IFCI Limited

August 17, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Infrastructure bonds	SEBI	73.42	CARE BB (RWD)	Continues to be on Rating Watch with Developing Implications
Long-term bank facilities	RBI	200.00	CARE BB (RWD)	Continues to be on Rating Watch with Developing Implications
Non-convertible debentures*	SEBI	145.00	CARE BB (RWD)	Continues to be on Rating Watch with Developing Implications
Subordinated bonds	SEBI	102.49 (Reduced from 571.04)	CARE BB (RWD)	Continues to be on Rating Watch with Developing Implications
Unsecured redeemable	SEBI	945.37	CARE BB (RWD)	Continues to be on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

* Tax free bonds

Rationale and key rating drivers

The long-term rating assigned to bank facilities and other instruments of IFCI Limited (IFCI) 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, 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 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. 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. CARE Ratings Limited (CareEdge Ratings) shall take review of the credit profile of IFCI 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 five fiscals ending March 31, 2026. The company's gross non-performing assets (GNPA) as a percentage of Gross loan book stood at 95.68% as on June 30, 2026, and its borrower-wise loan book concentration remains high.

However, ratings continue to derive strength from majority ownership (72.57%) by GoI as on June 30, 2026. 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 equity infusion from the GoI.

CareEdge Ratings has withdrawn the outstanding rating of the Subordinate bond bearing ISIN numbers INE039A09NL3 and INE039A09NM1 with immediate effect, in line with CareEdge Ratings' policy on withdrawal of ratings, as the company has repaid these bonds in full and there is no amount outstanding against these ISINs as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- 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.

[1]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

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Negative factors

- 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.

Outlook

Not applicable

Detailed description of key rating drivers

Key weaknesses

Poor asset quality

The company's asset quality remains weak, with NPAs constituting over 90% of the portfolio over the past five years (92.21% as on March 31, 2022, increasing to 95.68% as on June 30, 2026). The deterioration in the NPA ratio is primarily attributable to the continued run-down of the legacy portfolio, with nil disbursements. As the portfolio shrinks, it is increasingly concentrated in a few stressed and difficult-to-recover accounts, resulting in lower recoveries and a higher proportion of NPAs in the overall portfolio. However, the company was able to recover total amount of ₹576 crore in FY26 and further recovered ₹202 crore in Q1FY27. The provision coverage ratio (PCR) of the company stood at 71.93% as on March 31, 2026, against 69.37% as on March 31, 2025. 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 profitability remains subdued in FY26, primarily considering the shrinking portfolio from ₹4,367 crore as on March 31, 2025, to ₹3,981 crore as on June 30, 2026, lack of fresh disbursements, and moderation in recoveries from legacy stressed assets. However, the company has demonstrated a gradual improvement in its earnings profile as it reported a PAT of ₹51.7 crore in FY26 compared with ₹43.8 crore in FY25, supported by advisory income and income from investments. In Q1FY27, it reported a profit after taxation (PAT) of ₹8.6 crore. The company witnessed an increase in credit costs to 3.19% (in relation to average total assets [ATA]; negative credit cost in Q1FY27) in FY26 from -2.62% in FY25. Operating expenses also increased to 2.09% with respect to ATA from 1.83% in the same period, largely considering a one-time provision for retirement pension arrears.

Weak capitalisation profile

IFCI's capitalisation profile remained weak despite improvement in FY26. The company's tangible net worth (TNW) stood at ₹809 crore as on March 31, 2026, as compared to ₹766 crore in March 2025 (-₹93 crore in March 2024). IFCI's capital adequacy ratio (CAR) and Tier-I CAR remained negative and were reported at -18.78% and -18.78%, respectively, as on March 31, 2026, against -23.04% and -23.04%, respectively, as on March 31, 2025. Despite the positive tangible net worth, its negative capitalisation ratios were largely considering high group exposures, impacting its Tier-1 capital. IFCI continues to rely on 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, 2026. 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. For the next 12 months, from April 2026 to March 2027, the company's scheduled outflows (including borrowings and interest obligations) are estimated at ~₹1,452 crore, against free on-book liquidity of ₹1,121 crore, along with mutual fund investments of ₹66 crore as on March 31, 2026. While CareEdge Ratings notes, the company has also made recoveries of ~₹202 crore in Q1FY27 and had undrawn sanctioned bank lines of ~₹126 crore as on March 31, 2026, its ability to maintain liquidity going forward to timely make repayments for its debt and cover its operational expenses will be important. Liquidity is expected to remain supported by capital support from the GoI and some recoveries from NPA.

Applicable criteria

Definition of Default
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, 2026.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026 (UA)
Total income	841.86	924.07	125.4
Profit after tax (PAT)	43.80	51.71	8.64
Assets under management (AUM)	4367	4169	3981
On-book gearing (x)	4.93	4.44	NA
AUM / tangible net worth (TNW) (x)	5.02	4.63	NA
Gross non-performing assets (NPA) / gross stage 3 (%)	95.98	95.79	95.68
Return on managed assets (ROMA) (%)	0.51	0.59	NA
Capital adequacy ratio (CAR) (%)	-23.04	-18.78	-17.58

A: Audited; UA: Unaudited; 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

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 Instrument	Name of the Regulator	Complexity Level	ISIN	Date of issuance	Coupon Rate	Maturity Date	Size of Issue (₹, crore)	Rating Assigned and Rating Outlook
Redeemable Unsecured NCD - taxable	SEBI	Simple	INE039A09MC4	13-Jul-10	9.75%	13-Jul-30	250.00	CARE BB (RWD)
Unsecured redeemable non-convertible bonds	SEBI	Simple	INE039A09PI4	08-Oct-12	10.12%	08-Oct-27	19.59	CARE BB (RWD)
	SEBI	Simple	INE039A09PJ2	08-Oct-12	10.10%	08-Oct-27	5.15	CARE BB (RWD)
	SEBI	Simple	INE039A09PN4	05-Nov-12	9.90%	05-Nov-27	106.875	CARE BB (RWD)
	SEBI	Simple	INE039A09PO2	05-Nov-12	9.90%	05-Nov-32	106.875	CARE BB (RWD)
	SEBI	Simple	INE039A09PP9	05-Nov-12	9.90%	05-Nov-37	106.875	CARE BB (RWD)
	SEBI	Simple	INE039A09PR5	26-Apr-13	9.75%	26-Apr-28	350.00	CARE BB (RWD)
Infra Bonds	SEBI	Simple	INE039A09NZ3	12-Dec-11	8.75%	12-Dec-26	7.69	CARE BB (RWD)
	SEBI	Simple	INE039A09OA4	12-Dec-11	8.75%	12-Dec-26	2.6	CARE BB (RWD)
	SEBI	Simple	INE039A09OG1	15-Feb-12	9.16%	15-Feb-27	30.99	CARE BB (RWD)
	SEBI	Simple	INE039A09OH9	15-Feb-12	9.16%	15-Feb-27	9.03	CARE BB (RWD)
	SEBI	Simple	INE039A09OW8	31-Mar-12	8.72%	31-Mar-27	17.276	CARE BB (RWD)
	SEBI	Simple	INE039A09OX6	31-Mar-12	8.72%	31-Mar-27	5.83	CARE BB (RWD)
Tax free bonds	SEBI	Simple	INE039A09PU9	31-Mar-14	8.76%	31-Mar-29	145.00	CARE BB (RWD)
Subordinated Bonds	SEBI	Complex	INE039A09NL3	01-Aug-11	10.75%	01-Aug-26	0.00	Withdrawn
	SEBI	Complex	INE039A09NM1	01-Aug-11	10.75%	01-Aug-26	0.00	Withdrawn
	SEBI	Complex	INE039A09NW0	31-Oct-11	10.75%	31-Oct-26	102.49	CARE BB (RWD)
Fund-based - LT-Term Loan	RBI	Simple	Proposed				200.00	CARE BB (RWD)
Total							**1466.271**	

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	Bonds-Unsecured Redeemable	LT	250.00	CARE BB (RWD)	-	1)CARE BB (RWD) (18-Aug-25)	1)CARE BB (RWD) (03-Dec-24) 2)CARE BB; Negative (04-Jul-24)	1)CARE BB; Negative (05-Jul-23)
2	Fund-based - LT-Term Loan	LT	200.00	CARE BB (RWD)	-	1)CARE BB (RWD) (18-Aug-25)	1)CARE BB (RWD) (03-Dec-24)	1)CARE BB; Negative (05-Jul-23)

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
							2)CARE BB; Negative (04-Jul-24)	
3	Bonds-Subordinated	LT	102.49	CARE BB (RWD)	-	1)CARE BB (RWD) (18-Aug-25)	1)CARE BB (RWD) (03-Dec-24) 2)CARE BB; Negative (04-Jul-24)	1)CARE BB; Negative (05-Jul-23)
4	Bonds-Infrastructure Bonds	LT	73.42	CARE BB (RWD)	-	1)CARE BB (RWD) (18-Aug-25)	1)CARE BB (RWD) (03-Dec-24) 2)CARE BB; Negative (04-Jul-24)	1)CARE BB; Negative (05-Jul-23)
5	Debentures-Non-convertible debentures	LT	145.00	CARE BB (RWD)	-	1)CARE BB (RWD) (18-Aug-25)	1)CARE BB (RWD) (03-Dec-24) 2)CARE BB; Negative (04-Jul-24)	1)CARE BB; Negative (05-Jul-23)
6	Bonds-Unsecured Redeemable	LT	695.37	CARE BB (RWD)	-	1)CARE BB (RWD) (18-Aug-25)	1)CARE BB (RWD) (03-Dec-24) 2)CARE BB; Negative (04-Jul-24)	1)CARE BB; Negative (05-Jul-23)

LT: Long 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:
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