September 14, 2026

# IFCI Limited: Ratings continues on watch with developing implications

## Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action | Financial sector regulator# |
|---|---|---|---|---|
| **Fund-based/Non-fund based bank limits** | 300.00 | 300.00 | [ICRA]B+; Rating continues on watch with developing implications | RBI |
| **Long-term bonds (incl. sub-debt)** | 444.55 | 444.55 | [ICRA]B+; Rating continues on watch with developing implications | SEBI |
| **Long-term bonds (incl. sub-debt)** | 468.55 | - | [ICRA]B+; Rating continues on watch with developing implications and withdrawn | SEBI |
| **Commercial paper programme** | 500.00 | 500.00 | [ICRA]A4; Rating continues on watch with developing implications | RBI |
| **Total** | **1,713.10** | **1,244.55** | | |

**Instrument details are provided in Annexure I; # The Securities and Exchange Board of India's (SEBI) grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators other than SEBI*

## Rationale

The ratings remain on Watch with Developing Implications as clarity is still awaited on the approval, structure and timelines of the proposed consolidation of the IFCI Group[1], which includes the merger/amalgamation of IFCI Limited (IFCI) and Stock Holding Corporation of India Limited (StockHolding; rated [ICRA]AA-; RWD[2]) and other Group companies. StockHolding is a subsidiary of IFCI (52.86% stake as on June 30, 2026). IFCI had received in-principle approval from the Department of Financial Services (DFS), Ministry of Finance, in November 2024 to explore the consolidation of the IFCI Group. Subsequently, a transaction advisor was appointed, and based on their evaluation, IFCI's board, at its meeting held on July 14, 2025, recommended the consolidation of the Group to the Government of India (GoI) for approval. The proposed merger includes:

1. Consolidation of StockHolding, IFCI Factors Limited, IFCI Infrastructure Development Limited, and IIDL Realtors Limited with IFCI (referred to as the resultant entity);
2. Consolidation of the broking businesses housed under Stock Holding Services Limited, IFCI Financial Services Limited, IFIN Commodities Limited, IFIN Credit Limited and IFIN Securities Finance Limited into a single entity, which will be a direct subsidiary of the resultant entity;
3. Other Group entities – Stock Holding Document Management Services Limited (rated [ICRA]A+(CE) RWD), Stock Holding Securities IFSC Limited, IFCI Venture Capital Funds Limited and MPCON Limited may remain direct subsidiaries of the resultant entity;
4. IFCI's board has recommended the divestment of its shareholding in MPCON Limited to the GoI for approval.

Once the company receives approval from the GoI, the implementation of the proposed consolidation would begin, including obtaining the requisite regulatory, statutory and other stakeholder approvals.

Post-merger, ICRA expects IFCI to continue as the resultant entity with the GoI remaining the single largest shareholder. ICRA notes that StockHolding's 4.44% stake in National Stock Exchange (NSE) could provide significant financial flexibility to the consolidated entity, particularly as NSE is in the process of completing its initial public offering (IPO). A successful listing could enhance monetisation opportunities for StockHolding and thus improve the merged entity's financial profile. However, the

[1] *IFCI Limited and its subsidiaries and associates are collectively referred to as the IFCI Group or the Group*

[2] *RWD – Rating Watch with Developing Implications*

timing of the consolidation of the IFCI Group, the timing and quantum of the NSE stake monetisation and the extent of IFCI's debt reduction by the time of consolidation will be key monitorable factors.

The rating watch may be resolved once there is clarity on the timeline for the implementation of the consolidation, transaction structure, operational profile, financial metrics, and the GoI's stake in the merged entity.

The ratings continue to factor in IFCI's weak financial profile as reflected by its capital-to-risk weighted assets ratio (CRAR) of -17.58% as on June 30, 2026 (-18.78% as on March 31, 2026, -23.04% as on March 31, 2025). Over the past few years, the company has managed its debt repayments through a combination of the rundown of its standard loan book, recoveries from non-performing assets (NPAs), divestment of its non-core assets and capital infusions from the GoI. ICRA notes that IFCI has enough liquidity on its balance sheet to meet the debt servicing obligations falling due in FY2027. However, given the negligible size of the standard loan book, its long-term repayment obligations remain contingent on recoveries from NPAs, monetisation of non-core assets and timely financial support from the GoI.

The GoI has infused capital of Rs. 2,000 crore over FY2020-FY2025, while no capital infusion was needed in FY2026 as the company was able to manage repayments through its cash flow. Going forward, IFCI's ability to manage debt repayments can improve considerably following the proposed group consolidation, which will also depend on the extent of reduction in its own debt and the quantum of NSE stake held by StockHolding at the time of the merger.

ICRA has withdrawn the rating assigned to the Rs. 468.55-crore long-term bonds (including subordinated debt; sub-debt) programme as these have been fully redeemed with no amount outstanding against the same. The rating was withdrawn in accordance with ICRA's withdrawal policy (click here for the policy).

## Key rating drivers and their description

### Credit strengths

Not applicable

### Credit challenges

**Liquidity risk persists** – IFCI remains highly dependent on recoveries from its stage 3 assets to service its total debt obligations. It recovered Rs. 199 crore from its NPAs[3] in Q1 FY2027 (Rs. 536 crore in FY2026, Rs. 580 crore in FY2025) compared to debt servicing obligations of ~Rs. 1,452 crore in FY2027. As on June 30, 2026, IFCI's standard loan book (net stage 1 and stage 2) stood at Rs. 70 crore (Rs. 78 crore as on June 30, 2025) due to continuing repayments/prepayments and a pause on incremental disbursements. Consequently, cash flows from standard assets will be limited on an incremental basis.

The company has enough liquidity (around Rs. 540 crore as on August 3, 2026) on its balance sheet to meet debt servicing obligations falling due over the remainder of FY2027. Nevertheless, total debt outstanding was Rs. 4,185 crore (including interest accrued but not due) as on March 31, 2026. Until the proposed consolidation goes through, uncertainty persists regarding the source of funds for servicing the said debt servicing obligations.

**Timely support from GoI remains critical** – As on June 30, 2026, the GoI held a majority stake (72.57%) in IFCI, up from 56.42% as on March 31, 2020, supported by period capital infusions over the years. The GoI did not infuse any capital in the company in FY2026 and has also not earmarked any infusion for FY2027. This may not be required (except for any, if planned, as per the consolidation scheme), given the proposed consolidation and the presence of enough liquidity to meet the debt servicing obligations for FY2027. Nevertheless, ICRA notes that IFCI's capital requirement remains high due to the sizeable debt level in relation to standard advances. Accordingly, timely and meaningful support from the GoI will remain critical. As a step towards its revival, the proposed group consolidation plan is under consideration.

**Weak asset quality and capital position** – IFCI's asset quality remains weak, with gross stage 3 assets of Rs. 3,910[4] crore (98.23% of gross loans) as on June 30, 2026 against Rs. 4,097 crore (98.28% of gross loans) as on March 31, 2026 because of negligible fresh disbursements in the last few years and the rundown of the loan book to meet debt repayments. Furthermore,

[3] *This data includes NPA recovery/security receipts (SRs)/project equity divestment*
[4] *Gross stage 3 assets include assets classified under stage 3, reclassified SRs and income recognised on stage 3 assets*

IFCI's share of net stage 3 assets in the overall net loans and advances stood at 93.51% as on June 30, 2026 (93.96% as on March 31, 2026).

Since the December 2020 quarter, IFCI's CRAR remained negative and stood at -17.58% as on June 30, 2026 compared to -21.85% as on June 30, 2025. It remained much lower than the reported net worth of Rs. 1,797 crore as on June 30, 2026, as it excludes net deferred tax assets and investments in subsidiaries. Government-owned non-banking financial companies (NBFCs) are required to maintain Tier I of 10% and a CRAR of 15%. Unless the proposed consolidation goes through, IFCI's weak asset quality and capital position are unlikely to improve meaningfully in the absence of substantial capital infusions.

**Earnings profile to remain weak amid declining loan book and high level of stressed assets** – With a standard net loan book of Rs. 70 crore and debt of Rs. 4,185 crore (including interest accrued but not due) as on March 31, 2026, IFCI's interest-bearing assets are much lower than its interest-bearing liabilities. Hence, the net interest income (NII) is negative on a cash basis. Although the company reported a net profit of Rs. 52 crore in FY2026 (Rs. 44 crore in FY2025), this was primarily driven by recoveries from stage 3 assets and non-interest income (dividend income, fee/commission income, rental and other income). ICRA expects IFCI's earnings profile to remain largely dependent on recoveries from NPAs and income generated from non-core sources over the medium term.

Additionally, given its weak funding profile and stretched liquidity position, IFCI's fresh net sanctions and disbursements remained nil in FY2026 and Q1 FY2027. Hence, the declining standard loan book and funding constraints, which have limited fresh business activity, continue to affect the earnings profile. Once the proposed plan, which has been submitted to the GoI, is approved and implemented, clarity on IFCI's long-term business strategy will also drive its credit profile.

## Liquidity position: Stretched

The company maintains sufficient liquidity to meet its near-term debt servicing obligations in FY2027, with cash and cash equivalents of ~Rs. 540 crore as on August 3, 2026 against debt repayments of ~Rs. 550 crore due during the remainder of the fiscal. However, its debt servicing ability beyond FY2027 remains contingent on achieving meaningful recoveries from its sizeable NPA pool and on continued capital support from the GoI.

## Rating sensitivities

**Positive factors** – The rating watch may be resolved once there is clarity on the transaction structure, operational profile, financial metrics, and the GoI's stake in the merged entity. Further, given the current significantly weak capital position, liquidity, solvency profile and earnings outlook, the ratings could be upgraded if IFCI's strategic importance to the GoI increases considerably.

**Negative factors** – The ratings could be downgraded on further weakening of the liquidity position in the absence of the conclusion of the proposed consolidation plan.

## Analytical approach

| Analytical approach | Comments |
|---|---|
| **Applicable rating methodologies** | ICRA's Credit Rating Methodology for Non-banking Finance Companies<br>ICRA's Policy on Withdrawal of Credit Ratings |
| **Parent/Group support** | The ratings factor in IFCI's sovereign ownership and the track record of capital infusions by the GoI. |
| **Consolidation/Standalone** | To arrive at the ratings, ICRA has considered IFCI's standalone financials. |

## About the company

The GoI had established the Industrial Finance Corporation of India (IFCI) on July 1, 1948 as a development financial institution (a statutory corporation) to cater to the long-term financial needs of the industrial sector. IFCI's constitution was changed in 1993 to a company under the Indian Companies Act, 1956 while its name was changed to IFCI Limited with effect from October 1999. The company's financing activities covered various kinds of projects spanning airports, roads, telecom, power, real estate, manufacturing, services and other such allied industries. However, IFCI's lending operations stopped in FY2022 due to capital and liquidity constraints.

### Key financial indicators (standalone)

| IFCI Limited | FY2025 | FY2026 | Q1FY2027 |
|---|---|---|---|
| **Total income** | 842 | 924 | 125 |
| **PAT** | 44 | 52 | 9 |
| **Total managed assets** | 9,386 | 10,064 | 7,312 |
| **Return on managed assets** | 0.45% | 0.53% | 0.47%^ |
| **Reported gearing (Debt*/Net worth; times)** | 2.51 | 2.34 | 2.34 |
| **Gross stage 3** | 98.15% | 98.28% | 98.23% |
| **CRAR** | (23.04%) | (18.78%) | (17.58%) |

*Source: IFCI, ICRA Research*
*Total income = Gross interest income + Non-interest income; *Total debt comprises interest accrued but not due and long-term borrowing*
*^Annualized; NA- Not available*
*Note: Amount in Rs. crore; All calculations are as per ICRA Research*

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

## Rating history for past three years

| | Current (FY2027) | | | Chronology of rating history for the past 3 years | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | FY2026 | | FY2025 | | FY2024 | |
| Instrument | Type | Amount rated (Rs. crore) | Sep 14,2026 | Date | Rating | Date | Rating | Date | Rating |
| **Fund-based/Non-fund based bank limits – Unallocated** | Long term | 300.00 | [ICRA]B+; Rating Watch with Developing Implications | Sep-16-2025 | [ICRA]B+; Rating Watch with Developing Implications | Dec-03-2024 | [ICRA]B+; Rating Watch with Developing Implications | May-29-2023 | [ICRA]B+ (Negative) |
| | | - | - | - | - | May-28-2024 | [ICRA]B+ (Negative) | - | - |
| **Long-term bonds (incl. sub-debt)** | Long term | 444.55 | [ICRA]B+; Rating Watch with Developing Implications | Sep-16-2025 | [ICRA]B+; Rating Watch with Developing Implications | Dec-03-2024 | [ICRA]B+; Rating Watch with Developing Implications | May-29-2023 | [ICRA]B+ (Negative) |
| | | - | - | - | - | May-28-2024 | [ICRA]B+ (Negative) | - | - |
| **Long-term bonds (incl. sub-debt)** | Long term | 468.55 | [ICRA]B+; Rating Watch with Developing Implications and withdrawn | Sep-16-2025 | [ICRA]B+; Rating Watch with Developing Implications | Dec-03-2024 | [ICRA]B+; Rating Watch with Developing Implications | May-29-2023 | [ICRA]B+ (Negative) |
| | | - | - | - | - | May-28-2024 | [ICRA]B+ (Negative) | - | - |

| | | Current (FY2027) | | Chronology of rating history for the past 3 years | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | FY2026 | | FY2025 | | FY2024 | |
| Instrument | Type | Amount rated (Rs. crore) | Sep 14,2026 | Date | Rating | Date | Rating | Date | Rating |
| **Bonds/NCD programme** | Long term | - | - | Sep-16-2025 | [ICRA]B+; Rating Watch with Developing Implications and withdrawn | Dec-03-2024 | [ICRA]B+; Rating Watch with Developing Implications | May-29-2023 | [ICRA]B+ (Negative) |
| | | - | - | - | - | May-28-2024 | [ICRA]B+ (Negative) | - | - |
| **Commercial paper** | Short term | 500.00 | [ICRA]A4; Rating Watch with Developing Implications | Sep-16-2025 | [ICRA]A4; Rating Watch with Developing Implications | Dec-03-2024 | [ICRA]A4; Rating Watch with Developing Implications | May-29-2023 | [ICRA]A4 |
| | | - | - | - | - | May-28-2024 | [ICRA]A4 | | |

## Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|---|
| **Unallocated bank limits** | Not applicable |
| **Long-term bonds (incl. sub-debt)** | Simple |
| **Commercial paper** | simple |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here]

## Annexure I: Instrument details

| ISIN | Instrument name | Date of issuance/ Sanction | Coupon rate | Maturity date | Amount rated (Rs. crore) | Current rating and outlook | Financial sector regulator# |
|---|---|---|---|---|---|---|---|
| **Long-term bonds (incl. subordinated debt)** | | | | | | | |
| INE039A09NZ3 | Infra Bonds Series-III OP- III - Cumulative | Dec-12-2011 | 8.75% | Dec-12-2026 | 7.70 | [ICRA]B+; Rating Watch with Developing Implications | SEBI |
| INE039A09OA4 | Infra Bonds Series-III OP- IV - Annual | Dec-12-2011 | 8.75% | Dec-12-2026 | 2.60 | | |
| INE039A09OG1 | Infra Bonds Series-IV OP- III - Cumulative | Feb-15-2012 | 9.16% | Feb-15-2027 | 30.99 | | |
| INE039A09OH9 | Infra Bonds Series-IV OP- IV - Annual | Feb-15-2012 | 9.16% | Feb-15-2027 | 9.03 | | |
| INE039A09OW8 | Infra Bonds Series-V OP- III - Cumulative | Mar-31-2012 | 8.72% | Mar-31-2027 | 17.28 | | |
| INE039A09OX6 | Infra Bonds Series-V OP- IV - Annual | Mar-31-2012 | 8.72% | Mar-31-2027 | 5.83 | | |
| INE039A09NW0 | Sub Bonds Series- III OP- IV - Annual | Oct-31-2011 | 10.75% | Oct-31-2026 | 102.49 | | |
| INE039A09OM9 | Sub Bonds Series- IV OP- II - Annual | Feb-28-2012 | 10.70% | Feb-28-2027 | 123.63 | | |
| INE039A09PU9 | Tax Free Bonds I-OP B | Mar-31-2014 | 8.76% | Mar-31-2029 | 145.00 | | |
| INE039A09NL3 | Sub Bonds Series- I OP- III - Annual | Aug-01-2011 | 10.75% | Aug-01-2026 | 403.59 | [ICRA]B+; Rating Watch with Developing Implications withdrawn | SEBI |
| INE039A09NM1 | Sub Bonds Series- I OP- IV - Cumulative | Aug-01-2011 | 10.75% | Aug-01-2026 | 64.96 | | |
| | Total | | | | 913.10 | | |
| **Fund-based/Non-fund based bank limits*** | | | | | | | |
| NA | Fund-based/Non-fund based bank limits – Unallocated | | | | 300.00 | [ICRA]B+; Rating Watch with Developing Implications | RBI |
| **Commercial paper** | | | | | | | |
| Unplaced* | Commercial paper | - | - | - | 500.00 | [ICRA]A4; Rating Watch with Developing Implications | RBI |

**As on Aug 31, 2026 ; # SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators other than SEBI*

[*Please click here to view details of lender-wise facilities rated by ICRA*]

## Annexure II: List of entities considered for consolidated analysis

Not applicable

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

## ICRA Limited

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