

No. IFCI/CS/2019-548

June 28, 2019

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

This is to inform that ICRA has revised the Credit Ratings for the facilities and the ratings stand as under:

S.No.	Nature of Facility	Ratings	Rating Action
1.	Fund Based Bank Limits	[ICRA]BBB Outlook: Negative	Downgraded from [ICRA]BBB+ Outlook: Negative
2.	Long Term Bonds (including Subordinate Debt)	[ICRA]BBB Outlook: Negative	Downgraded from [ICRA]BBB+ Outlook: Negative
3.	Bonds / NCD (Public Issue)	[ICRA]BBB Outlook: Negative	Downgraded from [ICRA]BBB+ Outlook: Negative
4.	Commercial Paper Programme	[ICRA]A3+	Downgraded from [ICRA]A2+

Rationale for Rating Downgrade

The rating downgrade factors in the continued weakening of IFCI Limited's capital position because of continued slippages and a deteriorating operating profile as the scheduled loan repayments were met by reducing the standard loan book, apart from recoveries from non-performing assets (NPA) and divestments. While the Government of India (GoI) had announced a capital infusion of Rs. 200 crore, which is likely to be infused in the coming months, ICRA expects IFCI to continue breaching the minimum regulatory capital ratios despite the capital infusion and the reducing scale of operations, unless fresh capital is allocated to IFCI.

आई एफ सी आई लिमिटेड

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सीआईएन: L74899DL1993GOI053677

1948 से राष्ट्र के विकास में

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

The overall asset quality remains weak, largely because of slippages from the loans sanctioned prior to FY2019. This, coupled with the declining Tier I capital, led to further weakening in the solvency profile with a net stage 3 assets/Tier I ratio of 579% as on March 31, 2019 compared to 263% as on March 31, 2018.

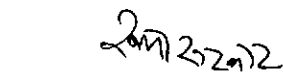
ICRA notes that the company has sought the GoI's approval for the divestment of certain investments in its subsidiaries. Approval would not only improve the profitability (as these are carried as per book value), it would also improve the liquidity and capital ratios as the risk-weighted assets (RWAs) would decline. Moreover, this would free up the capital locked in the subsidiaries. ICRA expects this to remain a key monitorable in the near term as it will address the near-term capital-related as well as liquidity issues. However, in the absence of such approval, IFCI's capital dependence on the GoI will increase substantially.

While the company has been maintaining surplus liquidity of ~Rs. 1,000 crore on a daily average basis, the same has been partly supported by a declining standard book. Given its large repayment obligations and the inability to secure fresh lending during the last two years, the timely divestment of its stake in large core/non-core investments and its ability to secure fresh lending will remain critical for its liquidity and capital position. The ratings continue to be supported by the majority GoI ownership with demonstrated capital support in the past.

The complete Credit Rating Report by ICRA may also be referred from their website.

This is for your information and record.

Yours faithfully
For **IFCI Limited**


(**Rupa Sarkar**)
Company Secretary