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आईडीबीआई बैंक लिमिटेड  
पंजीकृत कार्यालय : आईडीबीआई टॉवर,  
इल्यूटीसी कॉम्प्लेक्स, कफ परेड,  
मुंबई - 400 005.  
टेलिफोन : (+91 22) 6655 3355, 2218 9111  
फैक्स : (+91 22) 2218 0411  
वेबसाइट : www.idbi.com

IDBI Bank Limited  
Regd. Office : IDBI Tower,  
WTC Complex, Cuffe Parade,  
Mumbai - 400 005.  
TEL.: (+91 22) 6655 3355, 2218 9111  
FAX : (+91 22) 2218 0411  
Website : www.idbi.com

March 14, 2019

The Manager (Listing) BSE Ltd., 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001	The Manager (Listing) National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra(E), Mumbai - 400 051
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Dear Sir,

**Revision in Ratings by ICRA**

ICRA has vide e-mail dated March 14, 2019 informed about the revision in the outlook of long term rating for Upper Tier II Bonds and Basel II Compliant Perpetual Bonds. ICRA has reaffirmed the rating of Upper Tier II and Perpetual bonds to [ICRA] BBB+; whereas the outlook on these instruments has been removed from 'Rating watch with developing implications' and assigned a 'negative' outlook. Ratings of the other instruments have been reaffirmed as under :

Rated Instruments	Present Rating	Proposed Rating	Comments
Upper Tier II Bonds Programme	[ICRA] BBB+&, placed on watch with developing implications	[ICRA]BBB+ reaffirmed; 'rating watch with developing implications' removed and 'negative' outlook assigned	Outlook changed from 'rating watch with developing implications' to 'negative'
Basel II Compliant Perpetual Bond	[ICRA] BBB+&, placed on watch with developing implications	[ICRA]BBB+ reaffirmed; 'rating watch with developing implications' removed and 'negative' outlook assigned	
Infrastructure Bonds	[ICRA] A (negative)	[ICRA] A (negative)	No change
Flexi Bonds Series	[ICRA] A (negative)	[ICRA] A (negative)	No change
Senior and Lower Tier II (Subordinate Bonds)	[ICRA] A (negative)	[ICRA] A (negative)	No change
Subordinated Debt Programme	[ICRA] A (negative)	[ICRA] A (negative)	No change
Basel III Compliant Tier II Bonds	[ICRA] A (hyb) (negative)	[ICRA] A (hyb) (negative)	No change

Fixed Deposits Program	MAA- (negative)	MAA- (negative)	No change
Certificate of Deposit Programme	[ICRA] A1	[ICRA] A1	No change

Rationale for revision in rating is that the removal of the rating watch on the Basel II compliant upper Tier II bonds and perpetual bonds takes into account the sizeable capital infusion by Life Insurance Corporation of India (LIC), as a part of its acquisition of a majority stake (51%) in IDBI Bank Ltd. With this capital infusion, ICRA expects IDBI's capital levels to remain above the regulatory levels (i.e. CRAR of 9%) going forward, thereby not posing any challenge for the servicing of its debt capital instruments. The Negative outlook on the ratings continues to be driven by the pressure on the asset quality and credit provisioning, which will remain high in FY2020, given the elevated level of stressed assets that are yet to be provided for. This can result in losses if not supported by strong recoveries from the stock of stressed assets and divestments. We expect the bank will need to raise fresh capital in FY2020 to reduce its net NPAs below 6.0% while maintaining the capital conservation buffers (CCBs), the criteria for exiting the prompt corrective action (PCA) framework of the Reserve Bank of India (RBI).

You are requested to kindly take the above intimation on record in terms of the provisions of Regulations 30 & 51 of SEBI (LODR) Regulations, 2015.

Yours faithfully,  
For IDBI Bank Ltd.

  
14/02/19  
[Pawan Agrawal]  
GM & Co. Secy.