National Bank For Financing Infrastructure And Development

May 29, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	45,000.00 (Enhanced from 25,000.00)	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

Re-affirmation of the rating to long-term bank facilities of National Bank for Financing Infrastructure And Development (NaBFID) factors in its comfortable capitalisation levels, diversified resource profile, healthy asset quality, and strong liquidity profile. The rating continues to favourably factor in NaBFID's strategic position as one of apex financial institutions (FI) formed with an objective of development and financing of infrastructure projects in India under the National Bank for Financing Infrastructure And Development (NaBFID) Act, 2021, with Government of India (GoI) holding 100% stake in the institution.

The rating also considers experienced management team and continued support from the GoI in the form of initial capital infusion of ₹20,000 crore and additional grant of ₹5,000 crore, and a tax holiday for 10 years to support its profitability.

These rating strengths are partially offset by NaBFID's limited track record of operations where the asset quality of its loan book remains untested and would be a key monitorable in the near-to-medium term. CARE Ratings Limited (CareEdge Ratings) also expects an increase in the leverage of NaBFID in the medium term to support its business growth.

CareEdge Ratings expects NaBFID to continue receiving support from the GoI, considering its strategic importance for the development of infrastructure in the country.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:
Not applicable

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Material dilution in support philosophy of GoI or in GOI shareholding directly or indirectly (through quasi government entities) to below 51%.
- Significant weakening in asset quality with Gross non-performing assets (GNPA)remaining over 5% of total advances on a sustained basis.
- Significant deterioration in capitalisation levels.

Analytical approach: Standalone

CareEdge Ratings has considered standalone business, financial, and management risk profiles of NaBFID, and factored in its sovereign ownership and the expectation of strong support from the GoI.

Outlook: Stable

CareEdge Ratings expects NaBFID to remain a strategically important entity for the GoI and continue receiving need-based support from the GoI.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Strategic importance to and strong support from the GoI

NaBFID was formed with the enactment of the 'NaBFID Act 2021' on April 19, 2021, and initiated lending operations in the last quarter of FY23. It is designated as the fifth All India Financial Institution (AIFI) indicating its strategic importance as an apex financial institution for financing and development of the infrastructure sector in India. As on March 31, 2026, the GoI holds 100% stake in NaBFID, and has provided initial equity capital of ₹20,000 crore and additional grant of ₹5,000 crore to the institution to enable it raising funds at a competitive cost.

While the Act provides for dilution in GoI's shareholding up to 26%, GoI is expected to maintain majority and controlling stake in the long-term, considering the institutions' strategic importance and the GoI's focus on development of infrastructure in the country. CareEdge Ratings expects need-based capital support to NaBFID from GoI in the medium term to support growth of its lending portfolio. The institution has representation from GoI through two nominee directors and has the power to appoint the Chairman of the Board.

the NaBFID Act provides certain enabling features to the institution, such as access to guarantees from GoI for its oversees borrowings at lower guarantee commission/fees of 0.1%, reimbursement of hedging cost from the government, 10- year tax holiday and market standards applied on the employee remuneration. These provisions are expected to allow the institution to remain competitive and support projects where higher lending rates may make them unviable.

Experienced management team

NaBFID's senior management team comprises personnel with several years of experience in the banking and finance industry. The Board of Directors comprises 12 directors, of which, two are GoI nominee directors and six are independent directors. The Board of Directors includes Rajkiran Rai G, who is the Managing Director (MD) of NaBFID and oversees operations at NaBFID. Rajkiran Rai G is the former Chief Executive Officer (CEO) of Union Bank of India and has over 30 years of experience in the banking and finance sector.

In line with NaBFID Act, 2021 the Board has appointed B S Venkatesha as the Deputy Managing Director – Chief Risk Officer (DMD-CRO), Monika Kalia as the Deputy Managing Director - Chief Financial Officer (DMD-CFO), and Samuel Joseph Jebaraj, Deputy Managing Director – Lending and Project Finance (DMD- L&PF) who have served in senior positions at public sector and private sector banks.

Comfortable capitalisation

NaBFID is currently well-capitalised, supported by an initial share capital of ₹20,000 crore and an interest-free grant of ₹5,000 crore from the GoI, and its net worth stood at ₹34,307 crore as on March 31, 2026. The institution has sanctioned cumulative loans of ₹5,74,684 crore and disbursed loans of ₹1,49,266 crore up to March 31, 2026, and its outstanding book was at ₹1,02,712 crore. In the initial years, NaBFID funded its loan book through equity and started leveraging by raising debt from FY24. The bank's overall gearing stood at 0.89x as on March 31, 2024. Over last two years, NaBFID has seen increasing in leverage and its overall gearing stood at 3.07x as on March 31, 2026 (March 31, 2025: 1.57x).

NaBFID plans to reach cumulative sanctions of up to ₹7 lakh crore by FY27-end and would increase its borrowings and leverage in the near-to-medium term. NaBFID plans to keep gearing below 8x in the medium term while maintaining sufficient cushion over the minimum regulatory requirement of capital adequacy ratio (CAR) as prescribed by the Reserve Bank of India (RBI). The NaBFID Act provides for additional financial support through infusion and grants from GoI, which although, not required in the near term, provides comfort regarding the institution's resource raising ability. NaBFID reported capital adequacy ratio (CAR) of 44.22% with Common Equity Tier (CET) I Ratio of 44.22% as on March 31, 2026.

Going forward, NaBFID's loan mix will play a critical role in shaping its capital consumption over the coming years. The pace of growth and the structure of its loan portfolio will determine how quickly capital is utilised. Although the bank's internal capital generation is expected to support its expansion, there is a possibility that it may not fully keep pace with its growth. In such a scenario, CareEdge Ratings anticipates that the GoI will continue to extend need-based financial support, although such assistance may not be needed in the immediate future.

Key weaknesses

Limited track record of operations with untested asset quality of the loan book

NaBFID was formed in 2021 and started lending operations in FY23. Being in early stages of its operations, the institution is focusing on building its business by investing in staff, and information technology (IT) systems, and processes as part of its growth strategy. Disbursements began in the fourth quarter of FY23.

Initially, NaBFID grew its advance book by funding operational and brownfield projects and is now gradually expanding into greenfield projects. As on March 31, 2026, NaBFID had cumulative sanctions of ₹5,74,684 crore as on March 31, 2026, of which major proportion was to sectors like roads, power, and renewable energy (which accounted for 71% of total sanctioned loans). Approximately, 41% of these sanctions are for greenfield projects. Of the total sanctioned amount, ₹1,49,266 crore till March 31, 2026, had been disbursed and ₹1,15,424 crore (including credit substitutes) was outstanding as on March 31, 2026. The institution would have a mix of single and consortium lending.

Of the advances portfolio ~100% is on floating interest rates, which helps the bank to pass on increase in cost of funds. The institution has a dedicated and experienced team, and building up of risk management systems and processes, which would help in growing the loan book profitably. Considering the inherent vulnerability of the infrastructure funding business, NaBFID's track record of scaling up business and maintaining asset quality remains to be seen.

Stable profitability and diversifying resource profile; despite remain monitorable

NaBFID has been reporting profit for last four years. However, the profitability indicators do not truly reflect the business as initial funding has been through equity capital with minimal leverage and significant proportion of the income is generated through funds deployed in cash and bank balances due to pending disbursements. NaBFID reported profit after tax (PAT) of ₹3,037 crore on total income of ₹7,585 crore in FY26 compared to PAT of ₹2,191 crore on total income of ₹5,208 crore in FY25. Per the Act, NaBFID enjoys a ten-year tax holiday, which would help the organisation's profitability in the initial years. Bank expects return on total assets (ROTA)to slightly decline in FY27 if interest rates are hiked by the RBI.

As the institution scales up its loan book by increasing leverage, its margins would moderate in the medium term and hence keeping asset quality under control through prudent underwriting and maintaining comfortable capitalisation would be key monitorable. NaBFID's funding mix comprises capital market borrowings, which are fixed interest rate borrowings and bank lending and External Commercial Borrowing (ECB), which are floating interest rate. To mitigate the interest rate risk, the bank has effectively converted all exposures to floating rates through use of derivatives.

NaBFID remains well capitalised in initial stages of operations and as it scales up business, its ability to raise long-term funds, considering long-term nature of assets, at competitive rates from diverse sources, would be a key monitorable.

Liquidity: Strong

Per the asset liability maturity (ALM) profile dated March 31, 2026, there was no negative cumulative mismatch in time buckets up to three months. NaBFID has debt repayment/servicing of ₹15,061 crore up to one year against which it had loan receivables of ~₹3,293 crore and cash and bank balance of ₹18,188 crore.

Apart from cash and bank balance, the institution also has access to unutilised lines of ~₹15,000 crore from multiple banks. However, as the institution scales up further, its ability to maintain a healthy liquidity to tide over short-term ALM mismatches will be a key rating monitorable.

Assumptions/Covenants – Not applicable

Environment, social, and governance (ESG) risks – Not applicable

Applicable criteria

Definition of Default
Rating Outlook and Rating Watch
Financial Ratios – Financial Sector
Factoring Linkages – Government Support
Criteria for Non-Banking Financial Companies

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Financial institution

NaBFID is a specialised Development Finance Institution in India aimed at supporting the country's infrastructure sector, which can significantly gain from an enabling credit flow by means of attractive instruments and channelised investment.

NaBFID was set up in 2021, by an Act of the Parliament (The NaBFID Act, 2021), with essential objectives of addressing gaps in long-term non-recourse finance for infrastructure development, strengthening development of bonds and derivatives markets in India, and sustainably boosting the country's economy. The principal idea behind the setup of NaBFID is to provide a dedicated and specialised institution focused on addressing the long-term financing needs of the infrastructure sector in India. NaBFID will play a crucial role in driving the development of innovative financing instruments and deep bond and derivatives markets, further supporting infrastructure funding and promoting best practices in financing and data-driven risk management. The institution is regulated and supervised by RBI as an AIFI under the RBI Act, 1934.

Standalone Financials

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total income	2,601	5,208	7,585
Profit after tax (PAT)	1,602	2,191	3,037
Assets under management (AUM)	35,342	56,620	1,02,712
On-book gearing (x)	0.89	1.57	3.07
AUM / tangible net-worth (TNW) (x)	1.24	1.83	2.99
Gross non-performing assets (NPA) / gross stage 3 (%)	0.0	0.0	0.0
Return on managed assets (ROMA) (%)	3.89	3.17	2.67
Capital adequacy ratio (CAR) (%)	115.05	73.93	44.22

A: Audited; Note: These are latest available financial results.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Term Loan-Long Term	-	-	-	Nov-2034	45000.00	CARE AAA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Term Loan-Long Term	LT	45000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (22-Sep-25)	1)CARE AAA; Stable (13-Sep-24)	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Long-term bank facilities	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CARE Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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