IFCI Ltd — 07 Nov 2024 Credit Rating Summary

Section	Details
Agency	Brickwork Ratings (BWR) - Nov 07, 2024
Rating Change	**BWR B+ / Reaffirmed** (No notches moved)
Outlook (Current vs Previous)	**Negative** vs **Negative** (Persistent risk of deterioration)
Key Drivers of Change	1. **Sovereign Support:** GoI (70.32% stake) infused □500 Cr each in FY23 & FY24; the rating rests entirely on this lifeline. 2. **Stalled Core Business:** Zero fresh disbursements for 3+ years; loan book shrank from □7,339 Cr (FY22) to □5,097 Cr (FY24). 3. **Terminal Asset Quality:** GNPA surged to **96%** (June 2024) from 82% (Mar 2023), indicating the lending book is almost entirely non-performing. 4. **Fee-Based Pivot:** Managing PLI schemes and Sugar Development Fund generated □68 Cr income, now the primary operating revenue.
Rated Instruments	• **NCDs/Bonds:** □5,133.48 Cr
Key Observations	• **Positives:** Improving Net Worth (□1,214 Cr in FY24) due to GoI infusion; shifted to advisory/fee-based model to survive. • **Risks: Negative CRAR of -48.35%** (regulatory non-compliance); Net Loss of □148 Cr in Q1FY25; **Stretched Liquidity** with □1,373 Cr repayments due by Mar-25 against only □1,254 Cr available cash (□119 Cr deficit).
Investor Impact	• **Growth:** Negative; the company has ceased being a "lender" and is now a "recovery agent." • **Dilution Risk:** High; continuous GoI equity infusions are the only way to prevent net-worth erosion. • **Margins:** Volatile; FY24 profit (□128 Cr) was purely driven by provision reversals, not operating strength.
Agency / Cross Analysis	**Same Agency:** Reaffirmed despite GNPA rising from 82% to 96% and CRAR remaining deeply negative. The agency has placed extreme weight on the "Government of India" parentage rather than deteriorating standalone financials. **Conclusion: Inconsistency** between financial collapse (96% NPA) and rating stability suggests a "floor" provided by sovereign status, ignoring the fundamental death of the lending business.
Final Inference	**IFCI is a "Zombie" DFI.** Equity value is a speculative bet on GoI's continued willingness to fund losses. With 96% of loans defaulted, there is no viable path to organic recovery without massive capital restructuring or merger.