

Tourism Finance Corporation of India Ltd.

4th Floor, Tower-1,
NBCC Plaza, Pushp Vihar
Sector-5, Saket,
New Delhi-110017

Tel. : +91-11-4747 2200
Fax : +91 11 2956 1171
E-mail : ho@tfcilt.com
Web : www.tfcilt.com

CIN : L65910DL1989PLC034812

TF/LISTING/20
February 14, 2020

National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai- 400 051	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001
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Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

Dear Sir,

This is to inform you Brickwork Ratings reaffirmed the ratings for the Bank Loan Facilities amounting to Rs.1150.00 Crs (amount enhanced from Rs. 525.00 Crs) and Multiple Bond Issues amounting to Rs. 841.24 Crs of Tourism Finance Corporation of India Ltd.

The rating rationale given by Brickwork Rating is enclosed as Annexure.

Yours faithfully,


(Sanjay Ahuja)

Company Secretary &
Compliance Officer



RATING RATIONALE

13 Feb 2020

Tourism Finance Corporation of India Limited

Brickwork Ratings reaffirmed the ratings for the Bank Loan Facilities amounting to Rs.1150.00 Crs (amount enhanced from Rs. 525.00 Crs) and Multiple Bond Issues amounting to Rs. 841.24 Crs of Tourism Finance Corporation of India Ltd.

Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based	525.00	1150.00	Long Term	BWR AA-(Negative)	BWR AA-(Negative) (Reaffirmed)
Total	525.00	1150.00	INR One Thousand One Hundred Fifty Crores Only		

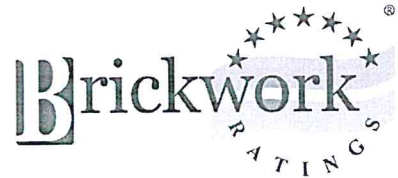
Instrument	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Multiple Bond Issues [#]	841.24	841.24	Long Term	BWR AA-(Negative)	BWR AA-(Negative) (Reaffirmed)
Total	841.24	841.24	INR Eight Hundred Forty-One Crores and Twenty-Four Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Issue wise details in the annexure

RATING ACTION / OUTLOOK

The rating continues to draw comfort from the experienced management team of the company, TFCI's status as a development finance institution for the tourism industry, steady improvement in the company's business profile, healthy capitalization and comfortable liquidity position. The rating is constrained by the moderate scale of operations of the company, competition from banks and other financial institutions and the concentration in the loan book. Also, the rating factors in stress in the portfolio given the high concentration in the loan book (approx. 75% of the AUM has exposure to the tourism sector), general



slowdown in the tourism sector, and high level of promoter shares pledged for borrowing by the promoter Redkite Capital.

The outlook continues to be negative considering the risk of delays in recovery from existing NPAs. The rating is also sensitive to the promoter holding and any changes in the holding going forward.

KEY RATING DRIVERS

Credit Strengths:

Experienced Management: TFCI has in place 11-member Board. The board is a good mix of members from diverse backgrounds having decades of experience in their respective areas of expertise.

Healthy Capitalization and Low Gearing: Total CRAR of the company for 9MFY20 is reported at 36.62%, marginally lower from 39.01% as on March 31, 2019 but well above RBI's requirement of 15%. Tier I CRAR also decreased marginally in 9MFY20 to 36.21% from 38.60% as on March 31, 2019. TNW has shown improvement in 9MFY20 from Rs.736.91 Crs as on March 31, 2019 to Rs.757.86 Crs as on Dec 31, 2019. Gearing of the company came down marginally from 1.80 times as on March 31, 2019 to 1.75 times as on Dec 31, 2019.

Comfortable Liquidity Profile: TFCI's liquidity profile is comfortable with positive cumulative mismatches across most of the buckets in the ALM profile. Further, the company has cash & cash equivalents amounting to Rs. 6.07 Crs as on 31 December 2019 ensuring availability of adequate short-term funds. The company also has unavailed credit facilities (term loans & cash credit facilities) to the tune of Rs. 670.00 Crs.

Strengthening Overall Financial Profile: The AUM for the company increased from Rs.1693.82 Crs as on March 31, 2019 to Rs. 1838.68 Crs as on Dec 31, 2019. For 9MFY20 PAT is reported at Rs.68.84 Crs against Rs.86.25 Crs in FY19. Return on assets for the company improved marginally from 4.20% in FY19 to 4.34% for 9MFY20. ROE for the company stood at 12.40 % for 9MFY20.

Credit Risks:

Moderate Scale of Operations and Chunky Nature of Portfolio: The loan portfolio continues to remain at a moderate level. Growth in AUM for 9MFY20 is approx. 8.50% and is reported at Rs. 1838.68 Crs compared to FY19. The portfolio is chunky with approx. 75% of the AUM having exposure to the tourism sector with top 20 exposures accounting for 61% of total exposure.



Moderate Asset Quality: TFCI's reported Gross NPAs at 3.34% as of December, 2019 compared to 5.14% as of March, 2019, decrease of 180 bps is observed on account of partial write offs done in the large exposure. However, the management believes these assets are protected by adequate collateral securities which aids in recovery from the stressed assets and help keep write offs at minimal level. The management expects full recovery from the majority of these exposures but the time frame initially expected might not be met.

Weak External Environment for NBFCs: The entire NBFC sector is currently facing challenges in terms of raising funds. While the recent liquidity crisis revolving around the sector has not much affected the company since most of the portfolio is built through equity (gearing of the company as on Dec 31, 2019 is 1.75x), however the ability of the company to raise liabilities if needed will be a key monitorable.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

The ability of the firm to contain further increase in NPAs, and successfully resolve the existing NPAs without any severe damage to the balance sheet within a stipulated period would be the key rating sensitivities.

Positive: The rating outlook may be revised to 'Stable' if there is substantial improvement in asset quality and resolution of issues related to promoter holding.

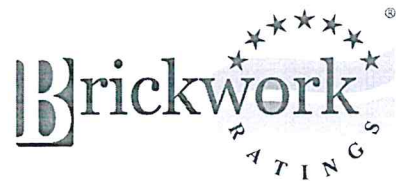
Negative: The rating may be downgraded if there is a further increase Gross NPAs or if there are delays in successful resolution of current large NPAs.

LIQUIDITY POSITION: ADEQUATE

The TNW of the company has increased during 9MFY20 to Rs.757.86 Crs. The cash and equivalents stood at Rs. 6.07 Crs, and other financial assets are reported at Rs. 24.23 Crs as on 31 December 2019. The company also has unavailed credit facilities (term loans & cash credit facilities) to the tune of Rs. 670.00 Crs.

COMPANY PROFILE

Tourism Finance Corporation of India Ltd (TFCI) was established in 1989 with the main object of setting-up a specialized financial institution to expedite the growth of tourism infrastructure in the country



by providing dedicated line of credit on long term basis to tourism related projects in the country. TFCI provides financial assistance to enterprises, for setting up and/ or development of tourism related activities, facilities and services, which inter-alia include hotels, restaurants, holiday resorts, amusement parks and complexes for entertainment, education and sports, safari parks, rope-ways cultural centers, convention halls, all forms of transport industry, air-taxis, travel and tour operating agencies, tourism emporia, sports facilities etc.

KEY FINANCIAL INDICATORS (in ₹ Cr)

The company reported PAT (including comprehensive income on change in fair value of the investments) of Rs. 68.84 Crs against a total income of Rs. 211.22 Crs for 9MFY20. For FY19 PAT was reported at Rs. 86.25 Crs against total income of Rs. 236.29 Crs.

Key financial highlights are given in the table below:

Particulars	Unit	FY18 (A)	FY19(A)	9MFY20 (A)
Portfolio O/S	Rs. Crores	1550.16	1693.82	1838.68
Gross NPA	%	2.15	5.14	3.34
Net NPA	%	0.08	2.81	1.47
Total Income	Rs. Crores	206.23	236.29	211.22
Net Interest Income	Rs. Crores	103.86	107.39	88.12
PAT*	Rs. Crores	77.48	86.25	68.84
Tangible Net Worth	Rs. Crores	678.19	736.91	757.86
CRAR	%	39.90	39.01	36.62

*including comprehensive income on change in fair value of the investments

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA

Rating History for the last three years:

Instrument	Current Rating (Feb 20)			Rating History				
	Type	Amount (Rs Crs)	Rating	2020 Jan	2019 Sept	2019 July	2018	2017
Term Loan (Existing/New)	Long Term	980.00	BWR AA-Negative (Reaffirmed)	BWR AA-Negative	BWR AA-Negative	BWR AA-Negative	BWR AA-Stable	BWR AA-Stable
Cash Credit		170.00						
Multiple Bond Issues		841.24						
Total		1991.24	INR One Thousand Nine Hundred Ninety One Crores and Twenty Four Lakhs Only					

I: Issue wise details of the Bonds

Instrument	Issue Date	Amount (Rs. Crs)	Coupon	Maturity Date	ISIN Particulars	Rating*
Secured bond issue (Series MB 2015-01)	Nov 9, 2015	159.74	8.81%	Nov 9, 2025	INE305A09232	BWR AA-Negative (Reaffirmed)
Unsecured bond issue (Series MB XLVI-B, XLVI-C)	Feb 25, 2013	100	9.60%	Feb 25, 2028	INE305A09216	
	Feb 25, 2013	75	9.65%	Feb 25, 2033	INE305A09208	
Unsecured bond issue (Series MB XLIV, MB XLV & MB XLVI-A)	Jun 30, 2012	75	9.95%	Jul 1, 2022	INE305A09182	
	Aug 21, 2012	75	9.95%	Aug 21, 2022	INE305A09190	
	Feb 25, 2013	50	9.50%	Feb 25, 2023	INE305A09224	
Unsecured bond issue (Series MB XLIII)	Mar 19, 2012	56.50	9.65%	Apr 19, 2022 Call Option: Mar 19, 2019	INE305A09174	
Unsecured bond issue (Series MB XLI & MB XLII)	Sep 1, 2011	100	10.15%	Sep 1, 2021	INE305A09158	
	Nov 16, 2011	100	10.20%	Nov 16, 2021	INE305A09166	
Unsecured bond issue (Series XXXX)	Nov 29, 2010	50	8.90%	Nov 29, 2020	INE305A09141	
Total		841.24	(INR Eight Hundred Forty-One Crores and Twenty Four Lakhs Only)			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks & Financial Institutions](#)

Analytical Contacts	Investor Contacts
<p>Rajat Bahl Chief Analytical Officer & Head - Financial Sector Ratings B :+91 22 2831 1426, +91 22 2831 1439 rajat.b@brickworkratings.com</p> <p>Chaitanya Tambe Ratings Analyst +91 22 2831 1426/6745 6666 Ext: 616 chaitanya.t@brickworkratings.com</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com</p>



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