

## IFCI Limited

August 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	200.00	CARE BB (RWD)	Continues to be on Rating Watch with Developing Implications
Bonds	73.42	CARE BB (RWD)	Continues to be on Rating Watch with Developing Implications
Non-convertible debentures	145.00	CARE BB (RWD)	Continues to be on Rating Watch with Developing Implications
Non-convertible debentures	695.37	CARE BB (RWD)	Continues to be on Rating Watch with Developing Implications
Subordinated	571.04	CARE BB (RWD)	Continues to be on Rating Watch with Developing Implications
Unsecured redeemable	250.00	CARE BB (RWD)	Continues to be on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The long-term rating assigned to bank facilities and other instruments of IFCI Limited remains on rating watch with developing implications. The rating was placed on rating watch with developing implications following the company's announcement dated November 22, 2024, with respect to 'consolidation of IFCI Group' entailing merger/amalgamation of IFCI Limited, Stockholding Corporation of India Limited and other group companies. Subsequently, a transaction advisor was appointed and per evaluation of the transaction advisor, the Board of IFCI Limited at its meeting held on July 14, 2025, recommended to the Government of India (GoI) for approval of the Group Consolidation. Under this scheme of merger/amalgamation, Stockholding Corporation of India Limited, IFCI factors Limited, IFCI Infrastructure Development Limited and IIDL Realtors Limited are proposed to be merged with IFCI Limited. Stockholding Services Limited, IFCI Financial Services Limited, IFIN Commodities Limited, IFIN Credit Limited and IFIN Securities Finance Limited will be consolidated into a single entity, as a direct subsidiary of IFCI Limited. CARE Ratings Limited (CareEdge Ratings) shall take review the credit profile of IFCI Limited once there is further clarity with respect to the company's final organisational structure and financials post-merger/amalgamation.

Ratings factor in its declining scale, weak asset quality, moderate profitability and poor capitalisation profile. The company has not disbursed new loans in the last four fiscals ending March 31, 2025. It reported gross non-performing assets (GNPA) of 95.98% as on March 31, 2025, and its borrower-wise loan book concentration remains high.

However, ratings continue to derive strength from majority ownership (72.57%) by GoI. Ratings derive comfort from continuation of continued equity infusion from the GoI, apart from some recoveries from NPAs, helping it manage its debt obligations in the last few years. Going forward, the liquidity position depends on recoveries from NPA monetisation of non-core assets and a substantial equity infusion from the GoI.

### Rating sensitivities: Factors likely to lead to rating actions

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

- Successful completion of the proposed merger leading to an improved credit profile.
- Substantial equity infusion by GoI in the near-term.
- Timely monetisation of its non-core assets,

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

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

- Significant deterioration in the liquidity position.
- Material changes in the government shareholding and/or government support to IFCI.

**Analytical approach:** Standalone, factoring support from GoI in form of timely capital infusions, supporting its liquidity profile.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Poor asset quality

IFCI's asset quality continues to remain poor with GNPA and net NPA (NNPA) of 95.98% and 79.69% respectively as on March 31, 2025, against 96.22% and 83.80%, respectively, as on March 31, 2024. The company, however, was able to recover ₹580 crore from NPAs in FY25 (₹991 crore in FY24). The provision coverage ratio (PCR) of the company stood at 69.37% as on March 31, 2025, against 90.62% as on March 31, 2024. A large proportion of IFCI's NPAs are under National Company Law Tribunal (NCLT), while some others are in the process of restructuring/resolution outside NCLT. The extent of haircut required on these exposures and consequent adequacy of provisioning will be critical for IFCI's capitalisation and profitability profile. IFCI's ability to reduce pressure on the asset quality profile through reduction in the NPA levels will be critical for its credit profile.

##### Weak profitability profile

The company's gross portfolio declined with no new disbursements in FY25. It stood at ₹4367 crore as on March 31, 2025, against ₹5046 crore as on March 31, 2024. With decline in portfolio, interest income decreased from 429 crore in FY24 to ₹351 crore in FY25. Yield marginally increased to 8.12% in FY25 from 7.79% in FY24 with decline in loan portfolio. The company reported PAT of ₹43.8 crore on total income of ₹842 crore in FY25 against PAT of ₹128 crore on total income of ₹896 crore in FY24. Net interest margin (NIM) declined in FY25 from -1.80% in FY24 to -2.18% in FY25, as interest cost remained high in FY25. Other income remained at 0.86% in FY25 against 0.81% in FY24. The company's recoveries declined in FY25, so credit cost increased from -4.22% in FY24 to 2.62% in FY25, and opex improved from 2.20% in FY24 to 1.83% in FY25. As a result of lower recoveries and decline in interest income, return on total assets (ROTA) moderated to 0.51% in FY25 against 1.61% in FY24.

##### Weak capitalisation profile

IFCI's capitalisation profile remained weak despite improvement in FY25. The company's tangible net worth (TNW) turned positive, increasing from -₹92 crore as of March 31, 2024, to ₹766 crore as of March 31, 2025. This improvement was driven by internal accruals of ₹44 crore and an equity infusion of ₹1,000 crore by the GoI in FY25. However, IFCI's capital adequacy ratio (CAR) and Tier-I CAR improved to -23.04% and -23.04% respectively as on March 31, 2025, against -48.35% and -48.36%, respectively, as on March 31, 2024. Negative capitalisation ratios were largely considering high group exposures, impacting its Tier 1 capital. IFCI continues to rely on significant equity support from the GoI to meet regulatory capital requirements. The company's capital profile is also impacted by substantial investments in equity shares and other investments. CareEdge Ratings will continue to monitor IFCI's ability to raise substantial equity from GOI whilst divesting some of its core assets in a timely manner, which remains a key rating sensitivity.

#### Key strengths

##### Sovereign ownership and GoI support

GoI is the majority shareholder in IFCI and held 72.57% stake in the company as on March 31, 2025. Though IFCI is not doing incremental disbursements, IFCI has been mandated by the government for managing social upliftment and industrial promotion schemes. GoI has also appointed Independent Directors on the Board of IFCI in May 2023. However, in view of the persistent asset quality concerns and losses that have led to erosion in its net-worth, IFCI would need substantial equity infusion to be able to meet the regulatory minimum requirements in terms of the capital and to restart the lending business. Being majority-owned entity by GoI, availability of adequate, timely and regular support from the government in terms of capital infusion, resource raising and other regulatory matters remains a key rating sensitivity, going ahead.

##### Liquidity: Stretched

The company's liquidity profile remains stretched. Per the asset liability management (ALM) statement dated March 31, 2025, provided by the company, there are no negative cumulative mismatches in any time bucket up to one year. For 12 months, until March 2026, its scheduled outflows (considering borrowings) are ~₹499 crore against which the company has scheduled inflows of ₹1071 crore, including inflows from investments and bank balances as on March 31, 2025, however, given 95.98 percentage of the loan book is non-performing, its ability to make sufficient recoveries will be important. Liquidity is expected to remain supported by capital support from the GoI and expected recoveries from NPA.

## Applicable criteria

[Definition of Default](#)

[Factoring Linkages Government Support](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Non-Banking Financial Companies](#)

## About the company and industry

### Industry classification

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

Incorporated on July 01, 1948, through a special Act of Parliament, IFCI is the oldest development financial institution of India. The company's constitution was changed from a statutory corporation to a public limited company in 1993. Subsequently, the company's name was also changed to its present name from October 1999. IFCI has been categorised as systemically important non-deposit taking non-banking financial company (NBFC-ND-SI) by the Reserve Bank of India in FY08. In the early 2000s, IFCI's asset quality deteriorated, resulting in high losses. Thereafter, the GoI in 2002-03, in consultation with the other stakeholders, worked out a financial rescue package for IFCI, which included restructuring of its liabilities. IFCI resumed its lending operations in 2008 and is since engaged in providing corporate loans and project-specific loans to corporates. IFCI also invests in companies through equity, preference shares and debt instruments. In April 2015, IFCI became a government company u/s 2(45) of the Companies Act, 2013 after the government acquired ₹60 crore of preference share equity in the company from existing shareholders. GoI holds 72.57% equity shares in IFCI as on March 31, 2025.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
<b>Standalone</b>		
Total Income	896	842
PAT	128	44
Interest coverage (times)	1.84	1.69
Total Assets*	8,700	8,417
Net NPA (%)	83.80	79.69
ROTA (%)	1.61	0.51

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

\* Total assets are net of intangible assets and deferred tax assets

**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 Instrument	ISIN	Date of issuance	Coupon Rate	Maturity Date	Size of Issue (₹, crore)	Rating Assigned
Fund-based - LT-Term Loan	Proposed	-	-	-	200.00	CARE BB (RWD)
Redeemable Unsecured NCD - taxable	INE039A09MC4	13-Jul-10	9.75%	13-Jul-30	250.00	CARE BB (RWD)
Unsecured redeemable non-convertible bonds	INE039A09PI4	08-Oct-12	10.12%	08-Oct-27	19.59	CARE BB (RWD)
	INE039A09PJ2	08-Oct-12	10.10%	08-Oct-27	5.15	CARE BB (RWD)
	INE039A09PN4	05-Nov-12	9.90%	05-Nov-27	106.875	CARE BB (RWD)
	INE039A09PO2	05-Nov-12	9.90%	05-Nov-32	106.875	CARE BB (RWD)
	INE039A09PP9	05-Nov-12	9.90%	05-Nov-37	106.875	CARE BB (RWD)
	INE039A09PR5	26-Apr-13	9.75%	26-Apr-28	350.00	CARE BB (RWD)

Name of Instrument	ISIN	Date of issuance	Coupon Rate	Maturity Date	Size of Issue (₹, crore)	Rating Assigned
Infra Bonds	INE039A09NZ3	12-Dec-11	8.75%	12-Dec-26	7.69	CARE BB (RWD)
	INE039A09OA4	12-Dec-11	8.75%	12-Dec-26	2.6	CARE BB (RWD)
	INE039A09OG1	15-Feb-12	9.16%	15-Feb-27	30.99	CARE BB (RWD)
	INE039A09OH9	15-Feb-12	9.16%	15-Feb-27	9.03	CARE BB (RWD)
	INE039A09OW8	31-Mar-12	8.72%	31-Mar-27	17.276	CARE BB (RWD)
	INE039A09OX6	31-Mar-12	8.72%	31-Mar-27	5.83	CARE BB (RWD)
Tax free bonds	INE039A09PU9	31-Mar-14	8.76%	31-Mar-29	145.00	CARE BB (RWD)
Subordinated Bonds	INE039A09NL3	01-Aug-11	10.75%	01-Aug-26	403.59	CARE BB (RWD)
	INE039A09NM1	01-Aug-11	10.75%	01-Aug-26	64.96	CARE BB (RWD)
	INE039A09NW0	31-Oct-11	10.75%	31-Oct-26	102.49	CARE BB (RWD)

**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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Bonds-Unsecured Redeemable	LT	250.00	CARE BB (RWD)	-	1)CARE BB (RWD) (03-Dec-24) 2)CARE BB; Negative (04-Jul-24)	1)CARE BB; Negative (05-Jul-23)	1)CARE BB; Negative (06-Jul-22)
2	Fund-based - LT-Term Loan	LT	200.00	CARE BB (RWD)	-	1)CARE BB (RWD) (03-Dec-24) 2)CARE BB; Negative (04-Jul-24)	1)CARE BB; Negative (05-Jul-23)	1)CARE BB; Negative (06-Jul-22)
3	Bonds-Subordinated	LT	571.04	CARE BB (RWD)	-	1)CARE BB (RWD) (03-Dec-24) 2)CARE BB; Negative (04-Jul-24)	1)CARE BB; Negative (05-Jul-23)	1)CARE BB; Negative (06-Jul-22)
4	Bonds	LT	73.42	CARE BB (RWD)	-	1)CARE BB (RWD) (03-Dec-24) 2)CARE BB; Negative (04-Jul-24)	1)CARE BB; Negative (05-Jul-23)	1)CARE BB; Negative (06-Jul-22)
5	Debentures-Non Convertible Debentures	LT	145.00	CARE BB (RWD)	-	1)CARE BB (RWD) (03-Dec-24)	1)CARE BB; Negative	1)CARE BB; Negative (06-Jul-22)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	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	Date(s) and Rating(s) assigned in 2022-2023
						2)CARE BB; Negative (04-Jul-24)	(05-Jul-23)	
6	Debentures-Non Convertible Debentures	LT	695.37	CARE BB (RWD)	-	1)CARE BB (RWD) (03-Dec-24) 2)CARE BB; Negative (04-Jul-24)	1)CARE BB; Negative (05-Jul-23)	1)CARE BB; Negative (06-Jul-22)
7	Bonds	LT	-	-	-	-	-	1)Withdrawn (06-Jul-22)

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	Bonds-Subordinated	Complex
2	Bonds-Unsecured Redeemable	Simple
3	Bonds	Simple
4	Debentures-Non Convertible Debentures	Simple
5	Fund-based - LT-Term Loan	Simple

**Annexure-5: 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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