



LIMITED

आई एफ सी आई लिमिटेड

(A Government of India Undertaking)  
(भारत सरकार का उपक्रम)

No. IFCI/CS/2017- 602

August 23, 2017

**National Stock Exchange of India Limited**

Exchange Plaza

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

Bandra (East)

Mumbai – 400 051

**CODE: IFCI**

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] A-', Long Term Bonds (including Subordinate Debt) from '[ICRA] A' to '[ICRA] A-', Bonds / NCD (Public Issue) from '[ICRA] A' to '[ICRA] A-'. 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] A1'.

**Rating Rationale:**

The rating downgrades take into account the continued deterioration in IFCI's profitability and capitalisation ratios. With a negative net interest income (NII) during Q1FY2018 and elevated credit provisions, IFCI continued to report net losses in Q1FY2018.

Though the company reported overall capitalisation of 15.2% as on June 30, 2017, but its Tier I capital at 9.92% was lower than the regulatory minimum of 10% as neither the expected capital infusion from the Government of India (GoI) nor the divestment of non-core investments have materialised so far during the current fiscal. The negative outlook on the ratings reflects ICRA expectations that the entity's asset quality is likely to weaken further and its NII will remain under pressure given the capital constraints to expand the portfolio. Further, with elevated credit provisions, the overall profitability and capitalisation will remain dependent on the extent of recoveries, divestments and fresh capital infusion. Also, IFCI's ability to borrow at competitive rates will be critical for it to extend competitive lending rates, and for the sustainability and growth of its business. Slower progress on above issues will be a rating negative that could lead to a further downgrade in ratings. Conversely, the rating outlook may change to stable if IFCI is able to demonstrate large recoveries, raise

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पंजीकृत कार्यालय:

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**IFCI Limited**

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Continuation sheet

funds through divestments or improve its capital ratios sufficiently above regulatory levels to fund growth in advances and improve operating profitability.

IFCI's ratings continue to be supported by its sovereign ownership, with 55.5% of equity being held by the GoI as on June 30, 2017. The ratings are also supported by the entity's comfortable liquidity profile given the long term nature of its liabilities.

This is for your information and record.

Yours faithfully  
For **IFCI Limited**

(**Rupa Sarkar**)  
Company Secretary