

July 27, 2010

**IDBI BANK LTD. – IDBI HOMEFINANCE LTD. MERGER**

**Outstanding ratings of IDBI Bank Ltd. & IDBI HF**

IDBI Bank Ltd.			IDBI HF		
Instrument	Outstanding as on March 31, 2010 (Rs. crore)	Rating	Instrument	Outstanding as on March 31, 2010 (Rs. crore)	Rating
Flexi Bonds IV	1.60	CARE AA+	Subordinated Debt	130.00	CARE AA (Credit Watch)
Flexi Bonds VI	0.72	CARE AA+	Proposed Subordinated Debt*	40.00	CARE AA (Credit Watch)
Flexi Bonds VII	0.71	CARE AA+			
Subordinated Tier II Bonds [taken over from erstwhile UWB]	55.00	CARE AA+			

\*Yet to be raised

IDBI Bank has decided to merge its 100% unlisted subsidiary, IDBI HomeFinance Ltd. with itself. The Board of Directors gave an in-principle approval for this merger in the AGM held on July 22, 2010.

As per CARE's assessment, the merger is unlikely to have any adverse impact on the credit profile or the capitalisation of IDBI Bank. This is due to IDBI HF's relatively small size of operations - as per the audited results, IDBI HF's total assets stood at Rs.3,646 crore as on March 31, 2010, which is just 1.6% of IDBI Bank's asset base. The merger will also add to IDBI Bank's presence in the west and south of India since IDBI HF's branch network is predominantly in that region.

In view of the impending merger, the rating of existing bonds of IDBI Bank is reaffirmed and the rating of existing subordinated debt of IDBI HF is placed under **credit watch**.

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*Press Release*

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