

No. IFCI/CS/2018- 461

June 4, 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, CARE Ratings Limited (CARE), has revised the ratings of debt instruments of IFCI Limited, as under:-

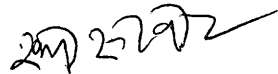
Long Term Bank Facilities and Long Term Instruments from 'CARE A-' to 'CARE BBB+', Subordinate Debt from 'CARE BBB+' to 'CARE BBB' and Long Term Instruments - NCDs from 'CARE A+ (SO)' to 'CARE A (SO)'. The outlook on these Ratings are negative.

**Rating Rationale:**

The revision in the ratings assigned to the various bank facilities and instruments of IFCI Limited (IFCI) factor in the significant deterioration in capitalization following consistent weakness in asset quality, resultant pressure on profitability and slower than planned liquidation of non-core investments which was expected to reduce pressure on IFCI's capitalization and profitability. The rating revision also factors in negative Net Interest Income (NII) and de-growth in IFCI's loan portfolio in FY18. The ratings however, continue to derive strength from majority ownership by the Government of India (GOI), diversified resource profile and adequate liquidity of the company. GoI had infused equity capital of Rs.100 crore in IFCI in March 2018. The rating assigned to the NCD issue of IFCI principally derives comfort from the credit enhancement provided in the form of lien of Special Government security (G-sec) in favour of trustee such that the total lien amount is expected to be at least 70% of the total liability on the NCD and further supplemented by a structured payment mechanism (SPM). Going forward, IFCI's ability to improve capitalization, asset quality and profitability would be the key rating sensitivities.

This is for your information and record.

Yours faithfully  
For **IFCI Limited**



(**Rupa Sarkar**)  
Company Secretary

**आई एफ सी आई लिमिटेड**

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सीआईएन: L74899DL1993GOI053677

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