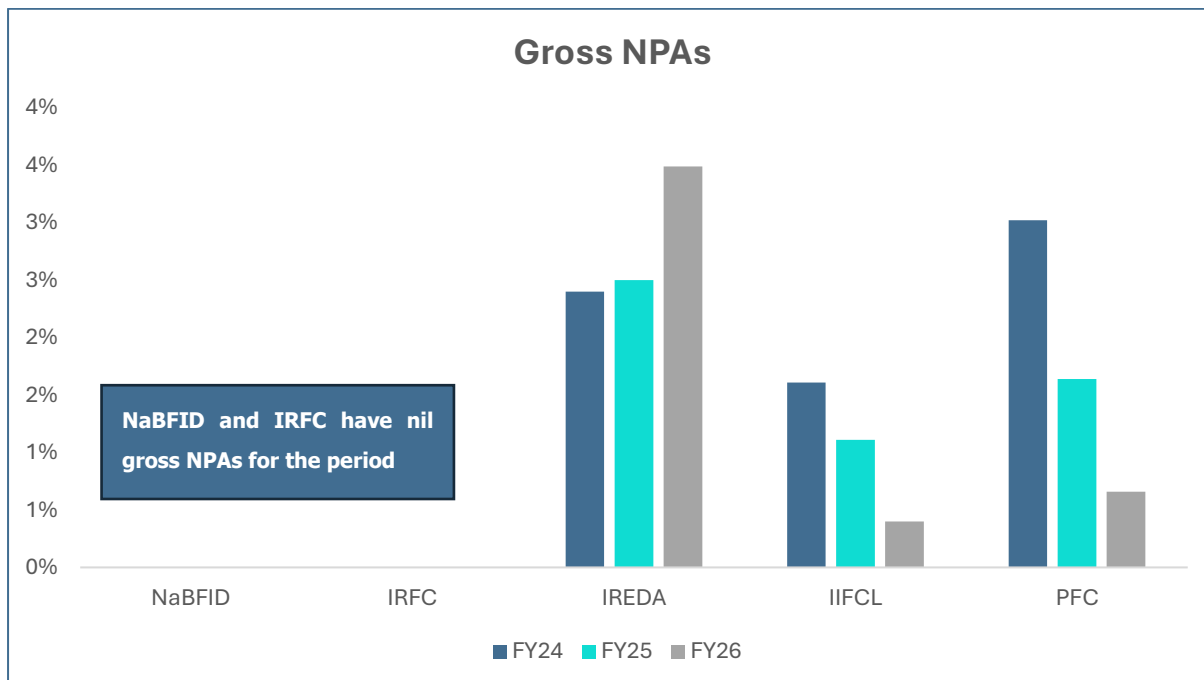
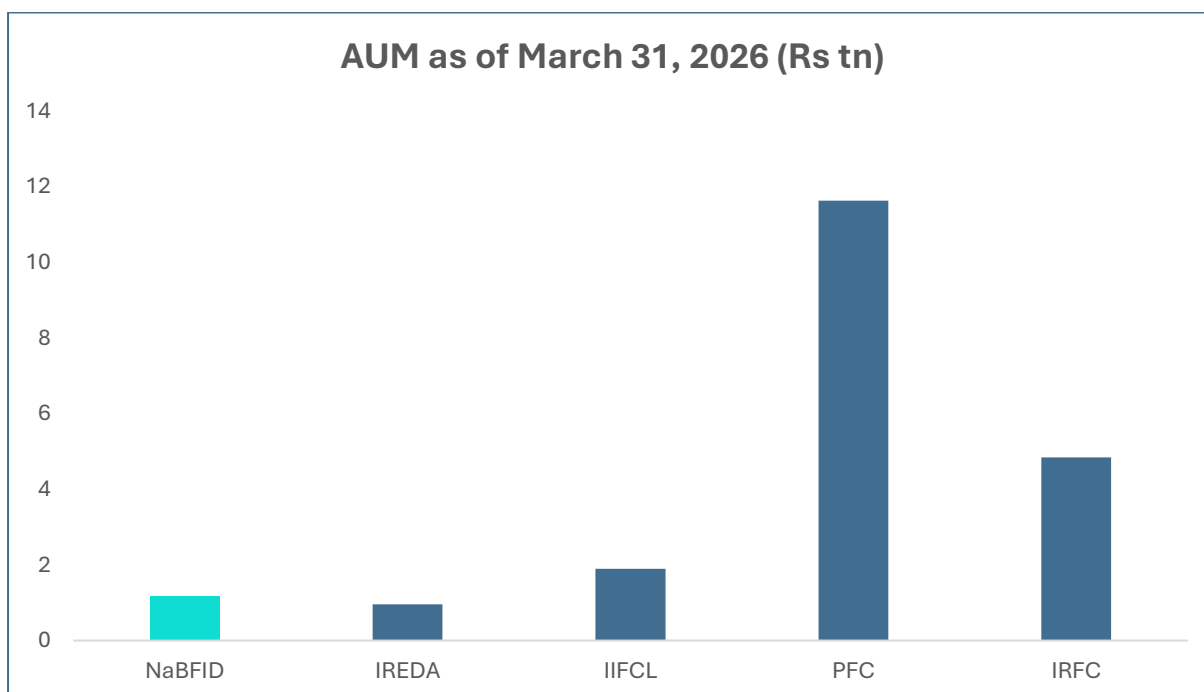
NaBFID's developmental mandate supports infrastructure creation across key sectors including transportation, energy, water and sanitation, communication, and social infrastructure. Through its lending, advisory, and capacity-building initiatives, the institution contributes to enhancing infrastructure access and supporting broader economic and social development objectives, while facilitating long-term investment in public and urban infrastructure.

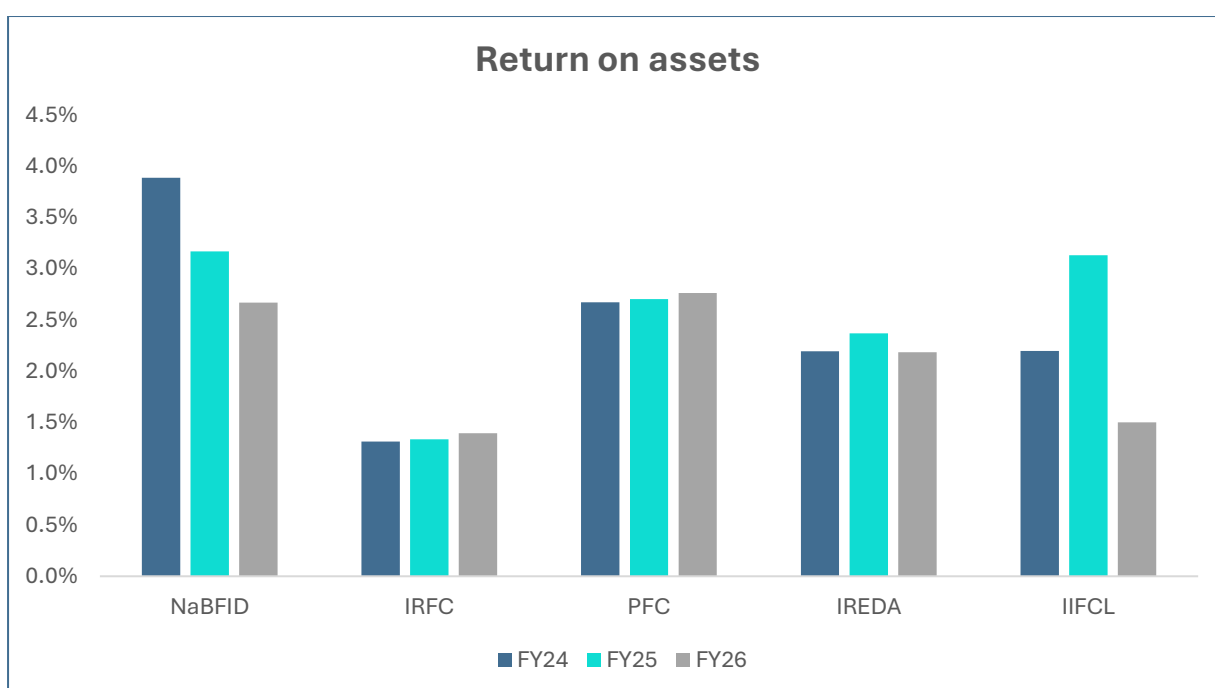
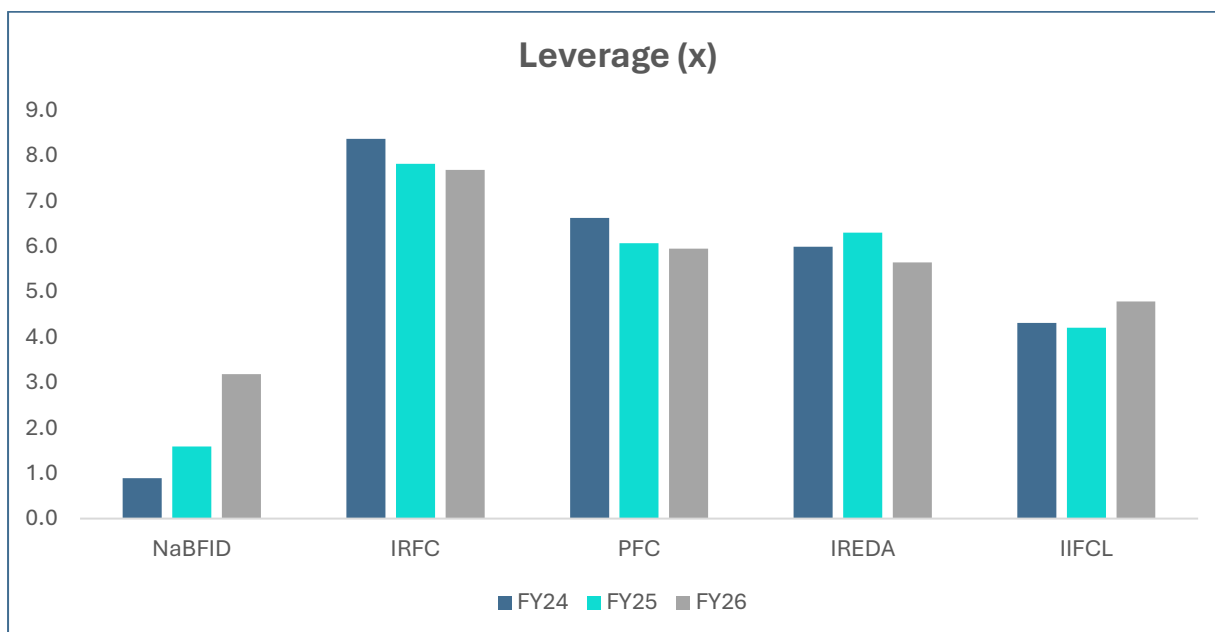
Governance remains a core strength underpinning NaBFID's operations. The institution operates under a structured governance framework comprising an experienced Board, independent directors, specialized board committees, and comprehensive risk management and compliance mechanisms. The integration of ESG and risk considerations into business processes, supported by robust oversight and regulatory adherence, reflects a disciplined approach to governance and institutional sustainability.

About the company

NaBFID is an Indian AIFI set up in 2021 by an Act of the Parliament (The National Bank for Financing Infrastructure and Development Act, 2021), with the objectives of addressing the gaps in long-term, non-recourse finance for infrastructure development, and supporting the development of bond and derivatives markets in India. The institution is regulated and supervised by the RBI as an AIFI under the RBI Act, 1934. Further, the GoI has notified NaBFID as a PFI on September 10, 2024. It reported AUM of Rs 1,168 bn and no NPAs as of March 31, 2026.

Comparison with other public sector undertakings





Recent updates and financial summary

NaBFID posted a net profit of Rs 8 bn for the quarter ended June 2026 vs Rs 7 bn for the same period of the previous year. Its AUM increased to Rs 1,281 bn as of June 30, 2026 from Rs 638 bn a year earlier. The institution reported zero GNPA. Cumulative sanctions stood at Rs 3,593 bn, with 63% directed towards the roads, power, and renewable energy sectors. NaBFID also maintained a robust CAR of 45.1% as of June 30, 2026.

Key financials metrics

	Unit	March 31, 2024	March 31, 2025	March 31, 2026
AUM	Rs bn	353	599	1,168
Net interest margin	%	3.8	2.3	2.9
Cost to income	%	5.2	7.6	8.3
GNPA	%	0.0	0.0	0.0
Return on assets	%	3.9	3.2	2.7
CAR	%	115.1	73.9	44.2

Solicitation status

These ratings are solicited. The management has provided information to and held meetings with the CareEdge Global analytical team for the rating.

Rating history

Instrument	Type	Rating	Date
Issuer Rating	Long-Term Foreign Currency (Solicited)	CareEdge BBB+/Stable	September 01, 2026
Issuer Rating	Long-Term Foreign Currency (Solicited)	CareEdge BBB+/Stable	September 03, 2025

Criteria applied

[CareEdge Global's Government Related Entity Rating Methodology](#)

[CareEdge Global's Rating Methodology for Financial Institutions](#)

Analytical contacts

Ankit Kedia

ankit.kedia@careedgeglobal.com

Sanchit Arora

sanchit.arora@careedgeglobal.com

Smit Doshi

smit.doshi@careedgeglobal.com

Relationship contact

Aakash Jain

aakash.jain@careedgeglobal.com

Media contact

Mradul Mishra

mradul.mishra@careedge.in

About Us

CareEdge Global IFSC Limited (CareEdge Global) is a full-service Credit Rating Agency (CRA) with a mission of **Empowering Global Capital Market Participants Through Unrivalled Insights and Expertise**. As the first CRA registered and authorized by the International Financial Services Centres Authority (India), CareEdge Global is uniquely positioned to provide comprehensive ratings on a global scale. A part of the CareEdge Group, which is a knowledge-based analytical organisation offering a wide range of services in Credit Ratings, Analytics, Consulting, and Sustainability. Established in 1993, our parent company, **CARE Ratings Limited (CareEdge Ratings)**, stands as India's second-largest rating agency.

Disclaimer

This disclaimer applies to each credit rating report and/ or credit rating rationale ('report') that is provided by CareEdge Global IFSC Limited ('CareEdge Global').

Ratings from CareEdge Global are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/ instruments or to make any investment decisions. The report is not a solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CareEdge Global assumes no obligation to update its opinions following publication in any form or format although CareEdge Global may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the investor, user, its management, employees, advisors and/ or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. Therefore, the report is not intended to and does not constitute an investment advice. The report should not be the sole or primary basis for any investment decision. CareEdge Global is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CareEdge Global. CareEdge Global does not act as a fiduciary by providing the rating.

Any unsolicited ratings assigned by CareEdge Global are based on publicly available information as CareEdge Global may or may not have access to documents / information or participation from management of such issuers. While CareEdge Global has obtained information from sources it believes to be reliable, CareEdge Global does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/ or relies on in its reports. CareEdge Global ratings are subject to a periodic review, which may lead to revision in ratings. CareEdge Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CareEdge Global has in place a ratings code of conduct and policies for managing conflict of interest.

Neither CareEdge Global nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents guarantee the accuracy, completeness or adequacy of the report, and shall not have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. CareEdge Global DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CareEdge Global or its associated entities or persons be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

This report does not constitute an offer of services. This report is solely for use in the jurisdiction of IFSCA, GIFT City in Gandhinagar. Without limiting the generality of the foregoing, nothing in the report is to be construed as CareEdge Global providing or intending to provide any services in jurisdictions where CareEdge Global does not have the necessary licenses and/ or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CareEdge Global and the user.

For latest rating information on any instrument of any company rated by CareEdge Global, you may visit our website www.careedgeglobal.com.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CareEdge Global.

© 2026, CareEdge Global IFSC Limited, a wholly owned subsidiary of CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CareEdge Global IFSC Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CareEdge Global IFSC Limited.

CareEdge Global IFSC Limited
501, FlexOne, GIFT SEZ, Block 15, Gandhinagar, Gujarat – 382050, India. Phone: +91-79-6519 0701 | www.careedgeglobal.com
CIN-U66190GJ2024PLC151103