

# ICRA revises outlook on infra NBFCs to ‘positive’ from ‘stable’

**AJAY RAMANATHAN**  
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**ICRA HAS REVISED** its outlook on infrastructure sector-oriented non-banking financial companies (NBFCs) to ‘positive’ from ‘stable’.

These entities include lenders like Power Finance Corporation, REC and Indian Railway Finance Corporation.

The credit rating agency expects the loan book of these entities to rise by 10-12% in 2023-24 (April-March), aided by the government’s push for infrastructure construction.

The government has set an

infrastructure investment target of over ₹111 trillion under the National Infrastructure Pipeline and the pace of investment is expected to double the previous level, a press release from ICRA said.

“NBFC-IFCs are expected to benefit from the credit demand generated by the central government’s ambitious targets under the National Infrastructure Pipeline. ICRA has revised the outlook for the segment, reflecting its expectation that the enhanced performance witnessed in FY2023 will continue in FY2024 as well, given the

improvement in the solvency profile, calibrated loan book growth in near term and better asset quality and earnings profile,” Manushree Saggur, vice president and sector head – financial sector ratings, ICRA said.

The gross stage-3 asset ratio of these lenders fell to 3.4% as on March 31, 2022, from 6.8% as on March 31, 2018.

ICRA expects the gross stage-3 asset ratio to moderate further by 10-30 basis points in 2023-24 (April-March), supported by limited slippages and growth in the loan books.