

IDBI Bank Limited

May 07, 2018

Summary of rated instruments

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Infrastructure Bonds	8,000.00	8,000.00	[ICRA]A reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Flexi Bond Series	230.50	230.50	[ICRA]A reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Senior & Lower Tier II (Subordinated Bonds)	25,742.72	25,742.72	[ICRA]A reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Subordinated Debt Programme	70.00	70.00	[ICRA]A reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Basel III Compliant Tier II Bonds	5,000.00	5,000.00	[ICRA]A(hyb) reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Upper Tier II Bonds Programme	4,286.20	4,286.20	[ICRA]BBB+ reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Basel II Compliant Perpetual Bonds	1,708.80	1,708.80	[ICRA]BBB+ reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Fixed Deposits Programme	-	-	MAA- reaffirmed; 'rating watch with negative implications' removed and 'negative' outlook assigned
Certificates of Deposit Programme	35,000.00	35,000.00	[ICRA]A1 reaffirmed; 'rating watch with negative implications' removed
Total	80,038.22	80,038.22	

Rating action

ICRA has reaffirmed the rating of [ICRA]A (pronounced ICRA A) for the Rs. 8,000-crore infrastructure bonds programme, Rs. 230.50-crore flexi bond series, Rs. 25,742.72-crore senior & lower Tier II bonds programme and Rs. 70-crore subordinated debt programme (of the erstwhile IDBI Home Finance) of IDBI Bank Limited (IDBI)¹. ICRA has also reaffirmed the rating of [ICRA]A(hyb) (pronounced ICRA A hybrid) for the Rs. 5,000-crore Basel III complaint Tier II bonds and the rating of [ICRA]BBB+ (pronounced ICRA triple B plus) for the Rs. 4,286.20-crore upper Tier II bonds programme and Rs. 1,708.80-crore Basel II compliant perpetual bonds of IDBI. ICRA has also reaffirmed the medium-term rating of MAA- (pronounced M double A minus) for IDBI's fixed deposits programme and the short-term rating of [ICRA]A1 (pronounced ICRA A one) for IDBI's Rs. 35,000-crore certificates of deposits programme. The ratings have been removed from 'rating watch with negative implications' and a Negative outlook has been assigned to the long- and medium-term ratings.

The letters "hyb" in parenthesis suffixed to a rating symbol stand for "hybrid", indicating that the rated instrument is a hybrid subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss-severity vis-à-vis conventional debt instruments.

¹ For complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications

Rationale

The rating reaffirmation with a Negative outlook takes into account ICRA's expectations of weak capitalisation ratios for IDBI as the bank is unlikely to maintain the required regulatory capital conservation buffer (CCB)² in the near term despite a large capital infusion of Rs. 12,471 crore by the Government of India (GoI) during FY2018. Further, with recent regulatory changes whereby the RBI has discontinued all the earlier schemes for the resolution of stressed assets, ICRA expects the slippages and credit provisions for the bank to surge during the next few quarters given its large vulnerable exposures³. Consequently, ICRA expects gross non-performing assets (GNPAs) to increase further till H1 FY2019 and reduce thereafter as the stressed accounts undergo resolution under Insolvency and Bankruptcy Code (IBC), 2016, leading to an improvement in recoveries and upgrades. While the reported GNPAs may peak during H1 FY2019, credit provisions are likely to remain elevated during FY2018 and FY2019 as the bank may need to provide for fresh slippages, ageing of NPAs as well as haircuts on exposures under the IBC proceedings. Accordingly, ICRA expects the bank's internal capital generation to remain under pressure with credit provisions far exceeding core operating profits (before credit provisions and treasury income) during FY2019. With expected losses during FY2018 and FY2019, the bank's ability to meet regulatory capital ratios (including CCBs) will depend on the size of incremental capital infusion by the GoI, divestment of non-core assets and ability to reduce risk weighted assets (RWAs). Going forward, the extent of haircuts in the existing and likely stressed accounts will determine the bank's incremental capital requirement and the extent of further capital support and capital infusion by the bank will be the key determinant of its capital position as well as a key rating sensitivity.

The provision coverage ratio (excluding technical write-offs) for IDBI remained below the industry average at 42.09% as on December 31, 2017 resulting in high levels of net NPAs, which translated into a weak solvency profile for the bank with net NPA/net worth of 155.59% as on December 31, 2017. Despite the inclusion of capital infusion by the GoI during FY2018, the solvency levels are expected to remain weak. IDBI's weak operational and financial performance has also resulted in the invocation of prompt corrective action (PCA) by Reserve Bank of India (RBI) in May 2017, thereby constraining the bank's ability to pursue growth. ICRA expects that the bank is unlikely to come out of the PCA framework till March 2019.

Outlook: Negative

In May 2017, ICRA had placed the ratings of IDBI on 'rating watch with negative implications' (RWN) as the bank had reported a CET-I ratio (including CCB) below the regulatory requirement and consequent possibility of coupon skip on its additional Tier-I (AT-I) bonds. Subsequently, in March 2018, IDBI Bank prepaid the entire amount outstanding against these bonds by exercising the early call option under a regulatory event as the bank was placed under the PCA framework by the RBI. Consequently, the ratings were removed from RWN.

Given the high level of NPAs as well as sizeable quantum of vulnerable exposures, the bank's performance is expected to remain weak during Q4 FY2018 and FY2019, which is likely to keep the profitability, capitalisation and solvency ratios under pressure during FY2019. Accordingly, ICRA has assigned a Negative outlook for the long-term and medium-term ratings of IDBI. The outlook may be revised to Stable or Positive if there is a significant improvement in the bank's capitalisation, solvency and asset quality indicators. The rating may be downgraded if the bank is unable to raise sufficient capital to offset expected losses and reports capital ratios below the regulatory levels on a consistent basis.

² CCB required is 1.875% of risk-weighted assets (RWAs) as on March 31, 2018 and 2.5% as on March 31, 2019

³ The bank had vulnerable exposures of ~14-15% of standard advances as on December 31, 2017, which also included exposures under regulatory forbearance schemes like Strategic Debt Restructuring - SDR, flexible restructuring and the scheme for sustainable structuring of stressed assets (S4A), all of which stand discontinued

Key rating drivers

Credit strengths

Sovereign ownership with demonstrated capital support from Gol – The ratings continue to factor in IDBI's majority sovereign ownership (80.96% equity shares held by the Gol, as on March 31, 2018, which is expected to increase further post capital infusion of Rs. 7,881 crore in March 2018) and demonstrated capital infusions from the parent (Rs. 1,900 in FY2017 and Rs. 12,471 crore in FY2018) to support IDBI's capitalisation ratios. ICRA will continue to monitor the capital support from the Gol given the expectations of continued capital requirements during FY2019. Further, maintenance of majority shareholding in IDBI by the Gol will remain a key rating sensitivity.

Standing as a large development financial institution – Though IDBI's gross advances have witnessed a YoY decline of ~12%, its gross advances stood at Rs. 204,768 crore as on December 31, 2017, accounting for ~2.3% of the banking system advances. The decline in gross advances reflected a conscious strategy on the part of the bank to reduce RWAs with the aim of conserving capital. A large part of the decrease came from the corporate segment, resulting in a decline in its proportion in overall advances to 46% as on March 31, 2017 (53% as on March 31, 2016) while the proportion of the retail and agri segment improved to 43% as on March 31, 2017 (36% as on March 31, 2016). Going ahead, with a planned reduction in corporate exposure, the proportion of retail and agri advances are expected to increase to over 50% in the near term.

Credit challenges

Asset quality to deteriorate further before improving; solvency to remains weak – The asset quality pressure continued with IDBI witnessing fresh gross slippages of Rs. 16,398 crore during 9M FY2018. As these slippages were only partly offset by recoveries, upgradations and write-offs (amounting to Rs. 10,529 crore in 9M FY2018), IDBI's asset quality deteriorated as reflected by GNPA and NNPA of 24.72% and 16.02%, respectively, as on December 31, 2017 (21.25% and 13.21%, respectively, as on March 31, 2017). Because of high exposure to the corporate segment, IDBI's asset quality is one of the weakest in the banking sector, which had GNPA and NNPA of 10.5% and 5.9%, respectively, as on December 31, 2017. In addition, IDBI has exposures (~14.9% of standard advances as on December 31, 2017) outstanding under various schemes of restructuring, a major portion of which can slip to NPAs in the near term, upon revision in the RBI's guidelines for the resolution of stressed assets. IDBI also has exposure to 29 accounts referred under IBC with a total outstanding of Rs. 28,770 crore as on September 30, 2017 on which the bank had a provision coverage of ~37.4%. With continued slippages, the provision coverage ratio (excluding technical write-offs) remained below the industry average at 42.09% as on December 31, 2017. High net NPAs resulted in weak solvency levels with net NPA/net worth of 155.59%, as on December 31, 2017, with the same likely to remain weak even after the inclusion of capital infused by the Gol in Q4 FY2018. IDBI's solvency levels are one of the weakest in the banking sector with the banking sector average at 52.2% as on December 31, 2017. Going ahead, ICRA expects IDBI's GNPA levels to increase further as the vulnerable accounts are likely to slip in the near term. ICRA expects the vulnerable exposure to be largely recognised as NPAs by Q2 FY2019 and, consequently, the GNPA to peak out for the bank. Thereafter, with the resolution of the stressed accounts under IBC, ICRA expects GNPA to start declining but remain elevated at ~23% by the end of FY2019.

Earnings profile to remain weak in medium term – Due to higher cost of borrowings for IDBI, the interest spreads for the bank have been lower than the public sector bank (PSB) average. Lower spreads, along with reduced stock of income-earning assets for IDBI, translated into lower net interest margins (NIMs) at 1.59% for FY2017. However, with moderation in the cost of funds due to a decrease in high-cost bulk deposits, NIMs improved in 9M FY2018 to 1.82%. With limited support from non-interest income, higher operating expenses and significantly higher credit costs with increased slippages, IDBI's core profitability (after provisions) was negative in the last 10 quarters ending Q3 FY2018. Though some support was provided to the bottom line through the divestment of non-core assets, the quantum of losses

exceeds core operating profits and profits from the sale of these assets. Consequently, IDBI reported return on assets and return on net worth of -1.42% and -26.28%, respectively, for FY2017 and -0.99% and -19.07%, respectively, for 9M FY2018. ICRA expects IDBI to incur losses during Q4 FY2018 and FY2019 given the expected credit provisions and haircuts seen in the slipped accounts.

Capitalisation likely to remain weak in near to medium term – IDBI Bank has been consistently reporting CET-I (including CCB) below the regulatory requirement of 6.75% during the last four quarters despite a capital infusion of Rs. 1,900 crore in March 2017 and a further Rs. 4,864 crore (including Rs. 394 crore by LIC) during 9M FY2018. This was mainly because losses in FY2017 and 9M FY2018 (because of the sharp deterioration in asset quality and consequent increase in credit costs) exceeded the capital infusions. IDBI's CET-I, Tier-I and CRAR stood at 6.62%, 8.97% and 11.93%, respectively, as on December 31, 2017 as against the minimum regulatory requirements of 7.375%, 8.875% and 10.875%, respectively, as on March 31, 2018. Though ICRA expects some improvement in the CET-I capitalisation levels as on March 31, 2018 with further capital infusion of Rs. 7,881 crore (3.17% of RWA as on December 31, 2017) by the GoI during Q4 FY2018 under the bank recapitalisation plan, the probable improvement is expected to be moderated by the high expected losses of Q4 FY2018 and the expected decrease in Tier-I capital with the redemption of AT-I bonds (2.01% of RWA as on December 31, 2017) in Q4 FY2018. As per ICRA's estimates, the bank may continue to face challenges in maintaining CCBs in the near term. Moreover, considering the expected losses of FY2019, IDBI will require CET-I capital in the range of Rs. 6,000-11,000 crore during FY2019 to meet the minimum regulatory capital requirements (including CCBs) as on March 31, 2019. With weak internal capital generation, the extent of haircuts in the existing and likely stressed accounts will determine the bank's incremental capital requirement and the extent of further capital support and capital infusion by the bank will be a key determinant of its capital position and will remain a key rating sensitivity.

Ability to retain and improve deposit base – Historically, IDBI has been dependent on bulk deposits because of its lower level of CASA deposits, which resulted in a higher cost of deposits for the bank. However, with a declining credit book, the need to raise bulk deposits has reduced significantly, thus reducing the bank's overall deposit base. Bulk deposits⁴, as % of total deposits, declined to 31.40% of total deposits as on December 31, 2017 from 41.78% of total deposits as on December 31, 2016. With the decrease in total deposits and a marginal increase in CASA deposits, the CASA ratio increased to 36.14% as on December 31, 2017 (28.39% as on December 31, 2016). Further, with the reduction in bulk deposits, which tend to be of shorter tenure, the ALM gaps in near-term buckets have improved (-1.74% of total outflows in the up to 3-months bucket and -4.13% in the up to 6-months bucket as on December 31, 2017). However, the gaps in the up to 1-year bucket remain high at -15.32%. Given the higher gaps in the up to 1-year bucket, IDBI's ability to rollover the existing deposits will be critical for maintaining a satisfactory liquidity profile. The bank maintained an excess SLR of ~7% as against the regulatory requirement of 19.5% as on December 31, 2017 and had a liquidity coverage ratio of 94.55% as on December 31, 2017 as against the requirement of 90% from January 1, 2018 onwards.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[ICRA Rating Methodology for Banks](#)

⁴ Bulk deposit is defined as deposits above Rs. 1 crore

About the company:

IDBI Bank Limited (IDBI), founded in 1964, is a public sector bank headquartered in Mumbai. It is one of the 21 public sector banks owned by the GoI. The GoI's holding in the bank as on March 31, 2018 stood at 80.96%, which is expected to increase with further subsequent capital infusion of Rs. 7,881 crore in Q4 FY2018. As on December 31, 2017, the bank operated through 1,927 branches and 3,807 ATMs, and had a net worth of Rs. 24,143 crore and an asset base of Rs. 340,410 crore.

The bank reported net losses of Rs. 5,158 crore in FY2017 on an asset base of Rs. 3.62 lakh crore as on March 31, 2017 compared to net losses of Rs. 3,665 crore in FY2016 on an asset base of Rs. 3.75 lakh crore as on March 31, 2016. The bank reported net losses of Rs. 2,575 crore in 9M FY2018 compared to net losses of Rs. 1,958 crore in 9M FY2017.

Key financial indicators

	FY2016	FY2017	9MFY2017	9MFY2018
Net interest income	6,089	5,752	4,118	4,725
Profit before tax	(4,971)	(8,618)	(3,798)	(4,410)
Profit after tax	(3,665)	(5,158)	(1,958)	(2,575)
Net advances	215,893	190,841	218,664	183,271
Total assets	375,390	361,889	403,552	340,410
% CET I + CCB	7.98%	5.64%	7.24%*	6.62%
% Tier I + CCB	8.89%	7.81%	8.53%*	8.97%
% CRAR	11.67%	10.70%	11.29%*	11.93%
% Net interest margin / Average total assets	1.68%	1.59%	1.44%	1.82%
% Net profit / Average total assets	(1.01%)	(1.42%)	(0.68%)	(0.99%)
% Return on net worth	(16.37%)	(26.28%)	(12.31%)	(19.07%)
% Gross NPAs	10.98%	21.25%	15.16%	24.72%
% Net NPAs	6.78%	13.21%	9.61%	16.02%
% Provision coverage excl. technical write offs	41.28%	43.76%	40.67%	42.09%
% Net NPA/ Net worth	66.22%	147.01%	103.20%	155.59%

*Without adjusting losses during 9M FY2017

All ratios as per ICRA calculations

Amount is Rs. crore

Source: Bank; ICRA research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2019)				Chronology of Rating History for the past 3 years						
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	May 2018	April 2018	FY2018 May 2017	FY2017 February 2017	January 2017	August 2016	February 2016	January 2016
1	Basel III Compliant Tier II Bonds Programme	Long Term	5,000.00	1,900.00	[ICRA]A (hyb) (negative)	[ICRA]A (hyb)@	[ICRA]A (hyb)@	[ICRA]AA- (hyb) (negative)	[ICRA]AA (hyb) (negative)	[ICRA]AA (hyb) (negative)	[ICRA]AA (hyb) (negative)	[ICRA]AA+ (hyb) (negative)
2	Infrastructure Bonds Programme	Long Term	8,000.00	5,000.00	[ICRA]A (negative)	[ICRA]A@	[ICRA]A@	[ICRA]AA- (negative)	[ICRA]AA (negative)	[ICRA]AA (negative)	[ICRA]AA (negative)	[ICRA]AA+ (negative)
3	Flexi Bond Series	Long Term	230.50	126.82	[ICRA]A (negative)	[ICRA]A@	[ICRA]A@	[ICRA]AA- (negative)	[ICRA]AA (negative)	[ICRA]AA (negative)	[ICRA]AA (negative)	[ICRA]AA+ (negative)
4	Senior and Lower Tier II Bonds	Long Term	25,742.72	9,748.09	[ICRA]A (negative)	[ICRA]A@	[ICRA]A@	[ICRA]AA- (negative)	[ICRA]AA (negative)	[ICRA]AA (negative)	[ICRA]AA (negative)	[ICRA]AA+ (negative)
5	Subordinated Debt Programme	Long Term	70.00	50.00	[ICRA]A (negative)	[ICRA]A@	[ICRA]A@	[ICRA]AA- (negative)	[ICRA]AA (negative)	[ICRA]AA (negative)	[ICRA]AA (negative)	[ICRA]AA+ (negative)
6	Upper Tier II Bonds Programme	Long Term	4,286.20	4,286.20	[ICRA] BBB+ (negative)	[ICRA] BBB+@	[ICRA] BBB+@	[ICRA]A+ (negative)	[ICRA]AA- (negative)	[ICRA]AA- (negative)	[ICRA]AA- (negative)	[ICRA]AA (negative)
7	Basel II Compliant Perpetual Bonds Programme	Long Term	1,708.80	1,708.80	[ICRA] BBB+ (negative)	[ICRA] BBB+@	[ICRA] BBB+@	[ICRA]A+ (negative)	[ICRA]AA- (negative)	[ICRA]AA- (negative)	[ICRA]AA- (negative)	[ICRA]AA (negative)
8	Fixed Deposits Programme	Medium Term	-	-	MAA- (negative)	MAA-@	MAA-@	MAA (negative)	MAA+ (negative)	MAA+ (negative)	MAA+ (negative)	MAA+ (stable)
9	Certificate of Deposits Programme	Short term	35,000.00	-	[ICRA]A1	[ICRA]A1@	[ICRA]A1@	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
10	Additional Tier I Bonds programme	Long Term	-	-	-	withdrawn	[ICRA]BBB- (hyb)@	[ICRA]A (hyb) (negative)	[ICRA]A+ (hyb) (negative)	[ICRA]A+ (hyb) (negative)	[ICRA]A+ (hyb) (negative)	[ICRA]AA- (hyb) (negative)

@ Rating Watch with negative implications

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE008A08UA8	Senior Bonds	12-Jan-2004	7.00%	12-Jan-2019	25.00	[ICRA]A(negative)
INE008A08N67	Senior Bonds	23-Sep-2007	10.07%	23-Sep-2022	4.20	[ICRA]A(negative)
INE008A08Q07	Senior Bonds	26-Sep-2008	11.00%	26-Sep-2018	895.80	[ICRA]A(negative)
INE008A08Q72	Senior Bonds	15-Dec-2008	11.30%	15-Dec-2018	1439.90	[ICRA]A(negative)
INE008A08R30	Senior Bonds	13-Jun-2009	9.56%	13-Jun-2029	1.00	[ICRA]A(negative)
INE008A08R71	Senior Bonds	26-Sep-2009	9.67%	26-Sep-2029	2.00	[ICRA]A(negative)
INE008A08U27	Senior Bonds	13-Mar-2012	9.33%	13-Mar-2022	300.00	[ICRA]A(negative)
INE008A08U35	Senior Bonds	30-May-2012	9.03%	30-May-2022	250.00	[ICRA]A(negative)
INE008A08PO9	Senior Bonds	01-Aug-2003	8.00%	01-Aug-2018	0.45	[ICRA]A(negative)
8006	Senior Bonds	01-Aug-2003	8.00%	01-Aug-2018	499.55	[ICRA]A(negative)
INE008A08PU6	Senior Bonds	18-Aug-2003	7.75%	18-Aug-2018	0.19	[ICRA]A(negative)
INE008A08U68	Senior Bonds	26-Dec-2012	9.40%	Perpetual (Call: 26-Dec-2022)	850.00	[ICRA]A(negative)
INE008A09885	Flexi Bonds	12-Jan-2004	7.00%	12-Jan-2019	107.45	[ICRA]A(negative)
INE008A09AM3	Flexi Bonds	12-Jan-2004	6.75%	20-Apr-2019	19.38	[ICRA]A(negative)
Proposed	Infrastructure Bonds	NA	NA	NA	3,000.00	[ICRA]A(negative)
INE008A08U76	Infrastructure Bonds	12-Sep-2014	9.27%	12-Sep-2024	1,000.00	[ICRA]A(negative)
INE008A08U92	Infrastructure Bonds	21-Jan-2015	8.725%	21-Jan-2025	3,000.00	[ICRA]A(negative)
INE008A08V26	Infrastructure Bonds	09-Feb-2016	8.80%	09-Feb-2026	1,000.00	[ICRA]A(negative)
INE008A08R89	Lower Tier II Bonds	29-Sep-2009	9.37%	29-Sep-2018	40.00	[ICRA]A(negative)
INE008A08S13	Lower Tier II Bonds	23-Nov-2009	8.53%	23-Nov-2019	302.50	[ICRA]A(negative)
INE008A08S62	Lower Tier II Bonds	23-Mar-2010	9.05%	23-Mar-2020	600.00	[ICRA]A(negative)
INE008A08S88	Lower Tier II Bonds	08-Jul-2010	8.57%	8-Jul-2025	302.00	[ICRA]A(negative)
INE008A08S96	Lower Tier II Bonds	29-Sep-2010	8.63%	29-Sep-2020	40.00	[ICRA]A(negative)
INE008A08T20	Lower Tier II Bonds	20-Jan-2011	9.04%	20-Jan-2026	856.10	[ICRA]A(negative)
INE008A08T61	Lower Tier II Bonds	4-Aug-2011	9.38%	4-Aug-2021	484.40	[ICRA]A(negative)
INE008A08T79	Lower Tier II Bonds	26-Nov-2011	9.72%	26-Nov-2021	250.00	[ICRA]A(negative)
INE008A08T87	Lower Tier II Bonds	30-Nov-2011	9.70%	30-Nov-2021	500.00	[ICRA]A(negative)
INE008A08T95	Lower Tier II Bonds	13-Dec-2011	9.45%	13-Dec-2021	600.00	[ICRA]A(negative)
INE008A08U19	Lower Tier II Bonds	15-Mar-2012	9.25%	15-Mar-2022	1000.00	[ICRA]A(negative)
INE008A08U50	Lower Tier II Bonds	13-Dec-2012	8.99%	13-Dec-2027	505.00	[ICRA]A(negative)

INE979F08037	Subordinated Debt	28-Mar-2009	10.50%	27-Mar-2019	50.0	[ICRA]A(negative)
INE008A08Q15	Upper Tier II Bonds	29-Sep-2008	11.15%	29-Sep-2023 (Call: 29-Sep-2018)	650.00	[ICRA]BBB+(negative)
INE008A08Q56	Upper Tier II Bonds	29-Oct-2008	11.40%	29-Oct-2023 (Call: 29-Oct-2018)	500.00	[ICRA]BBB+(negative)
INE008A08R14	Upper Tier II Bonds	31-Mar-2009	9.50%	31-Mar-2024 (Call: 31-Mar-2019)	350.00	[ICRA]BBB+(negative)
INE008A08R55	Upper Tier II Bonds	26-Jun-2009	8.95%	26-Jun-2024 (Call: 26-Jun-2019)	500.00	[ICRA]BBB+(negative)
INE008A08R63	Upper Tier II Bonds	25-Sep-2009	9.00%	25-Sep-2024 (Call: 25-Sep-2019)	500.00	[ICRA]BBB+(negative)
INE008A08R97	Upper Tier II Bonds	19-Nov-2009	8.90%	19-Nov-2024 (Call: 19-Nov-2019)	285.00	[ICRA]BBB+(negative)
INE008A08S47	Upper Tier II Bonds	03-Feb-2010	8.65%	03-Feb-2025 (Call: 03-Feb-2020)	501.20	[ICRA]BBB+(negative)
INE008A08T46	Upper Tier II Bonds	25-Mar-2011	9.40%	25-Mar-2026 (Call: 25-Mar-2021)	1000.00	[ICRA]BBB+(negative)
INE008A08Q80	Basel II Compliant Perpetual Bonds	26-Mar-2009	9.50%	Perpetual (Call: 26-Mar-2019)	332.00	[ICRA]BBB+(negative)
INE008A08S21	Basel II Compliant Perpetual Bonds	23-Dec-2009	9.20%	Perpetual (Call: 23-Dec-2019)	275.50	[ICRA]BBB+(negative)
INE008A08S39	Basel II Compliant Perpetual Bonds	29-Jan-2010	9.25%	Perpetual (Call: 29-Jan-2020)	306.20	[ICRA]BBB+(negative)
INE008A08S54	Basel II Compliant Perpetual Bonds	10-Mar-2010	9.65%	Perpetual (Call: 10-Mar-2020)	550.00	[ICRA]BBB+(negative)
INE008A08S70	Basel II Compliant Perpetual Bonds	22-Jun-2010	9.15%	Perpetual (Call: 22-Jun-2020)	245.10	[ICRA]BBB+(negative)
Proposed	Basel III Compliant Tier II Bonds	NA	NA	NA	3,100.00	[ICRA]A(hyb)(negative)
INE008A08V00	Basel III Compliant Tier II Bonds	31-Dec-2015	8.62%	31-Dec-2030	1,000.0	[ICRA]A(hyb)(negative)
INE008A08V18	Basel III Compliant Tier II Bonds	02-Jan-2016	8.62%	02-Jan-2026	900.0	[ICRA]A(hyb)(negative)
NA	Medium Term Deposits	NA	NA	NA	-	MAA-(negative)
NA	Certificates of Deposits	NA	-	7-365 days	-	[ICRA]A1

Source: IDBI Bank

ANALYST CONTACTS

Karthik Srinivasan

+91 22 6114 3444

karthiks@icraindia.com

Anil Gupta

+91 124 4545 314

anilg@icraindia.com

Akshay Kumar Jain

+91 22 6114 3430

akshay.jain@icraindia.com

Neha Parikh

+91 22 6114 3426

neha.parikh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

naznin.prodhani@icraindia.com

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 6606 9999

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HO.DRD, OMNI Bonds/F- No.361

May 09, 2018

SBICAP Trustee Company Ltd.

6th Floor, Apeejay House,

3, Dinshaw Wachha Road,

Churchgate,

Mumbai - 400 020.

एसबीआईकैप ट्रस्टी कंपनी एलटीडी

६थ मंजिल, अपीजे हाउस,

३, दिनशा वाचचा मार्ग,

चर्चगेट,

मुंबई-४०००२०

Revision in rating of Debt instruments

Kind Attn : Priyanka Chavan

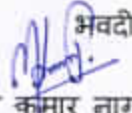
Dear Madam/महोदया,

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Schedule III, Part B A(13) & 56 1(c) issued on September 2, 2015, the revision in ratings is to be informed to the Stock Exchanges and Debenture/Bond Trustees.

ICRA have revised the rating of various debt instruments issued by IDBI Bank Ltd. based on a recent review undertaken by them. The rating given by the rating agencies earlier and revised ratings are indicated below:

Rating Agency	Instruments rated	Earlier Rating	Revised Rating
ICRA Ltd.	Flexi Bonds, Senior & Lower tier II Bonds, Subordinated Debt IHFL & Infrastructure Bonds	(ICRA) A rating watch with Negative Implications	(ICRA) A reaffirmed; 'rating watch with negative implications' removed and 'Negative' outlook assigned
	Upper Tier 2 Bonds and Basel 2 compliant Perpetual Bonds	(ICRA) BBB+ rating watch with Negative Implications	(ICRA) BBB+ reaffirmed; 'rating watch with negative implications' removed and 'Negative' outlook assigned
	Basel III compliant Tier II Bonds	(ICRA) A(hyb) rating watch with Negative Implications	(ICRA) A (hyb) reaffirmed; 'rating watch with negative implications' removed and 'Negative' outlook assigned

The aforesaid revision in rating is submitted in compliance with Regulation 56 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Copy of revised rating letter issued by ICRA in this regard is forwarded herewith. Request you to kindly register the necessary changes in your records.


(मुकेश कुमार नागर)
सहायक महाप्रबंधक
देशी संसाधन विभाग

Encl: As above