Aseem Infrastructure Finance Limited (Revised)

July 14, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Commercial paper	RBI	2,000.00	CARE A1+	Reaffirmed
Long-term / Short-term bank facilities	RBI	9,000.00	CARE AA+ (RWD) / CARE A1+	LT rating Placed on Rating Watch with Developing Implications and ST rating reaffirmed
Debt - Subordinate debt	SEBI	250.00	CARE AA+ (RWD)	Placed on Rating Watch with Developing Implications
Non-convertible debentures	SEBI	2,000.00	CARE AA+ (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has placed ratings assigned to debt instruments and bank facilities of Aseem Infrastructure Finance Limited (AIFL) under 'Rating Watch with Developing Implications'. The rating watch factors in the announcement made on July 06, 2026, by AIFL, whereby Board of Directors of the company approved the sale of company's entire stake to U.S.-based buyout firm TPG, together with consortium partners Singapore's GIC and ICICI Bank. Upon completion of the transaction, TPG Rise Climate Fund is expected to hold 70.20%, reflecting a significant controlling interest, followed by Clydo Investment PTE. Ltd (100% owned by GIC Singapore) at 29.80%. ICICI Bank Ltd is expected to hold ~5% stake in AIFL as a Step-2 of the transaction structuring. Following the proposed change in ownership, Aseem will strategically reposition its business to focus on financing green and climate infrastructure. As part of this transition, the company intends to progressively down sell its existing non-green portfolio, which currently stands at ~₹2,800 crore, while scaling up its exposure to bankable green infrastructure assets.

The proposed acquisition excludes AIFL's investment in NIIF IFL (rated 'CARE AAA; Stable'). This investment is proposed to be divested separately to NIIF Strategic Opportunities Fund (NIIF SOF) for approximately ₹1,750 crore, subject to the regulatory approvals. The proceeds from this divestment are expected to strengthen Aseem's capital profile by reducing leverage. The pace of scaling up the company's portfolio of bankable green infrastructure assets, alongside the planned run-down of its non-green portfolio, will remain a key monitorable.

Completion of the acquisition remains subject to the fulfilment of customary closing conditions, including approvals from the Reserve Bank of India (RBI), the Competition Commission of India (CCI), and the company's lenders (banks and development financial institutions). CareEdge Ratings will closely monitor developments, envisaged support framework, and long-term growth strategy of new investors, and would take a view accordingly post completion of transaction and after evaluating the implications thereof.

Till the transaction is consummated, ratings continue to factor in the expected support from the promoters - NIIF SOF, which holds a 59% stake in AIFL, and the Government of India (GoI), which holds 31% stake. Ratings also derive strength from the experienced management team, which is expected to remain unchanged post the transaction. Ratings take comfort from the company's moderately conservative underwriting philosophy and its comfortable capitalisation levels. However, the ratings remain constrained by the company's inherent risks associated with infrastructure financing, and its moderate profitability.

As on March 31, 2026, AIFL reported assets under management (AUM) of ₹18,264 crore, registering a year-on-year growth of ~18% and a robust compound annual growth rate (CAGR) of ~61% since FY21. Disbursement growth accelerated significantly to ~52% in FY26 from ~26% in FY25, reflecting strong business momentum. Lower funding costs, and a stable portfolio yield, supported an improvement in net interest margin (NIM) to 2.69% in FY26 from 2.37% in FY25. The company also maintained healthy operating efficiency, with a cost-to-income ratio of 14.7%, while profitability strengthened, as reflected in the improvement in return on managed assets (ROMA) to 1.88% (FY25: 1.68%) and return on tangible net worth (RONW) to 10.22% (FY25: 8.48%). AIFL continues to maintain a comfortable capital position, with a capital adequacy ratio (CAR) of 18.74% and

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Tier-I CAR of 16.76% as on March 31, 2026. Gearing increased to 4.63x as of March 2026 from 4.15x a year earlier, primarily due to higher borrowings undertaken to support portfolio expansion. However, the proposed divestment in NIIF IFL is expected to generate proceeds of ~₹1,750 crore, which should further strengthen the company's capital base. On the asset quality front, weighted average rating of the outstanding portfolio is 'A', and the Company continued to maintain a nil NPA track record, underscoring the resilience of its credit underwriting and risk management practices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Ability to scale up operations and increase the loan portfolio with adequate sectoral diversification.
- Maintenance of stable asset quality parameters with gross non-performing assets (GNPA) below 1%.
- Demonstration of the ability of resource mobilisation at favourable terms/competitive rates.

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

- Dilution in the strategic position of the company or weakening of linkages with the GoI through its sponsor fund or otherwise, other than envisaged.
- On an outstanding basis, increase in funding to under-construction projects beyond 40%.
- Deterioration in the asset quality of the portfolio such that the net non-performing assets (NPA) to tangible net worth (TNW) ratio exceeds 15% on a sustained basis.
- Sustained deterioration in profitability with return on average total assets (ROTA) below 0.5%.

Analytical approach: Standalone

CareEdge Ratings has analysed the standalone credit profile of AIFL, factoring in the linkages with GoI and NIIFL.

Detailed description of key rating drivers

Key strengths

Strong linkages with GoI through NIIFL ecosystem

AIFL maintains strong direct and indirect linkages with the GoI through the NIIFL ecosystem, reflecting its strategic role in financing long-term, capital-intensive infrastructure projects. As on March 31, 2026, NIIF Fund II/Strategic Opportunities Fund (SOF) holds 59% stake in AIFL, with GoI at 31% and Sumitomo Mitsui Banking Corporation (SMBC) at 10%.

Anchored by GoI, NIIFL manages ~US$4.4 billion across four funds, with SOF—one of India's largest growth equity funds. AIFL's governance is supported by a board comprising of two NIIF nominee directors and three independent members. Of the ₹6,000 crore allocated to NIIF's debt platform, ~₹4,300 crore remains available for drawdown by AIFL and NIIF IFL.

Unlike NIIF IFL, which focuses exclusively on operational assets, AIFL has the mandate to finance greenfield, brownfield, and operational projects, covering the entire project lifecycle. As sponsor of NIIF IFL, AIFL holds a 30.83% stake (fully diluted) and benefits from platform synergies possible through joint underwriting, access to investors, and NIIF's sector expertise.

Given NIIFL's quasi-sovereign status, sizeable undrawn commitments (~₹4,300 crore), and demonstrated GoI backing, CareEdge Ratings expects growth in capital support to remain forthcoming, underscoring AIFL's strategic importance to national infrastructure financing.

Experienced management team

The management team is experienced and is guided by qualified board of directors. Virender Pankaj, Chief Executive Officer (CEO), oversees the company's operations and has over 32 years' experience in project finance, working capital, and corporate finance, among others. He has extensive lending experience across a wide range of sectors, including roads, power, and social and industrial finance. He is supported by a seasoned leadership bench, with senior executives averaging over a decade of sectoral and functional experience. The governance framework is further strengthened by oversight from an experienced Board comprising nominee and independent directors. CareEdge Ratings believes AIFL will benefit from the management's long track record to scale up the business while, managing the asset quality.

Asset quality supported by risk framework; monitorable with portfolio shift

AIFL is governed by its strong internal credit risk grading framework and risk management systems owing to which the company has historically reported zero days past due (DPD). According to its policy, it does not finance projects with an internal rating below 'BBB-'. As on March 31, 2026, ~62% outstanding portfolio has an external rating of 'A' or higher (March 31, 2025: 72%), with a slight uptick in the 'BBB' band due to exposure to under-construction projects. Such projects inherently carry higher implementation risks. AIFL conducts extensive due diligence on the sponsor group and risk analysis in respect of projects before considering sanctioning to mitigate risk in the implementation phase.

As the company continues its growth trajectory in terms of the book size with increase in proportion of under-construction projects, and lending to newer sectors, demonstration of sound asset quality on a sustained basis remains a key rating monitorable.

Comfortable capitalisation levels; diversification of borrowings remains key
AIFL maintains comfortable capitalisation, with capital adequacy ratio (CAR) of 18.74% and Tier-I CAR of 16.76% as of March 31, 2026, well above regulatory requirements. Tangible Net worth stood at ₹3,553.33 crore as on March 31, 2026, supported by equity infusions from GoI, NIIF SOF, and SMBC, and internal accruals. Gearing rose to 4.63x in FY26 (FY25:4.15x) due to portfolio expansion but is expected to remain below 5x in the medium term.

In terms of borrowings, AIFL's borrowings remain diversified across term loans (65%), non-convertible debentures (NCDs: 16%), commercial papers (CPs; 7%), external commercial borrowing (ECB; 5%), and working capital demand loan (WCDL) (6%) as on March 31, 2026. While CPs will remain part of the borrowing strategy, their share is expected to remain moderate to ensure a balanced funding mix. Significant increase in CPs to fund long-term assets will be closely monitored.

AIFL's growth strategy depends on timely capital support from GoI, NIIFL, SMBC, and other institutional investors. While strong parentage and GoI linkages provide funding flexibility, further diversification of the liability profile at competitive rates remains a key monitorable.

Key weakness

Growing, but moderate scale of operations, profitability improves though remains moderate
AIFL commenced lending in FY21 and has grown its portfolio to ₹18,264 crore by March 31, 2026, from ₹15,431 crore (March 2025), with a compounded annual growth rate (CAGR) of ~60.6% since FY21 to FY26. The portfolio, as of March 31, 2026, has a behavioural tenor of 3.0 -3.5 years and spans diverse sectors, including renewables (green energy), roads, telecom towers, power distribution, airports, transmission, city gas distribution, water sanitation, and data centres, among others. Nevertheless, the operational portfolio has stabilised with an average operational vintage of around seven years. As on March 31, 2026, green portfolio constituted ~76% of assets under management (AUM).

The share of under-construction projects is at 18% of AUM as on March 31, 2026 (March 25: 24%), reflecting AIFL's strategy to support the full project lifecycle. Exposure to such projects introduces execution risks, though these are partly mitigated by focusing on strong sponsors and projects nearing COD. Share of under-construction projects in the next 2-3 years, may be expected to increase to ~40% on an outstanding basis. Credit concentration is gradually reducing, with the top 20 borrowers' share of AUM declining to ~41% in March 31, 2026 (March 31, 2025: ~49%).

AIFL has demonstrated steady improvement in profitability since commencement of lending in FY21, supported by strong portfolio growth and contained credit costs. PAT increased from ₹20.80 crore in FY21 to ₹345.67 crore in FY26, supported by rising yields, contained opex (~0.4% of ATA), and low credit costs. Return ratios have strengthened, with ROMA improving from 1.27% in FY21 to 1.88% in FY26. Similarly, return on tangible net worth (RONW) improved to 10.22% in FY26 (FY25: 8.48%), adjusted RONW being higher at 13.23% after adjusting for Investment in NIIF IFL. However, earnings are exposed to the unseasoned nature of the book, rising share of under-construction projects, and sensitivity to funding costs.

Sustaining profitability while scaling operations and managing rising exposure to under-construction projects will remain a key monitorable.

Liquidity: Strong
As on March 31, 2026, AIFL's asset liability management (ALM) profile had no negative cumulative mismatches till six months. Liquidity is supported by cash and liquid investments of ₹857.12 crore, and contracted inflows of ₹2390.32 crore, against scheduled debt repayments of ₹2204.09 crore over the next six months, and undrawn sanctioned lines of ₹1,714 crore. However, liquidity as on June 30, 2026 (provisional) is supported by cash and liquid investments of ₹1,848 crore and undrawn sanctioned lines of ₹1,654 crore. This indicates a comfortable liquidity position to meet debt obligations in the near term. AIFL's liquidity position is also supported by its direct and indirect (NIIFL) linkages with the GoI to benefit the company in providing funding diversification, access to capital markets and an enhanced ability to raise resources at competitive rates.

Applicable criteria
Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Short Term Instruments
Non Banking Financial Companies
Notching by Factoring Linkages with Government

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

AIFL is incorporated as an infrastructure finance company under the NBFC category (NBFC-IFC). AIFL was created in May 2019 with the objective of lending across phases of infrastructure projects, with a mix of operational and under-construction projects. The RBI granted a certificate of registration (COR) to AIFL on January 28, 2020, and the company has initiated lending operations in Q2FY21. AIFL is a subsidiary of the National Investment and Infrastructure Fund II (NIIF Fund II) managed by the National Investment and Infrastructure Fund Limited (NIIFL, a GoI-anchored fund). As on March 31, 2026, on a fully diluted basis, NIIF Fund II (or NIIF SOF) held a 59% stake in AIFL, followed by the GoI (31%), and SMBC (10%).

Standalone Financials of AIFL

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total income	1,195.70	1,465.93	1,663.60
Profit after tax (PAT)	205.33	261.84	345.67
Assets under management (AUM)	13,284.00	15,431.00	18,264.00
On-book gearing (x)	3.90	4.15	4.63
AUM / tangible net worth (TNW) (x)	4.49	4.80	5.14
Gross non-performing assets (NPA) / gross stage 3 (%)	Nil	Nil	Nil
Return on managed assets (ROMA) (%)	1.50	1.68	1.88
Capital adequacy ratio (CAR) (%)	20.64	17.73	18.74

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA:
Not applicable

Any other information:

Disclosure of Interest of Independent/Non-Executive Directors of CareEdge Ratings:

Name of Director	Designation of Director
V. Chandrasekaran	Non-Executive - Independent Director

V Chandrasekaran is an independent director on the Board of Aseem Infrastructure Finance Limited and is non-executive independent director of CareEdge Ratings. Non-executive independent directors of CareEdge Ratings are not part of CareEdge Ratings' rating committee and do not participate in the rating process.

Rating history for last three years: Annexure-2

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

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

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)	RBI	Simple	INE0AD514339	04-Dec-25	7.35%	04-Dec-26	500.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	RBI	Simple	INE0AD514370	16-Apr-26	7.47%	17-Mar-27	250.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	RBI	Simple	INE0AD514370	17-Apr-26	7.47%	17-Mar-27	100.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	RBI	Simple	INE0AD514388	30-Jun-26	7.49%	15-Jan-27	300.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	RBI	Simple	Proposed	-	-	-	850.00	CARE A1+
Debt-Subordinate Debt	SEBI	Complex	INE0AD508026	06-Nov-25	8.05%	29-Oct-32	150.00	CARE AA+ (RWD)
Debt-Subordinate Debt	SEBI	Complex	INE0AD508018	17-Jul-25	8.13%	16-Jul-32	100.00	CARE AA+ (RWD)
Debentures-Non-convertible debentures	SEBI	Simple	INE0AD507192	10-Oct-25	7.68%	08-Oct-27	250.00	CARE AA+ (RWD)
Debentures-Non-convertible debentures	SEBI	Simple	INE0AD507135	31-Jul-25	7.73%	28-Dec-28	2.50	CARE AA+ (RWD)
Debentures-Non-convertible debentures	SEBI	Simple	INE0AD507143	31-Jul-25	7.70%	27-Mar-29	2.50	CARE AA+ (RWD)
Debentures-Non-convertible debentures	SEBI	Simple	INE0AD507150	31-Jul-25	7.73%	31-Aug-26	250.00	CARE AA+ (RWD)
Debentures-Non-convertible debentures	SEBI	Simple	INE0AD507168	31-Jul-25	7.70%	24-Dec-26	250.00	CARE AA+ (RWD)
Debentures-Non-convertible debentures	SEBI	Simple	INE0AD507184	18-Aug-25	7.73%	16-Aug-30	120.00	CARE AA+ (RWD)
Debentures-Non-convertible debentures	SEBI	Simple	INE0AD507176	18-Aug-25	7.64%	18-Jan-29	95.00	CARE AA+ (RWD)
Debentures-Non-convertible debentures	SEBI	Simple	INE0AD507176	27-Nov-25	7.64%	18-Jan-29	100.00	CARE AA+ (RWD)

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non-convertible debentures	SEBI	Simple	INE0AD507036	10-May-21	7.70%	08-May-26	100.00	CARE AA+ (RWD)
Debentures-Non-convertible debentures	SEBI	Simple	INE0AD507127	02-May-25	7.78%	02-May-30	100.00	CARE AA+ (RWD)
Debentures-Non-convertible debentures	SEBI	Simple	INE0AD507218	27-Apr-26	8.29%	27-Jun-29	250.00	CARE AA+ (RWD)
Debentures-Non-convertible debentures	SEBI	Simple	Proposed	-	-	-	480.00	CARE AA+ (RWD)
Fund-based/Non-fund-based-LT/ST	RBI	Simple	-	-	-	06-Oct-33	4560.00	CARE AA+ (RWD) / CARE A1+
Fund-based/Non-fund-based-LT/ST	RBI	Simple	Proposed	-	-	-	4440.00	CARE AA+ (RWD) / CARE A1+

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	Debentures-Non Convertible Debentures	LT	500.00	CARE AA+ (RWD)	-	1)CARE AA+; Positive (17-Nov-25) 2)CARE AA+; Positive (09-May-25) 3)CARE AA+; Positive (03-Apr-25)	1)CARE AA+; Positive (28-Jan-25) 2)CARE AA+; Positive (09-Oct-24)	1)CARE AA+; Positive (08-Jan-24) 2)CARE AA+; Positive (09-Oct-23)
2	Debentures-Non Convertible Debentures	LT	1500.00	CARE AA+ (RWD)	-	1)CARE AA+; Positive	1)CARE AA+; Positive	1)CARE AA+; Positive

						(17-Nov-25) 2)CARE AA+; Positive (09-May-25) 3)CARE AA+; Positive (03-Apr-25)	(28-Jan-25) 2)CARE AA+; Positive (09-Oct-24)	(08-Jan-24) 2)CARE AA+; Positive (09-Oct-23)
3	Commercial Paper-Commercial Paper (Standalone)	ST	2000.00	CARE A1+	-	1)CARE A1+ (17-Nov-25) 2)CARE A1+ (09-May-25) 3)CARE A1+ (03-Apr-25)	1)CARE A1+ (28-Jan-25) 2)CARE A1+ (09-Oct-24)	1)CARE A1+ (08-Jan-24)
4	Fund-based/Non-fund-based-LT/ST	LT/ST	9000.00	CARE AA+ (RWD) / CARE A1+	-	1)CARE AA+; Positive / CARE A1+ (17-Nov-25) 2)CARE AA+; Positive / CARE A1+ (09-May-25) 3)CARE AA+; Positive / CARE A1+ (03-Apr-25)	1)CARE AA+; Positive / CARE A1+ (28-Jan-25) 2)CARE AA+; Positive / CARE A1+ (09-Oct-24)	-
5	Debt-Subordinate Debt	LT	250.00	CARE AA+ (RWD)	-	1)CARE AA+; Positive (17-Nov-25)	-	-

						2)CARE AA+; Positive (09-May-25)		

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Lender details

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

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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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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