



LIMITED

आई एफ सी आई लिमिटेड  
(A Government of India Undertaking)  
(भारत सरकार का उपक्रम)

No. IFCI/CS/2018-446

May 30, 2018

**BSE Limited**

Department of Corporate Services  
Phiroze JeeJeebhoy Tower  
Dalal Street, Fort  
Mumbai – 400001

**CODE: 500106**

Dear Sir / Madam,

**Re: Revision in Credit Rating and Rating Rationale**

This is to inform that the Rating Agency, ICRA Limited (ICRA), has revised the ratings of debt instruments of IFCI Limited, as under:-

Fund Based Bank Limits from '[ICRA] A-' to '[ICRA] BBB+', Long Term Bonds (including Subordinate Debt) from '[ICRA] A-' to [ICRA] BBB+', Bonds / NCD (Public Issue) from '[ICRA] A-' to '[ICRA] BBB+'. The outlook on these Long Term Ratings are negative.

The rating on Short Term Instruments-Commercial Papers has been revised from '[ICRA] A1' to '[ICRA] A2+'.

**Rating Rationale:**

The rating downgrade considers the continued deterioration in IFCI's profitability and Capitalisation ratios despite the sizeable divestment of non-core investments, resources and cost control measures undertaken by the company during FY2018. Net interest income (NII) remained negative because of elevated non-performing assets (NPAs) during FY2018. This, along with continued fresh slippages, surge in credit provisions and limited increase in recoveries, resulted in sizeable losses for IFCI during the year. Even as IFCI stepped up the divestment of non-core assets during the year, the increase in income from the sale of these assets was not commensurate with the losses from lending operations. The capital infusion during the year was also much lower than the losses during the year, leading to erosion in the capital base and Capitalisation levels being below regulatory requirements. Given the capital constraints, IFCI has been consistently focusing on the reduction of risk-weighted assets (RWAs) by scaling down its business and adopting other measures. Accordingly, its standard earning advances also continue to decline.

Going forward, ICRA expects incremental slippages to continue during FY2019 but to be much lower than slippages during FY2018 and FY2017.

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पंजीकृत कार्यालय:

आईएफसीआई टावर, 61 नेहरु प्लेस, नई दिल्ली - 110 019

दूरभाष: +91-11-4173 2000, 4179 2800

फैक्स: +91-11-2623 0201, 2648 8471

वेबसाइट: www.ifcilt.com

सीआईएन: L74899DL1993GOI053677

**IFCI Limited**

**Regd. Office:**

IFCI Tower, 61 Nehru Place, New Delhi - 110 019

Phone: +91-4173 2000, 4179 2800

Fax: +91-11-2623 0201, 2648 8471

Website: www.ifcilt.com

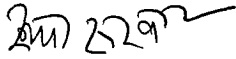
CIN: L74899DL1993GOI053677



However, profitability from lending operations will remain under pressure mainly due to a) capital constraints leading to a decline in earning advances and, hence, NII; b) credit provisions on an elevated level of net NPAs. The company's ability to restore the capital ratios above the regulatory levels by further stepping up divestments or raising equity capital to offset losses is critical for sustainable operations. In the absence of requisite divestments or capital infusion, IFCI's ability to absorb expected credit provisions will remain weak, leading to further erosion in the capital position. This will also impact its ability to grow the business. With the Government of India's (GoI) shareholding at 56.42%, IFCI is highly dependent on capital infusion from the GoI, in the absence of which, the breach in capital ratios may be expected to continue.

This is for your information and record.

Yours faithfully  
For **IFCI Limited**



(**Rupa Sarkar**)  
Company Secretary



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No. IFCI/CS/2018-447

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**National Stock Exchange of India Limited**

Exchange Plaza

Plot No. C/1, G Block, Bandra Kurla Complex

Bandra (East)

Mumbai – 400 051

**CODE: IFCI**

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