

RATING RATIONALE

7 Nov 2024

India Infrastructure Finance Company Limited

Brickwork Ratings reaffirms the ratings of BWR AAA/ Stable for the various bond issues amounting to Rs. 10285.46 Crs of India Infrastructure Finance Company Limited and removes the rating from ISSUER NOT COOPERATING* category.

Particulars

Instruments @	Amount (₹ Crs)		Tenure	Rating#	
	Previous	Present		Previous (8 May 2024)	Present
Long term Unsecured bonds&	2,000	0.00	Long Term	BWR AAA /Stable / ISSUER NOT COOPERATING* / Reaffirmed	BWR AAA /Stable / (removed from ISSUER NOT COOPERATING* category and Reaffirmed)
Long term Tax-free bonds ^	18,000	10,285.46		BWR AAA /Stable / ISSUER NOT COOPERATING* / Reaffirmed	BWR AAA /Stable / (removed from ISSUER NOT COOPERATING* category and Reaffirmed)
Total	20,000	10,285.46	INR Ten Thousand Two hundred Eighty Five Crores and Forty Six lakhs Only		

@ Details of NCDs are provided in Annexure II.

Please refer to the BWR website www.brickworkratings.com/ for the definition of the ratings.

& BWR awaits receipt of documents/ confirmation for withdrawal of rating in compliance with BWR Rating Withdrawal Policy.

^ The reduction in rated amount is on account of redemption of NCDs.(Refer-Annexure-II).

* Issuer did not Cooperate; based on best available information.

RATING ACTION / OUTLOOK

Brickwork ratings (BWR) reaffirms the rating of various debt issues of India Infrastructure Finance Company Limited (IIFCL or the Company) as tabulated above, and removes the rating from ISSUER NOT COOPERATING* category basis the submission of requisite information for review, including NDS and cooperation of the company's management with BWR.

The rating reaffirmation continues to derive strength from the strong parentage, strategic importance of IIFCL towards the Government of India and improved overall financial risk profile of IIFCL. The rating derived comfort from the unconditional and irrevocable Guarantee by the Government of India (GoI) to multilateral borrowings and to the NCDs amounting to Rs. 3,000 Cr.

BWR believes that IIFCL's business risk profile will be maintained over the medium term. The Stable outlook indicates a low likelihood of rating change over the medium term.



KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The Company has rated various instruments in the nature of bonds and subordinate bonds, each of these categories has a different issue date, maturity date and coupon rate. Additional details are provided Annexure II.

KEY RATING DRIVERS:

CREDIT STRENGTHS:-

Strong Ownership and support from Government of India (GoI): IIFCL is 100% GOI owned enterprise. IIFCL is the apex institution in infrastructure financing, which is a critical sector for the country, and BWR believes the company will continue to receive support from the GoI. The GoI provides capital support to the company through budgetary allocation. Furthermore, IIFCL has been permitted to raise tax-free bonds to meet its borrowing requirements. The government has nominee directors on the board of the company. The board of directors include senior officials from the Ministry of Finance, Executive Directors of public sector Banks. The company also benefits from the experienced management with a long track record, and the company's MD Mr. P R Jaishankar also has extensive experience in the lending and asset management businesses of government-owned financial institutions. BWR believes that given the strategic importance of the Company to the GoI initiatives on strengthening the Infrastructure projects, GoI shall provide timely support to the Company, whenever required.

Strong capitalisation, liquidity and resource profile : IIFCL being 100% GOI owned, the Government of India has been providing timely financial support to the Company in the form of regular capital infusion. As on 31st March 2024, the Authorized Share Capital of the company stood at ₹10,000 crore and the Paid-Up Share Capital was ₹9999,91,62,300 consisting of 999,99,16,230 equity shares of ₹10 each, entirely held by Government of India. No equity contribution was received by India Infrastructure Finance Company Limited (IIFCL) during FY24.

With the retention of profit, the net worth of the company improved to Rs13974 Crs as on 31 March 2024. With the improvement in net worth as stated above and maintenance of borrowings at the existing levels, gearing stood at 4.25x as on 31 March 2024 as against 4.30x as on 31 March 2023. The total capital adequacy ratio (CAR) was 25.46% as on 30 September 2024 providing an adequate cushion over the minimum regulatory requirement of 15%.

Diversified Resource Profile: The company has a diversified borrowing profile, with funds raised from banks/ FIs in the forms of Overdraft and short term loans and foreign currency loans, and market issues in the form of non-convertible debentures. As of 31 Mar 2024, the company's borrowings stood at Rs.50,923 Crs, including Rs. 22,893 crs in debt securities and ₹ 27,008 crs of bank and multilateral borrowings , and ₹1021 crore in accrued interest.

CREDIT RISKS:-

Improved asset quality albeit remains monitorable.

Given the nature of infrastructure business, the portfolio has high exposure in the road and power sector. Company's asset quality has improved significantly over the last three years, with Gross Non Performing Asset and Net Non-Performing Asset ratios falling to 1.61 per cent and 0.46 per



cent respectively as on 31 March 2024 from about 3.65 per cent and 9.22 per cent on 31 March 2022. Furthermore, 88 per cent of IIFCL's loan assets are of high quality (AAA, AA & A rated) . As on 31st March 2024, the Gross NPAs stood at ₹823.16 crore and the Net NPAs stood at ₹234.39 crore. Besides, accounts to the extent of ₹618.20 crore were written-off during the year 2023-24. As on 31st March 2024, the gross NPA ratio was at a level of 1.61 % and Net NPA Ratio was at level of 0.46 % . The Provision coverage ratio was 71.53 % as on 31st March 2024. During 2023- 24, recovery of ₹1019.87 crore has been made, which, inter – alia, includes ₹369.38 crore recovered from written-off/ARC accounts. The company continues to focus on loan recovery and also strengthen its credit portfolio by incrementally lending to better profiled customers. Going ahead, the company's ability to manage and improve the asset quality will remain a key monitorable.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA:

To arrive at its ratings, BWR has taken the consolidated financials of IIFCL into consideration and the implicit support of GoI. BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

The company's ability to improve asset quality and profitability while maintaining liquidity and improving the overall financial risk profile will be key rating sensitivities.

Negative: The rating may be reviewed if there is any change in the ownership and/or diminution in the strategic importance of the institution to the GoI or a significant deterioration in the company's credit risk profile.

LIQUIDITY INDICATORS: ADEQUATE

Liquidity risk is the risk of loss due to failure of the institution to meet funding requirements or execute a transaction utilizing funds borrowed at a reasonable price. There may be market liquidity risk or funding liquidity risk. IIFCL manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of combined credit lines. LCR was at 96.82% as on September 30th 2024 reflecting adequate liquidity. IIFCL has good resource profile and financial flexibility benefitted by 100% GOI stake in the ownership and likely support of GOI to infuse capital when needed.

COMPANY'S PROFILE

India Infrastructure Finance Company Ltd (IIFCL), registered with the RBI as an NBFC-IFC in September 2013, was set-up in 2006 with an objective to provide long-term finance to viable infrastructure projects through the Scheme for Financing Viable Infrastructure Projects. IIFCL is wholly owned by the GoI. The company lends through Direct Lending, Refinance, Takeout Finance, Investment in Bonds / Inveits issued by Project Infrastructure companies and Credit Enhancement. IIFCL gives overriding priority to Public Private Partnership (PPP) projects.

IIFCL has three wholly owned subsidiaries, viz., India Infrastructure Finance Company (UK) Ltd [IIFC (UK)], IIFCL Asset Management Company Ltd (IAMCL) and IIFCL Projects Limited (IPL). IIFC (UK) was set-up with an objective of lending in foreign currency to Indian companies



implementing infrastructure projects in the country. IAMCL was set-up to carry on the business of Investment Management or to act as Asset Management Company and/or to administer Mutual Funds and IPL was established with the aim of providing varied advisory services from the point of identification and conception of infrastructure projects and gauging their feasibility to the point of monitoring and supervision.

IIFCL continues to provide financial support for infrastructure projects, and has recently shifted its focus to projects of national significance, extending financial aid to some of the most prominent ongoing projects such as Navi Mumbai International Airport, Jewar International Airport, Pune IT City Metro and Ganga Expressway. Loan book quality remains good with 88% of its loan books rated A and above.

IIFCL provides financial assistance through long term debt, and also by way of refinance to banks and financial institutions once the viability of the project is established. As a matter of policy it lends up to 20% of the capital cost of a project under direct lending. IIFCL also plays an important role in Public Private Partnership (PPP) projects as it has a special mandate from the Government to catalyze infrastructure growth in the country especially through public-private partnership (PPP) route.

IIFCL is the apex institution for infrastructure financing in our country. Its significance is crucial for growth in the economy across the key infrastructure sectors. The company derives strengths from the 100% GOI ownership, strong board of directors and experienced management team across varied fields

About the Company:

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Financial	Other Financial Services

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Key Financial Indicators (Consolidated)

Key Indicators	Units	31-Mar-22	31-Mar-2023	31-Mar-2024
Portfolio details	Unit	Audited	Audited	Audited
PAT	Rs in Crs	639.16	1256.00	1636.60
Net Interest Income	Rs in Crs	1694.24	1622.26	1818.56
Cost of Borrowing	%	4.90%	5.9%	6.00%
Total AUM	Rs in Crs	48918.12	50823.33	54871.65
Tangible Net Worth	Rs in Crs	11176.07	12507.09	13986.21
Gearing	In times	4.66	4.30	4.25

Key Financial Indicators (Standalone)

	Units	31-Mar-2022	31-Mar-2023	31-Mar-2024	30-Sept-2024
Key Parameters		Audited	Audited	Audited	Reviewed Unaudited
Net Worth	Rs. Cr	12878	13831	14266	15116
CRAR	%	27.65%	25.85%	28.15%	25.46%
Gross NPA	%	4.76%	2.58%	1.61%	1.25%
Net NPA	%	1.45%	0.70%	0.46%	0.35%

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY: None

Rating History for the last three years (including suspended/withdrawn rating)

S. No	Instrument	Current Rating (Nov 2024)			Rating History for the past 3 years		
		Type	Amount (₹ Crs)	Rating	2023	2022	2021
1.	Long Term Unsecured Bonds (Guaranteed by GoI)	Long Term	Nil	BWR AAA/ Stable/ Reaffirmed	-	19 Dec 2022	19 Nov 2021
				----- 08 May 2024 BWR AAA/ Stable/ISSUER NOT COOPERATING* / Reaffirmed	-	BWR AAA/ Stable (Reaffirmed)	BWR AAA(CE)/ Stable (Reaffirmed)
2.	Long Term Tax-free Bonds	Long Term	10,285.46	BWR AAA /Stable/ Reaffirmed	-	BWR AAA/ Stable (Reaffirmed)	BWR AAA/ Stable (Reaffirmed)
	Total		10,285.46	INR Ten Thousand Two hundred Eighty Five Crores and Forty Six lakhs Only			

*Issuer did not cooperate; based on best available information.

COMPLEXITY LEVELS OF THE INSTRUMENTS -

Bonds : Complex

For more information, visit

www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Banks and Financial Institutions](#)
- [Infrastructure Sector](#)
- [Issuer Not Cooperating](#)

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ANNEXURE- I

Details of Bank Loan Facilities rated by BWR -NA

ANNEXURE II: Details of the NCDs

Long Term Bonds: Rs. 2000 Crs (Secured by GOI guarantee)					Principal Repayment	Complexity Levels
Issues	ISIN	Amount (Rs. Crs)	O/s Rs Crs	Rate	Due Date	
Series VII	INE787H09079	600	0	8.12%	12-Aug-24	Complex
Series VIII	INE787H09087	400	0	8.12%	24-Aug-24	Complex
Series IX	INE787H09095	1000	0	8.55%	3-Nov-24	Complex
Total		2000	0			

Note : The aforesaid NCDs have been redeemed in full, BWR awaits receipt of necessary documents/ confirmation for the Withdrawal of Rating in compliance with BWR Rating Withdrawal policy

Long Term Tax Free and Taxable Bonds: Rs. 18000 Crs				Principal Repayment	Complexity Levels
Issues	Amount (Rs. Crs)**	Rate	ISIN	Due date	
Tax Free bonds Series IIIB	100.00	7.38%	INE787H07081	15-Nov-27	Complex
Series IIIC	340.00	7.38%	INE787H07099	15-Nov-32	Complex
Tax Free bonds: Series IVB	50.00	7.26%	INE787H07115	21-Nov-27	Complex
Series IVC	21.00	7.26%	INE787H07123	21-Nov-32	Complex
Public Issue of Tax Free Bonds 2012-13 (Tranche I): Series I	0.00	7.38%	INE787H07131	22-Jan-23^	Complex
Series II	760.96	7.38%	INE787H07149	22-Jan-28	Complex
Series III	1156.42	7.38%	INE787H07156	22-Jan-33	Complex
Public Issue of Tax Free Bonds 2012-13 (Tranche II): Series I	0.00	6.99%	INE787H07164	26-Mar-23^	Complex
Series II	46.56	6.99%	INE787H07172	26-Mar-28	Complex
Series III	23.32	6.99%	INE787H07180	26-Mar-33	Complex
Tax Free Bond: Series VB	630.30	8.26%	INE787H07198	23-Aug-28	Complex
Series VC	2.00	8.26%	INE787H07206	23-Aug-33	Complex
Tax Free Bond: Series VIA	0.00	8.45%	INE787H07230	30-Aug-23^	Complex
Series VIB	1159.70	8.45%	INE787H07214	30-Aug-28	Complex
Series VIC	26.50	8.45%	INE787H07222	30-Aug-33	Complex
Tax Free Bond: Series VII A	0.00	8.48%	INE787H07248	05-Sep-23^	Complex
Series VIIB	1129.70	8.48%	INE787H07255	05-Sep-28	Complex
Public Issue of Tax Free Bonds 2013-14 (Tranche I): Series IA	0.00	8.63%	INE787H07263	12-Nov-23^	Complex
Series IB	0.00	8.63%	INE787H07271	12-Nov-23^	Complex
Series IIA	303.53	8.63%	INE787H07289	12-Nov-28	Complex
Series IIB	166.03	8.63%	INE787H07297	12-Nov-28	Complex
Series IIIA	186.90	8.63%	INE787H07305	12-Nov-33	Complex
Series IIIB	257.962	8.63%	INE787H07313	12-Nov-33	Complex
Public Issue of Tax Free Bonds 2013-14 (Tranche II): Series IA	0.00	8.41%	INE787H07321	22-Jan-24^	Complex
Series IB	0.00	8.66%	INE787H07354	22-Jan-24^	Complex
Series IIA	279.89	8.48%	INE787H07339	22-Jan-29	Complex
Series IIB	147.89	8.73%	INE787H07362	22-Jan-29	Complex
Series IIIA	754.40	8.66%	INE787H07347	22-Jan-34	Complex
Series IIIB	595.90	8.91%	INE787H07370	22-Jan-34	Complex
Public Issue of Tax Free Bonds 2013-14 (Tranche III): Series IA	0.00	8.16%	INE787H07388	27-Mar-24^	Complex
Series IB	0.00	8.16%	INE787H07412	27-Mar-24^	Complex
Series IIA	1595.85	8.16%	INE787H07396	27-Mar-29	Complex
Series IIB	283.39	8.16%	INE787H07420	27-Mar-29	Complex
Series IIIA	125.98	8.16%	INE787H07404	27-Mar-34	Complex
Series IIIB	141.28	8.16%	INE787H07438	27-Mar-34	Complex
Total	10,285.46**				



Note: *Of Rs.2000 Crs, all bonds were redeemed as on Nov 2nd 2024. BWR awaits necessary documents / information for its withdrawal, as per BWR Rating Withdrawal Policy Out of Rs. 18,000 Crs, present o/s is Rs.10,285.46 crs. Reduction in amount is on account of redemption on its maturity and some of them are prematurely redeemed.*

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