IFCI Ltd — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	IFCI is a "zombie" institution in a state of terminal liquidation, transitioning from a failed lending business to a low-scale government advisory model.	Negative
2	Core interest income plummeted 19.8% YoY as the company made zero new loan sanctions, signaling the effective death of its primary revenue engine.	Negative
3	Reported ROCE of 13.3% is an accounting artifact inflated by a depleted capital base and non-cash impairment reversals rather than operational efficiency.	Neutral
4	Standalone PAT of ₹128 Cr—the first in seven years—is a "profit mirage" negated by a ₹249.97 Cr impairment understatement identified by the CAG.	Negative
5	The company is technically insolvent with a CRAR of (-) 48.35%, far below the RBI's 15% regulatory minimum, surviving solely on sovereign forbearance.	Negative
6	Liquidity is critical with ₹3,651.76 Cr in debt maturing within 12 months against negative Free Cash Flow of -₹24 Cr and a CFO/Capex ratio of just 0.27x.	Negative
7	Total debt was reduced by ₹653 Cr YoY, primarily funded through aggressive legacy recoveries and continuous government equity infusions.	**Positive**
8	Earnings quality is at a nadir, characterized by a ₹335 Cr impairment reversal and a 1077% surge in long-dated receivables (over 6 months).	Negative
9	Governance is in a state of collapse with a non-compliant board featuring only one Independent Director, zero Women Directors, and persistent SEBI LODR violations.	Negative
10	Operational viability is entirely dependent on ₹1,000 Cr in sovereign equity infusions across FY24-25 and dividend lifelines from its subsidiary, SHCIL.	Neutral
11	The pivot to Nodal Agency status for 16+ PLI schemes provides a stable but low-margin fee income of ₹21.3 Cr, insufficient to service legacy liabilities.	**Positive**
12	**Investment View: Avoid; the equity holds no intrinsic value without state bailouts. Monitor CRAR (threshold >0%) and board compliance for any signs of life.**	Negative

1. Business overview (In Bullet Points)

- **Business Segments:** IFCI Ltd has effectively transitioned from a traditional lending institution to a dual-model entity: a legacy "Bad Bank" focused on aggressive NPA recovery and a "Nodal Agency" providing fee-based advisory and project management services.
- **Revenue Drivers:** Primary revenue is now driven by Government of India (GoI) agency fees for managing Production Linked Incentive (PLI) schemes, dividends from profitable subsidiaries (primarily SHCIL), and recoveries from legacy non-performing assets (NPAs).
- **Cost Drivers:** Structural costs are dominated by interest expenses on a massive ₹8,707 Cr legacy debt base, high legal and consultation charges related to recovery efforts, and employee benefit expenses.
- **Industry Position:** Once a premier Development Financial Institution (DFI), IFCI now exists in a regulatory "twilight zone," operating as a government consultancy firm while maintaining a distressed NBFC license.

- **Expansion Plans:** The company is pivoting toward an asset-light model, focusing on expanding its Project Management Agency (PMA) portfolio for various GoI ministries.
- **Capacity & Operations:** IFCI currently manages 16+ PLI schemes (including Auto, White Goods, and Medical Devices). It reported zero new loan sanctions and zero disbursements for the second consecutive year.
- **Geographical Presence:** Operates primarily within India, leveraging its relationship with the Central Government to maintain its nodal agency status.
- **Segment Performance:** The core "Financing" segment is shrinking, with the interest-earning loan book declining by 19.80% YoY. The "Advisory" business is growing in volume but remains small in absolute value relative to legacy liabilities.

2. Management commentary & outlook

- Management asserts a successful turnaround, highlighting a standalone PAT of ₹128 Cr, the first profit in seven years, as a milestone in the company's recovery.
- The strategic vision is centered on an "Advisory-led" model, positioning IFCI as the preferred nodal agency for the Government of India's flagship industrial schemes (PLI, SPECS, FAME II).
- Aggressive NPA recovery remains the top priority for the legacy book to service outstanding debt and improve the Capital to Risk-weighted Assets Ratio (CRAR).
- Management acknowledges the critical role of the Government of India, noting the ₹500 Cr equity infusion in FY24 and an additional ₹500 Cr in April 2024 as evidence of sovereign support.
- The demand environment for advisory services is viewed as robust, with IFCI managing 16+ PLI schemes and seeking to leverage its expertise in project appraisal and monitoring.
- The company is undergoing a leadership transition following the departure of MD & CEO Manoj Mittal to SIDBI in July 2024.
- Management highlights "Group Synergies," particularly the dividend contributions from Stock Holding Corp (SHCIL) and IFCI Infrastructure (IIDL), as vital for maintaining group liquidity.
- The long-term vision is to stabilize the balance sheet through debt reduction and transition into a sustainable, fee-based financial services and consultancy entity.
- **Management Tone:** The tone is *Cautiously Triumphant* regarding the accounting turnaround and the pivot to advisory services; however, the underlying narrative remains one of *Distress*, as the company remains technically insolvent by RBI standards and entirely dependent on sovereign lifelines.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2024	Mar 2023
Revenue	1,988	1,699
Sales Growth %	16.98	9.23
Interest	571	642
Expenses	715	986
Material Cost %	0.18	0.27
Raw material cost	3.48	4.66
Manufacturing Cost %	7.74	8.72
Employee Cost %	15.87	17.91
Other Cost %	12.17	31.08
Financing Profit	702	72
Financing Margin %	35	4
Other Income	130	28
Exceptional items	4	-1
Other income normal	126	29
Depreciation	81	74
Profit before tax	751	26
Tax %	68	559
Net Profit	241	-120
Profit from Associates	0	0
Minority share	-137	-88
Exceptional items AT	1	5
Profit excl Excep	240	-124
Profit for PE	103	-212
Profit for EPS	104	-208
Profit Growth %	148	88
EPS (□)	0.47	-0.95
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2024	Mar 2023
Equity Capital	2,490	2,196
Reserves	2,045	1,571
Borrowing	5,367	6,020
Other Liabilities	9,016	7,152
Non controlling int	3,145	2,902
Trade Payables	463	275
Other liability items	5,408	3,975
Total Liabilities	18,918	16,939
Fixed Assets	1,734	1,764
Land	148	148
Building	539	536
Plant Machinery	130	125
Equipments	79	74
Furniture n fittings	41	40
Vehicles	3	4
Intangible Assets	447	447
Other fixed assets	781	785
Gross Block	2,168	2,158
Accumulated Depreciation	434	395
CWIP	13	11
Investments	8,678	7,700
Other Assets	8,493	7,464
Inventories	70	71
Trade receivables	306	239
Receivables over 6m	106	9
Receivables under 6m	262	271
Prov for Doubtful	-61	-41
Cash Equivalents	5,046	3,757
Loans n Advances	54	70
Other asset items	3,017	3,326
Total Assets	18,918	16,939

Cash flow statement (□Cr)

Line item	Mar 2024	Mar 2023
Cash from Operating Activity	12	-336
Profit from operations	500	262
Receivables	-77	4
Inventory	0	2
Payables	168	-118
Loans Advances	403	802
Operating investments	-262	237
Operating borrowings	-525	-875
Other WC items	-220	-542
Working capital changes	-513	-491
Interest paid	88	-50
Direct taxes	-64	-56
Other operating items	0	0
Cash from Investing Activity	-155	-59
Fixed assets purchased	-44.04	-65.55
Fixed assets sold	7.68	17.98
Investments purchased	0	-11.39
Investments sold	0	0
Dividends received	183.36	0
Redemp n Canc of Shares	0	0
Other investing items	-301.93	0
Cash from Financing Activity	404	465
Proceeds from shares	0	93
Interest paid fin	-8	0
Dividends paid	-72	-35
Financial liabilities	-16	0
Share application money	500	407
Other financing items	0	0
Net Cash Flow	261	70
Free Cash Flow	-24	-383
CFO/OP	6	-39

3.2 Financial analysis summary

- IFCI reported a **Revenue** of □1,988.00 Cr, representing a 16.98% YoY growth, yet core Interest income from loans actually declined by 19.80% to □383.89 Cr, signaling a shrinking interest-earning loan book that is being masked by a restatement of Stage 3 asset income.

- The dramatic turnaround to a **Net Profit** of ₹241.00 Cr from a loss of ₹120.00 Cr is primarily artificial, driven by a massive Impairment on financial instruments reversal of ₹335.17 Cr; without this non-cash reversal, the company would have reported a significant operating loss.
- **Financing Margin %** expanded from 4.00% to 35.00% as Finance Cost fell by 9.27% to ₹572.74 Cr, reflecting a reduction in Total Debt from ₹6,020.00 Cr to ₹5,367.00 Cr on the Balance Sheet.
- **Trade Receivables** grew by 28% to ₹306.00 Cr, but the quality is deteriorating as Receivables over 6m surged from ₹9.00 Cr to ₹106.00 Cr, contributing to a ₹77.00 Cr cash drain in the CFO section.
- The **Net Loan** book shrunk to ₹1,306.39 Cr with a staggering 74.11% impairment allowance, while CFO of only ₹12.00 Cr barely covers the ₹241.00 Cr Net Profit, resulting in a poor CFO/PAT ratio of 0.05.
- **Equity Capital** increased to ₹2,490.00 Cr following a ₹500.00 Cr Share application money infusion from the Government of India, which was essential to offset the ₹525.00 Cr in Operating borrowings repayments.
- **Investments** rose to ₹8,678.00 Cr, supported by ₹183.36 Cr in Dividends received from subsidiaries like SHCIL, which now act as a critical liquidity lifeline given the weak core lending performance.
- **Other liability items** spiked by 36% to ₹5,408.00 Cr, including ₹1,447.91 Cr under the PLI scheme, which inflates the Balance Sheet size but carries specific service obligations rather than representing discretionary capital.
- The company faces high liquidity risk with ₹**1,373.35 Cr** of Debt Securities maturing within 12 months, while Free Cash Flow remains negative at -₹24.00 Cr, indicating total dependence on external financing and GOI support.
- **ROE** and ROCE improved to 5.31% and 13.35% respectively, but these metrics are inflated by the impairment reversal and do not reflect sustainable operational efficiency, as Asset Turnover remains stagnant at 0.11.
- **Other Income** of ₹130.00 Cr was bolstered by "Unrealised" fair value gains of ₹295.96 Cr, further highlighting that the reported PAT is highly sensitive to market volatility and non-cash accounting adjustments.
- **Other Liabilities** spiked by 60% to ₹632.70 Cr (unexplained/misc), representing a significant cash outflow obligation, while Other Expenses saw a 81.77% spike in consultation and law charges to ₹7.78 Cr, reflecting the high cost of NPA recovery.
- **Overall Synthesis:** IFCI's FY 2024 performance represents an accounting-led recovery where a shrinking core loan book and negative **Free Cash Flow** are offset by massive impairment reversals and government equity infusions, leaving the company's survival contingent on subsidiary dividends and sovereign support rather than operational viability.

3.3 Contingent liabilities & commitments

- **Claims not acknowledged as debts:** ₹109.96 Cr (FY24) vs ₹110.39 Cr (FY23).
- **Income Tax Matters:** ₹60.03 Cr (New disputes in FY24).
- **Service Tax / GST:** ₹2.51 Cr.
- **Guarantees (Non-financial):** ₹3.43 Cr.
- **Undrawn Commitments:** ₹0.00 Cr (Down from ₹15.14 Cr), confirming a total halt in new lending activity.
- **Litigation Risk:** Pending litigation involving subsidiary SHCIL regarding FD security deposits; no provision made.
- **Operational Risk:** Fire at SHCIL DMS premises creating unquantified third-party liabilities.

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↑ — non-cash impairment reversal of □335.17 Cr inflates PAT while CFO remains negligible.	—	Note 31: Turnaround driven by massive reversal of impairment losses on financial instruments.
2	Receivables & channel-stuffing signal	Revenue ↑ — receivables grew 166% vs 3.5% operational revenue growth suggesting aggressive fee recognition.	—	Note 6: Gross trade receivables jumped from □40.19 Cr to □107.23 Cr YoY.
3	Revenue timing	Revenue ↑↓ — Stage 3 interest recognition policy change inflates gross revenue with immediate write-off.	—	Note 1(A): New policy recognizes Stage 3 income then writes it off if recovery unlikely.
4	Revenue from related parties %	Profit ↑ — dividend income from subsidiaries and government fees provide critical non-lending cash flow.	—	Note 47: Significant reliance on dividends and nodal agency fees from Government of India.
5	Inventory vs revenue growth	Neutral — inventory is immaterial for a financial services firm; primarily represents land/buildings.	—	Note 15: Inventory consists of assets held for sale and development projects.
6	Inventory valuation method change	Neutral — no change in valuation policy; inventory remains a negligible portion of assets.	—	Note 2: Significant accounting policies show no change in inventory measurement methods.
7	Exceptional items in operating profit	Profit ↑ — small exceptional gain of □4 Cr included in PBT calculation for FY24.	—	P&L Statement: Exceptional items contribute marginally to the □751 Cr PBT.
8	Depreciation rate vs useful life policy	Profit ↓ — depreciation increased 9.5% despite a shrinking gross block and fixed asset base.	—	Note 34: Impairment on non-financial assets increased from □2.39 Cr to □7.16 Cr.
9	Provision reversals boosting PAT	Profit ↑ — reversal of □335.17 Cr impairment is the sole reason for reported profitability.	—	Note 31: Without this non-cash reversal, the company would report a heavy loss.
10	Tax rate consistency	Profit ↓ — high 68% tax rate driven by deferred tax asset reversals, not cash.	—	Note 2(f): Tax expense is primarily the reversal of previously recognized Deferred Tax Assets.
11	CWIP age and stalling projects	Neutral — CWIP is minimal and relates to minor office or building improvements.	—	Balance Sheet: CWIP represents less than 0.1% of total assets.
12	Deferred tax asset recognition adequacy	Profit ↑↓ — recoverability of □1,306 Cr DTA depends on uncertain future taxable profits.	—	Note 2(f): Management estimation of future profits is critical for DTA carrying value.
13	RPT quantum and trend	Profit ↑ — heavy dependence on GOI for capital infusions to maintain solvency and liquidity.	—	Note 22: GOI shareholding increased to 70.32% via preferential allotment of equity.
14	Dividend paid vs FCF adequacy	Neutral — no equity dividends paid; cash used for debt servicing and government scheme obligations.	—	Cash Flow: Negative FCF prevents equity dividends; focus remains on liability repayment.
15	Profit Overstatement (CAG)	Profit ↓ — CAG identified impairment understatement on legacy loans (Gran Electronics, Videocon).	—	CAG Supplementary Audit: Reported profit would be a loss if corrected.
16	Asset Quality Stress	Neutral — 74.11% of gross loan book is already impaired; legacy portfolio is largely unrecoverable.	—	Note 7: Only 56% of the loan book is secured, leaving □2,215 Cr vulnerable.

#	Check	Impact	Status	Notes detail
17	Regulatory Provisioning Gap	Profit ↓ — RBI IRACP norms require ₹104.67 Cr more provisioning than Ind-As ECL models.	—	Note 39: Internal risk models are less conservative than regulatory requirements.

4. Management & governance

A. Auditor report & key audit matters

- **Audit Opinion Type:** Unqualified (Consolidated).
- **KAM 1: Stage 3 Income Recognition:** The auditor flagged the restatement of FY 2022 and FY 2023 financials to incorporate Stage 3 interest income. The risk involves manual identification and the subjective nature of immediate write-offs based on "no reasonable expectation of recovery."
- **KAM 2: Valuation of Investments in Subsidiaries:** Management fair-valued IFCI Factors and IFCI Financial Services using internal models. The auditor noted high sensitivity to Level 3 inputs and valuation methodologies.
- **KAM 3: Expected Credit Loss (ECL):** Complexity in the ECL model for the loan portfolio, specifically the subjectivity in estimating future cash flows from collateral for a ₹3,739.65 Cr allowance.
- **CAG Supplementary Audit:** The CAG identified that **Profit After Tax is overstated by ₹249.97 Cr** due to the understatement of Impairment Loss Allowance on specific legacy loans (Gran Electronics, Videocon Industries, and Pioneer Gas Power).
- **Auditor Fees:** Consultation and law charges spiked 81.77% to ₹7.78 Cr, signaling high legal/recovery costs.

B. Related party transactions

Party	Relationship	Nature	Amount (₹Cr)	Concern
President of India (GoI)	Promoter	**Equity Infusion**	500.00	Dependency Risk
Stock Holding Corp (SHCIL)	Subsidiary	**Dividend Received**	80.14	**Cash Flow Dependency**
IFCI Infrastructure (IIDL)	Subsidiary	**Dividend Received**	24.99	**Cash Flow Dependency**
Govt Ministries	Nodal Agency	Scheme Management Fees	21.30	Concentration Risk
KMP	Management	Short-term benefits	2.05	Neutral

RPT Verdict: **Governance Concern ** The entity is a "pass-through" for government capital and subsidiary profits. Without the ₹105.13 Cr in subsidiary dividends, the parent's ability to service its ₹5,367.00 Cr debt would be non-existent.

C. Shareholding

Shareholder	Mar 2024	Mar 2023
Promoters (GoI)	70.32%	66.35%
FIIs	2.45%	2.07%
DIIs	1.95%	2.44%
Public	25.28%	29.14%

- **Pledged Shares:** 0.00% of promoter holding.

D. Board composition + KMP compensation

- **Total Directors:** 8.
- ***Independent %:*** 12.50% (Only 1 Independent Director). **Gross violation of SEBI LODR.**
- ***Women Directors:*** 0. **Non-compliance with SEBI LODR and Companies Act.**
- **KMP Compensation:** Aggregate KMP pay grew 17.81% to □2.05 Cr. While only 0.41% of reported EBITDA, the "Operating Profit" is distorted by impairment reversals. On a cash-adjusted basis, KMP pay is rising while the core business remains stagnant.

F. Capital allocation & capex

Action	FY current (□Cr)	FY prior (□Cr)	% of CFO	Signal
Dividends	0.00	0.00	0.00%	—
Equity Issuance	400.00	100.00	3,333.33%	**Positive**
Net Debt Change	-653.00	-1,075.00	N/M	**Positive**
Impairments (Reversal)	(335.17)	130.29	N/M	—
Interest Payments	571.00	642.00	4,758.33%	—
Asset Sales	7.68	17.98	64.00%	—

Capex analytical notes: * **CFO Coverage of Capex:** CFO/Capex ratio is **0.27x**. Operations cover less than 30% of maintenance requirements. * **Nature of Capex:** Primarily IT and maintenance (□**24.16 Cr** depreciation vs □44.04 Cr spend). * **Key Takeaways: Capex of □44.04 Cr is a survival necessity for the "Advisory" pivot but remains un-funded by operating cash flows.**

H. Risks

- ***Regulatory Insolvency:*** **CRAR at (-) 48.35%** (vs RBI requirement of +15%). High risk of license cancellation; total reliance on GoI forbearance.
- ***Profit Overstatement:*** **CAG identified □249.97 Cr overstatement**. Reported profit of □241 Cr would be a Net Loss if corrected.
- ***Liquidity/Refinancing:*** **□3,651.76 Cr debt maturing < 12 months**. Potential default if GoI support or SHCIL dividends stall.
- ***Governance Failure:*** **Non-compliant Board composition** (only 1 Independent Director, 0 Women Directors). Continued SEBI fines and lack of oversight.
- ***Asset Quality:*** **74.11% of loan book is impaired**. Legacy portfolio is largely unrecoverable; □2,215 Cr is unsecured.

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	2	→	Zero new loans; 19.8% drop in interest income.	Transitioning to a low-scale advisory model while liquidating a toxic legacy book.
Financial health	1	→	CRAR at (-) 48.35%; FCF -₹24 Cr.	Technically insolvent; survival depends entirely on annual sovereign equity infusions.
Earnings quality	1	↓	₹335 Cr impairment reversal; ₹250 Cr CAG flag.	Reported profit is an accounting artifact disputed by the statutory auditor (CAG).
Management & governance	1	↓	1 Independent Director; 0 Women Directors.	Persistent non-compliance with SEBI LODR and lack of independent board oversight.
Capital allocation & earnings visibility	2	→	ROCE 13.3% (inflated); CFO/Capex 0.27x.	Value-destructive; capex is unfunded by operations and returns are accounting-driven.

Business positives (for this company this year) * **Sovereign Support:** Received ₹500 Cr equity infusion in FY24 and another ₹500 Cr in April 2024, maintaining GoI stake at 71.72%. * **Subsidiary Performance:** SHCIL provided ₹30.14 Cr in dividends, acting as a critical liquidity lifeline. * **Debt Reduction:** Total debt reduced by ₹653 Cr YoY through aggressive recovery and equity-funded repayments. * **Nodal Agency Traction:** Successfully managing 16+ PLI schemes, generating ₹21.3 Cr in management fees.

Business negatives / concerns (for this company this year) * **Technical Insolvency:** CRAR remains at (-) 48.35%, far below the RBI's 15% minimum requirement. * **Profit Mirage:** Reported PAT of ₹241 Cr is negated by a ₹249.97 Cr impairment understatement identified by the CAG. * **Governance Vacuum:** Non-compliant board with only one Independent Director and zero Women Directors for the full year. * **Liquidity Stress:** ₹3,651.76 Cr in liabilities maturing within 12 months against negative Free Cash Flow of -₹24 Cr. * **Deteriorating Receivables:** Receivables over 6 months surged 1077% (₹9 Cr to ₹106 Cr), signaling poor collection of advisory fees.

Overall scorecard summary IFCI remains a "zombie" institution, technically insolvent and operationally stagnant in its core lending business. The reported turnaround to profitability is of the lowest possible quality, driven by non-cash impairment reversals and explicitly disputed by the CAG. Governance is at a critical low point with a non-compliant board, and the company's survival is purely a function of sovereign forbearance and annual equity infusions. The trajectory is stable only in its dependency on the state, with no clear path to organic viability.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Total: 7/10 — Governance Rating: 1 (Rating downgraded to 1 due to gross SEBI LODR violations and CAG flags).

Part c: investor verdict

Thesis: IFCI is a state-sponsored liquidation play disguised as a consultancy, where accounting profits mask deep structural insolvency. **Overall stance:** Avoid **Rationale:** The company is technically insolvent with a -48% CRAR and reported profits that are disputed by the CAG and unsupported by cash flows. **Re-evaluate when:** CRAR turns positive (>0%) and the board achieves full SEBI LODR compliance. **BULL CASE:** A full merger with a stronger state entity (like SIDBI) or a direct GoI guarantee on all legacy debt. **BEAR CASE:** RBI cancels the NBFC license or the GoI ceases annual equity infusions, leading to a default on the ₹3,651 Cr near-term debt. **Key monitorable:** CRAR: Current (-) 48.35% → Watch threshold: > 0%.

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Capital Allocation	□400 Cr GoI infusion used for aggressive debt reduction (-□1,075 Cr).	□500 Cr GoI infusion used to cover operating borrowings and maintenance capex.	The company has shifted from active deleveraging to a state of permanent sovereign dependency to fund basic survival.
Margin Trajectory	Financing Margin at 4% with negative PAT margin (-7.06%).	Financing Margin at 35% with positive reported PAT (□241 Cr).	Margin expansion is an accounting artifact driven by a □335 Cr non-cash impairment reversal rather than operational recovery.
Working Capital	CFO at -□336 Cr; Receivables at □239 Cr.	CFO at □12 Cr; Receivables at □306 Cr with 1077% surge in >6m bucket.	The pivot to advisory services is suffering from severe collection friction, as evidenced by the massive spike in aged receivables.
Management Tone	Focused on "zombie" survival and the start of the nodal agency pivot.	Cautiously triumphant regarding the first profit in seven years.	Management is attempting to project a turnaround narrative that is directly contradicted by the CAG's findings of profit overstatement.
Earnings Quality	Expenses reduced by □207 Cr via technical write-offs.	Profit inflated by □335 Cr impairment reversal; CAG flagged □250 Cr overstatement.	Forensic risk has escalated from aggressive accounting cleanup to the reporting of disputed profits that the auditor claims should be losses.

7.2 Persistent patterns

- **Technical Insolvency**: The company remains fundamentally bankrupt with a **CRAR that is deeply negative** (-70.66% to -48.35%), far below the regulatory mandate of +15%.
- **Governance Paralysis**: There is a **persistent and gross violation of SEBI LODR requirements**, with the board consistently lacking the required number of Independent and Women Directors.
- **Core Business Moratorium**: The legacy lending business is in **terminal runoff**, characterized by zero new loan sanctions and zero disbursements for two consecutive years.
- **Sovereign Life Support**: Survival is entirely contingent on **annual equity infusions from the Government of India** and dividend upstreaming from the SHCIL subsidiary.
- **Negative Free Cash Flow**: Despite reported accounting profits, the business **cannot generate positive Free Cash Flow** (-□383 Cr to -□24 Cr), rendering it unable to service its □8,707 Cr debt base organically.
- **Audit Transparency Issues**: Financial reporting continues to be clouded by **significant auditor concerns**, shifting from scope limitations on fee income to explicit CAG disputes over asset impairment.