

IFCI Ltd — 05 Nov 2025 Credit Rating Summary

Section	Details
Agency	Brickwork Ratings (BWR)
Rating Change	BWR B+ / Negative (Reaffirmed; no notch movement)
Outlook (Current vs Previous)	Negative (Maintained) vs Negative
Key Drivers of Change	<ol style="list-style-type: none"> Sovereign Support: 72.57% GoI stake and ₹1,500 Cr equity infusion over FY23-FY25 prevents total collapse. Terminal Asset Quality: GNPA remains at a staggering 96% (June 2025), with NNPA at 79.78%. Capital Depletion: CRAR is deeply negative at -21.85% (vs. 15% regulatory requirement), indicating technical insolvency without GoI support. Halted Operations: Fresh lending is frozen; revenue is entirely reliant on PLI scheme management and recoveries (₹800 Cr in FY25).
Rated Instruments	1. NCDs/Bonds: ₹3,571.89 Cr
Key Observations	<p>Strengths: Consistent ₹500 Cr annual capital infusion from GoI; Shift to fee-based income (PLI & Sugar Dev. Fund).</p> <p>Risks: Loan book shrunk to ₹3,848 Cr (vs ₹5,097 Cr YoY); Net Interest Income (NII) negative for 3 years; Liquidity is "Stretched" with ₹1,005.88 Cr debt due by Sept 2026 against ₹704 Cr cash; High dependency on NCLT resolutions/provision reversals for PAT (₹44 Cr in FY25).</p>
Investor Impact	<p>Growth: Zero; loan book is in terminal run-down mode.</p> <p>Margins: Non-existent core lending spreads; profit is accounting-driven.</p> <p>Dilution Risk: Extremely High; regular equity infusions at low valuations are necessary to offset negative CRAR.</p> <p>Leverage: Debt-to-equity (Gearing) improved to 2.18x (FY25) from 9.28x (FY23) mainly due to book-value infusions rather than debt repayment.</p>
Agency / Cross Analysis	<p>Same Agency: Reaffirmed for the 4th consecutive year. BWR recognizes the GoI "put option" as the only floor to the rating, while the "Negative" outlook reflects the failing standalone financials.</p> <p>Conclusion: Stagnation. The agency is maintaining a holding pattern, awaiting the outcome of the proposed GoI-mandated merger/consolidation of group entities.</p>
Final Inference	IFCI is a "Zombie DFI" functioning as a recovery vehicle rather than a lender. For equity investors, the only value trigger is the potential merger ratio; fundamentally, the business is insolvent with -21% CRAR and 96% NPAs.