

**Tourism Finance Corporation of India Ltd.**

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CIN : L65910DL1989PLC034812

TF/LISTING/2022
August 31, 2022

To,

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 that credit ratings of the company have been revised by CARE ratings as detailed below:

Rating Agency	Date of Receipt of Letter	Rating (Amount – Rs. in crore) long-term instruments	Rating Action
CARE Ratings	31.8.2022	CARE A; Stable (Single A; Outlook:Stable) (300.00)	Reaffirmed; Outlook revised from Negative to Stable

The rating rationale given by CARE Ratings is enclosed as Annexure.

Yours faithfully,

(Sanjay Ahuja)
Company Secretary &
Compliance Officer

Tourism Finance Corporation of India Limited
August 31, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Bonds	125.00 (Reduced from 200.00)	CARE A; Stable (Single A; Outlook: Stable)	Reaffirmed; Outlook revised from Negative
Bonds	175.00	CARE A; Stable (Single A; Outlook: Stable)	Reaffirmed; Outlook revised from Negative
Unsecured Redeemable	-	-	Withdrawn
Unsecured Redeemable	-	-	Withdrawn
Total long-term instruments	300.00 (₹ Three hundred crore only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

The reaffirmation of the rating assigned to the bonds of Tourism Finance Corporation of India Limited (TFCI) derives strength from its adequate and improving profitability metrics with return on total assets (RoTA) at 3.84% in FY22 (refers to the period April 1 to March 31) driven by healthy net interest margins (NIMs) and low credit costs, as well as improved asset quality profile with gross non-performing assets (GNPA) and net NPA (NNPA) turning to NIL as on June 30, 2022. The rating also factors in the company's strong capitalisation levels with capital adequacy ratio (CAR) of 57.73% as on June 30, 2022 along with adequate liquidity position.

However, the rating is constrained by moderate loan book growth with three-year compounded annual growth rate (CAGR) till March 31, 2022 at a low of 3% and moderate size of loan book of TFCI vs other large entities in wholesale lending segment, coupled with stiff competition with banks and other non-banking financial companies (NBFCs). The company also continues to remain exposed to the borrower concentration risk with top 20 outstanding exposures accounting for around 66% of gross loan book and 131% of its tangible net worth (TNW) as on March 31, 2022. Also, since TFCI primarily provides financial assistance for projects in the tourism sector and other allied activities, high sector concentration exists with 82% of the book towards the hotel industry/tourism sector as on March 31, 2022.

Rating sensitivities

Going forward, the ability of the company to meaningfully scale up and diversify its operations while maintaining adequate asset quality and profitability profile, would be the key rating sensitivities.

Positive factors – Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Significant scale-up of operations in sustainable and profitable manner.
- Comfortable asset quality with consolidated GNPA on a sustainable basis at around 2%.
- Maintaining adequate capitalisation profile with an overall gearing below 2x on a steady basis.

Negative factors – Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Deterioration in asset quality leading to moderation in the profitability profile.
- Weakness in the capitalisation profile with gearing rising above 4x.
- Deterioration in liquidity and financial flexibility to raise capital.

Outlook: Stable

Stable outlook refers CARE Ratings Limited's (CARE Ratings') expectation that TFCI will be able to grow and diversify its loan book while maintaining healthy asset quality metrics.

¹Complete definition of the ratings assigned are available at [HYPERLINK "http://www.careedge.in" www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

