

**Tourism Finance Corporation of India Ltd.**

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

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Fax: +911129561171
E-mail: ho@tfcilt.com
Web: www.tfcilt.com

CIN : L65910DL1989PLC034812

TF/LISTING/2023

February 17, 2023

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 Reg. 30 & Reg. 55 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

Dear Sir,

This is to inform you that credit ratings of the company have been re-affirmed/assigned by Acuite Ratings & Research Limited as detailed below:

Sr. No	Name of the Credit Rating Agency	ISIN	Credit rating assigned	Outlook	Rating Action	Specify Other rating Action	Date of receipt of Credit Rating	Verification Status of Credit Rating Agencies	Date of Verification
1	Acuite Ratings & Research Limited	INE305A09232	ACUITE AA-	Negative	Re-affirm	N.A	17.2.2023	Verified	17.2.2023
2		INE305A07012	ACUITE PP-MLD AA-	Negative	Re-affirm	N.A	17.2.2023	Verified	17.2.2023
3		Proposed Non-Convertible Debentures (Rs.200 crore)	ACUITE AA-	Negative	Re-affirm	N.A	17.2.2023	Verified	17.2.2023
4		Proposed Non-Convertible Debentures (Rs.250 crore)	ACUITE Provisional AA	Negative	Re-affirm	Outlook revised	17.2.2023	Verified	17.2.2023
5		Bank Borrowings (Rs.200 crore)	ACUITE AA-	Negative	Re-affirm	N.A	17.2.2023	Verified	17.2.2023
6		Bank Borrowings (Rs.750 crore)	ACUITE AA-	Negative	Assigned	N.A	17.2.2023	Verified	17.2.2023

The rating rationale given by Acuite Ratings & Research Limited is enclosed as Annexure.

Yours faithfully,

(Sanjay Ahuja)
Company Secretary &
Compliance Officer



Rajiv Singh <rajiv.singh@tfcilt.com>

Rating Letter - Tourism Finance Corporation of India Limited

1 message

Acuite Ratings Communication <rating.communication@acuite.in>

Fri, Feb 17, 2023 at 12:11 PM

To: "rajiv.singh@tfcilt.com" <rajiv.singh@tfcilt.com>, "anoop.bali@tfcilt.com" <anoop.bali@tfcilt.com>

Cc: BLR MIS <blr.mis@acuite.in>, Shreyans Mehta | Acuite Ratings <shreyans.mehta@acuite.in>

Dear Sir,

Please find attached the Rating Letter for your esteemed organisation.

This is for your information please.

Warm Regards,

Varsha Bist
Senior Manager - Rating Administration

+91 8898703977 | Mumbai

We help you decide

Acuite Ratings & Research Limited

SEBI Registered & RBI Accredited Credit Rating Agency

Head Office: 708, Lodha Supremus, Lodha iThink Techno Campus, Kanjurmarg (East), Mumbai - 400042**Boardline:** +91 22 4929 4000 | **WhatsApp:** +91 99698 98000**Branch Offices:** Delhi | Kolkata | Hyderabad | Bangalore | Ahmedabad**Download RatingsBuzz:** IOS / Android | Follow us on LinkedIn | www.acuite.in

About Acuite:

Acuite Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 8200+ credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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 **Tourism Finance Corporation of India Limited - RL.pdf**
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Rating Letter - Intimation of Rating Action

Letter Issued on: February 07, 2023
 Letter Expires on: June 26, 2023
 Annual Fee valid till: June 26, 2023

Scan this QR Code to verify
 authenticity of this rating



Tourism Finance Corporation of India Limited
 4th Floor, Tower I, NBCC Plaza, Sector V, Pushp
 Vihar, Saket, New Delhi-110 017

Kind Attn.: Mr. Anoop Bali, CFO (Tel. No. 98107 82955)

Dear Mr. Bali,

Sub.: Rating(s) Reaffirmed - Non Convertible Debentures of Tourism Finance Corporation of India Limited

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

	Long Term Instruments	Short Term Instruments
Total Rated Quantum (Rs. Cr.)	159.74	Not applicable
Quantum of Enhancement (Rs. Cr.)	Not applicable	Not applicable
Rating	ACUTE AA-	Not applicable
Outlook	Negative	Not applicable
Most recent Rating Action	Reaffirmed	Not applicable
Date of most recent Rating Action	February 07, 2023	Not applicable
Rating Watch	Not applicable	Not applicable

Acuite reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which Acuite believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by Acuite as required under prevailing SEBI guidelines and Acuite 's policies.

This letter will expire on June 26, 2023 or on the day when Acuite takes the next rating action, whichever is earlier. It may be noted that the rating is subject to change anytime even before the expiry date of this letter. Hence lenders/ investors are advised to visit [https:// www.acuite.in/](https://www.acuite.in/) OR scan the QR code given above to confirm the current outstanding rating.

Acuite will re-issue this rating letter on June 27, 2023 subject to receipt of surveillance fee as applicable. If the rating is reviewed before June 26, 2023, Acuite will issue a new rating letter.



Suman Chowdhury
 Chief Analytical Officer

Annexures: A. Details of the Rated Instrument
 B. Details of the rating prior to the above rating action

Acuite Ratings & Research Limited

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 SMS: +91 9969898000 | www.acuite.in | CIN: U74999MH2005PLC155683

Annexure A. Details of the rated instrument

Bank	Facilities	Scale	Previous Amount(Rs. Crore)	Current Amount (Rs. Crore)	Ratings	Rating Action
Fund Based Facilities						
	Non- Convertible Debentures	Long Term	159.74	159.74	ACUITE AA-/ Negative	Reaffirmed
Total Fund Based Facilities			159.74	159.74		
Total Facilities			159.74	159.74		

Annexure B. Details of the rating prior to the above rating action

	Long Term Instruments	Short Term Instruments
Previous Rated Quantum	159.74 Cr.	Not applicable
Rating	ACUITEAA-	Not applicable
Outlook	Negative	Not applicable

DISCLAIMER

An Acuite rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuite ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuite ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuite, Acuite's rating scale and its definitions.

Rating Letter - Intimation of Rating Action

Letter Issued on: February 07, 2023
Letter Expires on: October 21, 2023
Annual Fee valid till: October 21, 2023

Tourism Finance Corporation of India Limited
4th Floor, Tower I, NBCC Plaza, Sector V, Pushp
Vihar, Saket, New Delhi-110 017

Kind Attn.: Mr. Anoop Bali, CFO (Tel. No. 98107 82955)

Dear Mr. Bali,

Sub.: Rating(s) Reaffirmed - Non Convertible Debentures of Tourism Finance Corporation of India Limited

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

	Long Term Instruments	Short Term Instruments
Total Rated Quantum (Rs. Cr.)	75.00	Not applicable
Quantum of Enhancement (Rs. Cr.)	Not applicable	Not applicable
Rating	ACUITE PP-MLD AA _r	Not applicable
Outlook	Negative	Not applicable
Most recent Rating Action	Reaffirmed	Not applicable
Date of most recent Rating Action	February 07, 2023	Not applicable
Rating Watch	Not applicable	Not applicable

Acuité reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which Acuité believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by Acuité as required under prevailing SEBI guidelines and Acuité's policies.

This letter will expire on October 21, 2023 or on the day when Acuité takes the next rating action, whichever is earlier. It may be noted that the rating is subject to change anytime even before the expiry date of this letter. Hence lenders / investors are advised to visit <https://www.acuite.in/> OR scan the QR code given above to confirm the current outstanding rating.

Acuité will re-issue this rating letter on October 22, 2023 subject to receipt of surveillance fee as applicable. If the rating is reviewed before October 21, 2023, Acuité will issue a new rating letter.

Suman Chowdhury

Suman Chowdhury
Chief Analytical Officer

Annexures: A. Details of the Rated Instrument
B. Details of the rating prior to the above rating action

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Annexure A. Details of the rated instrument

Bank	Facilities	Scale	Previous Amount (Rs. Crore)	Current Amount (Rs. Crore)	Ratings	Rating Action
Fund Based Facilities						
	Non Convertible Debentures	Long Term	75.00	75.00	ACUITE PP-MLD AA- / Negative	Reaffirmed
Total Fund Based Facilities			75.00	75.00		
Total Facilities			75.00	75.00		

Annexure B. Details of the rating prior to the above rating action

	Long Term Instruments	Short Term Instruments
Previous Rated Quantum	75.00 Cr.	Not applicable
Rating	ACUITE PP-MLD AA-	Not applicable
Outlook	Negative	Not applicable

DISCLAIMER

An Acuite rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuite ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuite ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuite, Acuite's rating scale and its definitions.

Rating Letter - Intimation of Rating Action

Letter Issued on: February 07, 2023

Letter Expires on: April 06, 2023

Annual Fee valid till: April 06, 2023

Tourism Finance Corporation of India Limited

4th Floor, Tower I, NBCC Plaza, Sector V, Pushp

Vihar, Saket, New Delhi-110 017

Kind Attn.: Mr. Anoop Bali, CFO (Tel. No. 98107 82955)

Dear Mr. Bali,

Sub.: Rating(s) Reaffirmed - Non Convertible Debentures of Tourism Finance Corporation of India Limited

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

	Long Term Instruments	Short Term Instruments
Total Rated Quantum (Rs. Cr.)	200.00	Not applicable
Quantum of Enhancement (Rs. Cr.)	Not applicable	Not applicable
Rating	ACUITE AA-	Not applicable
Outlook	Negative	Not applicable
Most recent Rating Action	Reaffirmed	Not applicable
Date of most recent Rating Action	February 07, 2023	Not applicable
Rating Watch	Not applicable	Not applicable

Acuité reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which Acuité believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by Acuité as required under prevailing SEBI guidelines and Acuité's policies.

This letter will expire on April 06, 2023 or on the day when Acuité takes the next rating action, whichever is earlier. It may be noted that the rating is subject to change anytime even before the expiry date of this letter. Hence lenders/ investors are advised to visit <https://www.acuite.in/> OR scan the QR code given above to confirm the current outstanding rating.

Acuité will re-issue this rating letter on April 07, 2023 subject to receipt of surveillance fee as applicable. If the rating is reviewed before April 06, 2023, Acuité will issue a new rating letter.



Suman Chowdhury
Chief Analytical Officer

Annexures: A. Details of the Rated Instrument
B. Details of the rating prior to the above rating action

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Annexure A. Details of the rated instrument

Bank	Facilities	Scale	Previous Amount (Rs. Crore)	Current Amount (Rs. Crore)	Ratings	Rating Action
Fund Based Facilities						
	Proposed Non-Convertible Debentures	Long Term	200.00	200.00	ACUITE AA-/ Negative	Reaffirmed
Total Fund Based Facilities			200.00	200.00		
Total Facilities			200.00	200.00		

Annexure B. Details of the rating prior to the above rating action

	Long Term Instruments	Short Term Instruments
Previous Rated Quantum	200.00 Cr.	Not applicable
Rating	ACUITE AA-	Not applicable
Outlook	Negative	Not applicable

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Rating Letter - Intimation of Rating Action

Letter Issued on: February 07, 2023
Letter Expires on: February 01, 2024
Annual Fee valid till: February 01, 2024

Tourism Finance Corporation of India Limited
4th Floor, Tower I, NBCC Plaza, Sector V, Pushp
Vihar, Saket, New Delhi-110 017

Kind Attn.: Mr. Anoop Bali, CFO (Tel. No. 98107 82955)

Dear Mr. Bali,

Sub.: Rating(s) Reaffirmed - Non Convertible Debentures of Tourism Finance Corporation of India Limited

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

	Long Term Instruments	Short Term Instruments
Total Rated Quantum (Rs. Cr.)	250.00	Not applicable
Quantum of Enhancement (Rs. Cr.)	Not applicable	Not applicable
Rating	ACUITE Provisional AA	Not applicable
Outlook	Negative	Not applicable
Most recent Rating Action	Reaffirmed	Not applicable
Date of most recent Rating Action	February 07, 2023	Not applicable
Rating Watch	Not applicable	Not applicable

Acuite reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which Acuite believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by Acuite as required under prevailing SEBI guidelines and Acuite's policies.

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Acuite will re-issue this rating letter on February 02, 2024 subject to receipt of surveillance fee as applicable. If the rating is reviewed before February 01, 2024, Acuite will issue a new rating letter.

Suman Chowdhury

Suman Chowdhury
Chief Analytical Officer

Annexures: A. Details of the Rated Instrument
B. Details of the rating prior to the above rating action

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Annexure A. Details of the rated Instrument

Bank	Facilities	Scale	Previous Amount(Rs. Crore)	Current Amount (Rs. Crore)	Ratings	Rating Action
Fund Based Facilities						
	Proposed Secured Redeemable Non-Convertible Debentures	Long Term	250.00	250.00	ACUITE Provisional AA/ Negative	Reaffirmed
Total Fund Based Facilities			250.00	250.00		
Total Facilities			250.00	250.00		

Annexure B. Details of the rating prior to the above rating action

	Long Term Instruments	Short Term Instruments
Previous Rated Quantum	250.00 Cr.	Not applicable
Rating	ACUITE Provisional AA	Not applicable
Outlook	Stable	Not applicable

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Rating Letter - Intimation of Rating Action

Letter Issued on: February 07, 2023
Letter Expires on: July 13, 2023
Annual Fee valid till: July 13, 2023

Scan this QR Code to verify
authenticity of this rating



Tourism Finance Corporation of India Limited
4th Floor, Tower I, NBCC Plaza, Sector V, Pushp
Vihar, Saket, New Delhi-110 017

Kind Attn.: Mr. Anoop Bali, CFO (Tel. No. 98107 82955)

Dear Mr. Bali,

Sub.: Rating(s) Reaffirmed - Bank Loans/ Debt Instruments of Tourism Finance Corporation of India Limited

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

	Long Term Instruments	Short Term Instruments
Total Rated Quantum (Rs. Cr.)	950.00	Not applicable
Quantum of Enhancement (Rs. Cr.)	750.00	Not applicable
Rating	ACUITE AA-	Not applicable
Outlook	Negative	Not applicable
Most recent Rating Action	Reaffirmed	Not applicable
Date of most recent Rating Action	February 07, 2023	Not applicable
Rating Watch	Not applicable	Not applicable

Acuité reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which Acuité believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by Acuité as required under prevailing SEBI guidelines and Acuité 's policies.

This letter will expire on July 13, 2023 or on the day when Acuité takes the next rating action, whichever is earlier. It may be noted that the rating is subject to change anytime even before the expiry date of this letter. Hence lenders/ investors are advised to visit <https://www.acuite.in/> OR scan the QR code given above to confirm the current outstanding rating.

Acuité will re-issue this rating letter on July 14, 2023 subject to receipt of surveillance fee as applicable. If the rating is reviewed before July 13, 2023, Acuité will issue a new rating letter.

Suman Chowdhury

Suman Chowdhury
Chief Analytical Officer

Annexures: A. Details of the Rated Instrument
B. Details of the rating prior to the above rating action

Acuité Ratings & Research Limited

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Annexure A. Details of the rated Instrument

Bank	Facilities	Scale	Previous Amount (Rs. Crore)	Current Amount (Rs. Crore)	Ratings	Rating Action
Fund Based Facilities						
Not applicable	Proposed Bank Facility	Long Term	34.17	85.00	ACUITE AA-/ Negative	Reaffirmed
Bank of Baroda	Term Loan	Long Term	45.83	45.00	ACUITE AA-/ Negative	Reaffirmed
State Bank of India	Term Loan	Long Term	248.5	300	ACUITE AA-/ Negative	Assigned
State Bank of India	Cash Credit	Long Term	120	50.00	ACUITE AA-/ Negative	Reaffirmed
Canara Bank	Term Loan	Long Term	67.5	67.5	ACUITE AA-/ Negative	Assigned
Indian Bank	Term Loan	Long Term	77.49	77.49	ACUITE AA-/ Negative	Assigned
Indian Bank	Cash Credit	Long Term	10	10	ACUITE AA-/ Negative	Assigned
Punjab & Sind Bank	Term Loan	Long Term	45.83	41.67	ACUITE AA-/ Negative	Assigned
UCO Bank	Term Loan	Long Term	50	50	ACUITE AA-/ Negative	Assigned
Indian Infrastructure Finance Company Ltd	Term Loan	Long Term	200	200	ACUITE AA-/ Negative	Assigned
Indian Overseas Bank	Term Loan	Long Term	-	20.00	ACUITE AA-/ Negative	Reaffirmed
Not applicable	Proposed Bank Facility	Long Term	50.68	3.34	ACUITE AA-/ Negative	Assigned
Total Fund Based Facilities			950.00	950.00		
Total Facilities			950.00	950.00		

Annexure B. Details of the rating prior to the above rating action

	Long Term Instruments	Short Term Instruments
Previous Rated Quantum	950.00 Cr.	Not applicable
Rating	ACUITE AA-	Not applicable
Outlook	Negative	Not applicable

DISCLAIMER

An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité, Acuité's rating scale and its definitions.

Press Release

Tourism Finance Corporation of India Limited

February 07, 2023



Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	750.00	ACUITE AA- Negative Assigned	-
Bank Loan Ratings	200.00	ACUITE AA- Negative Reaffirmed	-
Non Convertible Debentures (NCD)	359.74	ACUITE AA- Negative Reaffirmed	-
Non Convertible Debentures (NCD)	75.00	PP-MLD ACUITE AA- Negative Reaffirmed	-
Non Convertible Debentures (NCD)	250.00	Provisional ACUITE AA Negative Reaffirmed Stable to Negative	-
Total Outstanding Quantum (Rs. Cr)	1634.74	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has assigned the long-term rating of '**ACUITE AA-**' (read as **ACUITE double A minus**) on the Rs. 750.00 Cr. bank facilities of Tourism Finance Corporation of India Limited (TFCI). The outlook is '**Negative**'.

Acuité has reaffirmed the long-term rating of '**ACUITE AA-**' (read as **ACUITE double A minus**) on the Rs. 200.00 Cr bank facilities of Tourism Finance Corporation of India Limited (TFCI). The outlook is '**Negative**'.

Acuité has reaffirmed the long-term rating of '**ACUITE AA-**' (read as **ACUITE double A minus**) on the Rs. 359.74 Cr. secured redeemable Non-convertible debentures issued by Tourism Finance Corporation of India Limited (TFCI). The outlook is '**Negative**'.

Acuité has reaffirmed the long-term rating of '**ACUITE PP-MLD AA-**' (read as **ACUITE Principal Protected Market Linked Debentures double A minus**) on the Rs. 75.00 Cr principal protected market linked debentures of Tourism Finance Corporation of India Limited (TFCI). The outlook is '**Negative**'.

Acuité has reaffirmed the long-term rating of '**ACUITE Provisional AA**' (read as **ACUITE Provisional double A**) on the Rs. 250.00 Cr proposed secured redeemable Non-convertible debenture issued by Tourism Finance Corporation of India Limited (TFCI). The outlook is revised from '**Stable**' to '**Negative**'.

The rating on the Rs. 250.00 Cr. proposed NCD for TFCI is provisional and the final rating is subject to:

- Appointment of a SEBI registered Debenture Trustee
- Execution of signing of Trust Deed
- Receipt of the final term sheet and confirmation from trustee regarding the compliance with all the terms and condition of term sheet.

Rationale for the rating

The rating continues to factor in TFCI's long track record in financing tourism and related sectors, experienced management, resourceful promoters coupled with comfortable capital raising ability. The rating also takes into account its healthy capitalization with CAR levels of 60.28 percent coupled with low gearing levels of 0.95 times as on September 30, 2022 (CAR 54.59 percent and gearing 1.36 times as on March 31, 2022). While Acuite takes cognizance of TFCI's exposure towards tourism sector which faced headwinds on account of Covid-19, the company is expecting resolution of few high ticket stressed assets in the near term which might ease asset quality/ profitability pressures. The rating is, however, constrained due to TFCI's high exposure to tourism and related sectors coupled with wholesale nature of portfolio. The rating is further constrained on account of weak asset quality and low provisioning buffers. Owing to Covid-19 impact on tourism sector, TFCI has witnessed rise in level of stressed assets (incl. GNPA and security receipts); stressed assets as a percentage to its earning assets rose to 4.11 percent as on March 31, 2022 from 3.25 percent as on March 31, 2021 (2.24 percent as on March 31, 2020). Although it marginally moderated to 3.84 percent as on September 30, 2022, significant movement in softer bucket delinquencies has been observed in 30-90 dpd bucket during H1 FY2023 which might lead to further asset quality pressures. Going forward, continued promoter support, ability to scale up/ diversify its business, contain slippages while maintaining operating metrics will be key monitorables.

About the company

TFCI is a Delhi-based NBFC-ND-SI, incorporated in 1989, as a Public Financial Institution (PFI) to cater to the financial needs of the tourism industry. The company is listed on Bombay Stock Exchange and National Stock Exchange. Since September 2018, there have been significant changes in the promoters' shareholding, with a stake dilution by IFCI Ltd., Life Insurance Corporation of India and other nationalized banks during FY19. As a result of this, the new incoming shareholders like India Opportunities III Pte Ltd. & Tamaka Capital (Mauritius) Ltd. (managed by Ares SSG, a global Alternate Investment manager with approx. \$197 billion of assets under management) and Mr. Koppara Sajeeve Thomas, as promoter group along with existing promoters, together held 51.58 percent as on March 31, 2019 of the total shares in the company. Since March 2019, Redkite Capital Pvt. Ltd., erstwhile shareholder of TFCI also started diluting its stake and in July 2020, it has been classified as public shareholder under regulatory approvals. As on December 31, 2022, Life Insurance Corporation of India, the Oriental Insurance Co. Ltd., as promoters & Mr. Koppara Sajeeve Thomas and Pransatree Holdings Pte. Limited as promoter group, hold 17.94 percent stake in the company.

Standalone (Unsupported) Rating

ACUITE AA-

Analytical Approach

Acuite has considered the standalone financial and business risk profile of TFCI to arrive at the rating. Further, the rating also takes the support of the presence of internal credit enhancement proposed in the form of Debt Service Reserve Account (DSRA) and the Structured Payment mechanism.

The rating factors in the Structured Payment Mechanism (SPM) put in place by TFCI to ensure timely availability of funds for servicing of debt obligations. The rating on the NCDs is secured by the presence of Structured Payment Mechanism, i.e. 15per cent of the principal amount will be served as DSRA and this would be provided in the form of fixed deposit. TFCI shall ensure that there is adequate funds to meet scheduled interest and principal obligations at T-5 days (T is the due date).

Key Rating Drivers

Strength

Established track record of long term funding; moderate business volumes along with gradual efforts to diversify into other sectors

TFCI is promoted by Life Insurance Corporation of India (LIC), the Oriental Insurance Co. Limited, Mr. Koppara Sajeeve Thomas and Pransatree Holdings Pte. Limited. The promoters and promoter group shareholding stood at 17.94 percent as on December 31, 2022. TFCI had received capital funding in the form of equity of Rs. 65 Cr. in October 2021. Mr. Koppara Sajeeve Thomas, Director, is an experienced banker with over three decades of experience in retail and corporate banking, Capital Markets, Treasury and Risk Management. TFCI's loan book declined to Rs. 1,450.52 Cr. as on September 30, 2022 (~83 percent comprising tourism sector) as compared to Rs. 1,834.35 Cr. as on March 31, 2022 (~82 percent comprising of tourism sector). TFCI disbursed Rs. 277.47 Cr. in FY2022 as compared to Rs. 457.27 Cr. during FY2022. Further, in H1 FY2203, TFCI disbursement levels stood at Rs. 110.75 Cr. Around 81.53 percent of the total portfolio was classified as on-time portfolio as on September 30, 2022 as against 94.93 percent as on March 31, 2022. Significant movements in delinquencies in the softer buckets between 30-90 dpd was observed as on September 30, 2022. Acuité believes that TFCI will continue to leverage its established position, proven underwriting skills in project financing and expertise of management to consolidate their position in the domestic lending sector.

Prudent funding profile underpinned by low gearing and mix of medium term and long term borrowings

TFCI's gearing has improved to 0.95 times as on September 30, 2022 from 1.36 times as on March 31, 2022 and 1.72 times as on March 31, 2021. Networth of TFCI, mainly comprised accumulated reserves and stood at Rs. 936.96 Cr. as on March 31, 2022 from Rs. 791.63 Cr as on March 31, 2021. Networth improved to Rs. 973.59 Cr. as on September 30, 2022. TFCI's Capital adequacy ratio has also improved to 60.28 percent as on September 30, 2022 from 54.59 percent as on March 31, 2022 (March 31, 2020: 39.87 percent), with Tier-1 at 59.97 percent, providing enough headroom to scale up its loan book. Since most of TFCI's assets are long term loans, TFCI's borrowing profile is largely constituted of medium to long term borrowings. The total borrowings stood at ~Rs. 920.24 Cr as on September 30, 2022. Out of which, 55 percent of the borrowing are maturing between 1-5 years bucket and 14 percent are maturing beyond 5 years bucket. This leads to a positive mismatch in asset liability mismatch statement as on September 30, 2022. The bank borrowings contributed 54 percent and the rest is funded through other capital market instruments. Notwithstanding the wholesale lending, TFCI continued to be conservatively geared and has adequate headroom to meet near term business requirements.

Weakness

Weak asset quality

TFCI's loan book comprises long term loans (including project loans) primarily to tourism and tourism related sector. Since these loans are usually for activities such as the construction of hotels, etc. the average ticket size is high with individual exposures going beyond Rs. 75.00 Cr in certain cases. The company's top 20 borrowers accounted for ~73 percent of its total loan book as on September 30, 2022 (~66 percent as on March 31, 2022). Given that wholesale exposures are chunky in nature, slippages in few accounts can lead to significant asset quality deterioration. Owing to Covid-19 impact on tourism sector, TFCI had witnessed deterioration in asset quality. GNPA and NNPA of TFCI had increased to 3.52 percent and 2.85 percent as on March 31, 2021 respectively this increase was on the account of a pro-forma account of Rs. 52.22 Cr., which was classified as NPA as on March 31, 2021. GNPA and NNPA however, improved to 0.74 percent and 0.37 percent as on March 31, 2022 on account of selling off of two accounts ARC. GNPA and NNPA levels further improved and were

reported as Nil as on September 30, 2022.

TFCI's stressed assets as a percentage to its earning assets (majorly 4 loan assets and security receipts) increased to 4.11 percent as on March 31, 2022 from 3.25 percent as on March 31, 2021. It marginally improved to 3.84 percent as on September 30, 2022 on account of certain recoveries in those SR's. While Acuite takes cognizance of TFCI's asset quality stress, the company is expecting resolution of few high ticket stressed assets during FY2023 which might ease asset quality/ profitability pressures. TFCI's on-time portfolio remained low at ~ 81.53 percent and significant movement in softer buckets were noticed in 30-90 dpd which increased to 12.79 percent as on September 30, 2022 from 4.34 percent as on March 31, 2022. TFCI has made total provisions of Rs. 16.95 Cr. under Ind AS for its loan portfolio of Rs. 1,450.52 Cr. as on September 30, 2022. TFCI's restructured assets (MSME restructuring) outstanding as on March 31, 2022 stood at Rs. 87.94 Cr. Going forward, due to sharp delinquency movements in softer buckets in H1 FY2023 and considering the quantum of restructured assets, TFCI's profitability metrics might be impacted considering the current low provisioning buffers. Acuite believes that the ability of the management to curtail incremental slippages in asset quality and maintain the growth momentum in its loan book will remain key monitorable.

Decline in AUM and low disbursal levels

Covid -19 pandemic and the consequent lockdowns had severely impacted the tourism sector. The recovery of occupancy rate is expected to happen in gradual manner. The total loan portfolio of TFCI declined to Rs. 1,450.52 Cr. as on September 30, 2022 from Rs. 1,834.35 Cr. as on March 31, 2022 and further from Rs. 1,976.64 Cr. as on March 31, 2021. The decline in AUM was majorly on account of low disbursal levels at Rs. ~Rs. 111 Cr. for H1 FY2023 and Rs. 277 Cr. for FY2022. These disbursements levels stood in the range of Rs. 450 to Rs. 500 Cr. during FY2021 & FY2020. The exposure of TFCI is mostly associated with established and reputed brands, which partly mitigates the risk. Any further slowdown in economic activities will impact the business, thereby affecting the cash flows of borrowers and impeding their ability to meet their commitment in a timely manner.

ESG Factors Relevant for Rating

Tourism Finance Corporation of India Limited (TFCIL) belongs to the Non-Banking Financial Companies (NBFC) sector which complements bank lending in India. Some of the material governance issues for the sector are policies and practices with regards to business ethics, board diversity and independence, compensation structure for board and KMPs, role of the audit committee and shareholders' rights. On the social aspect, some of the critical issues for the sector are the contributions to financial inclusion and community development, sustainable financing including environmentally friendly projects and policies around data privacy. The industry, by nature has a low exposure to environmental risks. TFCIL has maintained adequate transparency in its business ethics operations as it can be inferred through its disclosures regarding its policies on related party transactions, vigil mechanism, grievance redressal committee and whistle blowing. Additionally, the company has defined a Code of Conduct to deter wrongdoings and to promote ethical practices. The company's board has seven directors out of which three are independent directors and one female director. The Audit Committee of the board comprises four directors, all of whom including the Chairman are independent. TFCIL has adequate transparency with respect to its shareholders rights, which can be inferred by way of its disclosures in this respect. Since TFCIL is engaged in funding tourism infrastructure projects, it needs to formulate policies to invest in green and sustainable projects and also have a negative screening mechanism in its credit policy. Further, it also needs to assess its lending portfolio from an ESG perspective. As regards the social factors, the projects financed by TFCIL are expected to boost tourism in the country and generate employment in the sector. Its CSR activities during 2020-21 were mainly in the area of Education, Malnutrition, Sanitization and Social Welfare. The Company has a process for doing an impact assessment of its key CSR interventions through engaging employees.

Rating Sensitivity

- Movement in AUM and disbursements levels
- Resolution of stressed assets
- Asset quality movement including softer buckets
- Concentration of portfolio in hospitality sector

Material Covenants

TFCI is subject to covenants stipulated by its lenders/investors in respect of various parameters like capital structure, asset quality among others.

Liquidity Position Adequate

As per the asset liability management statement as on September 30, 2022, TFCI has positive cumulative mismatch in near to medium term bucket. The company has unutilized bank lines in the form of cash credit with an average utilization of ~50 percent for the past twelve months ending March 31, 2022. TFCI maintained unencumbered cash balance and FD of ~Rs. 240 Cr. as on December 31, 2022. TFCI has also working capital facilities of Rs. 110 Cr. from the banks. The liquidity position of the company is adequate. Acuité believes that TFCI has comfortable liquidity profile over near to medium term.

Outlook: Negative

Acuité expects the credit profile of TFCI to be under pressure on account of its significant exposure to tourism and tourism related sectors. The rating could be downgraded in case of higher than expected deterioration in asset quality and further reduction in loan portfolio. Conversely, the outlook may be revised to stable if the company is able to contain the asset quality pressures, maintain collection efficiency and profitability parameters at healthy levels.

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY22 (Actual)	FY21 (Actual)
Total Assets	Rs. Cr.	2236.83	2177.71
Total Income*	Rs. Cr.	128.37	128.39
PAT	Rs. Cr.	85.32	80.75
Net Worth	Rs. Cr.	936.96	791.63
Return on Average Assets (RoAA)	(%)	3.87	3.66
Return on Average Net Worth (RoNW)	(%)	9.87	10.45
Debt/Equity	Times	1.36	1.72
Gross NPA	(%)	0.74	3.52
NetNPA	(%)	0.37	2.84

*Total income equals to Net Interest Income plus other income.

Status of non-cooperation with previous CRA (if applicable):

None

Any other information

Supplementary disclosures for Provisional Ratings

1. Risks associated with the provisional nature of the credit rating

In case there are material changes in the terms of the transaction after the initial assignment of the provisional rating and post the completion of the issuance (corresponding to the part that has been issued) Acuite will withdraw the existing provisional rating and concurrently, assign a fresh final rating in the same press release, basis the revised terms of the transaction.

2. Rating that would have been assigned in absence of the pending steps/ documentation
The rating would be equated to the standalone rating of the entity: ACUITE AA-/ Negative

3. Timeline for conversion to Final Rating for a debt instrument proposed to be issued

The provisional rating shall be converted into a final rating within 90 days from the date of issuance of the proposed debt instrument. Under no circumstance shall the provisional rating continue upon the expiry of 180 days from the date of issuance of the proposed debt instrument.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Apr 2022	Non Convertible Debentures	Long Term	159.74	ACUITE AA- Negative (Reaffirmed)
	Proposed Bank Facility	Long Term	200.00	ACUITE AA- Negative (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	200.00	ACUITE AA- Negative (Assigned)
	Proposed Non Convertible Debentures	Long Term	250.00	ACUITE Provisional AA Stable (Reaffirmed)
	Principal Protected Market Linked Debentures	Long Term	75.00	ACUITE PP-MLD AA- Negative (Reaffirmed)
26 Nov 2021	Principal Protected Market Linked Debentures	Long Term	75.00	ACUITE PP-MLD AA- Negative (Assigned)
	Proposed Non Convertible Debentures	Long Term	250.00	ACUITE Provisional AA Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	200.00	ACUITE AA- Negative (Reaffirmed)
	Non Convertible Debentures	Long Term	159.74	ACUITE AA- Negative (Reaffirmed)
	Non Convertible Debentures	Long Term	159.74	ACUITE AA- Negative (Reaffirmed)

05 Aug 2021	Proposed Non Convertible Debentures	Long Term	140.26	ACUITE AA- (Withdrawn)
	Proposed Non Convertible Debentures	Long Term	250.00	ACUITE Provisional AA Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	200.00	ACUITE AA- Negative (Assigned)
02Mar 2021	Proposed Non Convertible Debentures	Long Term	140.26	ACUITE AA- Negative (Reaffirmed)
	Non Convertible Debentures	Long Term	159.74	ACUITE AA- Negative (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	250.00	ACUITE Provisional AA Stable (Assigned)
24Nov 2020	Proposed Non Convertible Debentures	Long Term	140.26	ACUITE AA- Negative (Reaffirmed)
	Non Convertible Debentures	Long Term	159.74	ACUITE AA- Negative (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	120.00	ACUITE AA- Negative Reaffirmed
Indian Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE AA- Negative Assigned
Not Applicable	INE305A09232	Non-Convertible Debentures (NCD)	09 Nov 2015	8.81	09 Nov 2025	Simple/Complex	159.74	ACUITE AA- Negative Reaffirmed
Not Applicable	INE305A07012	Principal protected market linked debentures	01 Dec 2021	Not Applicable	01 Dec 2024	Complex	75.00	PP-MLD ACUITE AA- Negative Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	34.17	ACUITE AA- Negative Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	50.68	ACUITE AA- Negative Assigned
Not Applicable	Not Applicable	Proposed Non Convertible Debentures	Not Applicable	Not Applicable	Not Applicable	Simple/Complex	200.00	ACUITE AA- Negative Reaffirmed
Not Applicable	Not Applicable	Proposed Non Convertible Debentures	Not Applicable	Not Applicable	Not Applicable	Simple/Complex	250.00	Provisional ACUITE AA Negative Reaffirmed Stable to Negative
Bank of Baroda	Not Applicable	Term Loan	30 Jun 2022	9.05	31 Jul 2027	Simple	45.83	ACUITE AA- Negative Reaffirmed
Canara	Not	Term Loan	Not	Not	Not	Simple	67.50	ACUITE AA- Negative

Bank	Applicable		available	available	available				Assigned ACUITE AA- Negative Assigned
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	77.49		Assigned ACUITE AA- Negative Assigned
Punjab and Sind Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	45.83		Assigned ACUITE AA- Negative Assigned
Indian Infrastructure Finance Company Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	200.00		Assigned ACUITE AA- Negative Assigned
UCO Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	50.00		Assigned ACUITE AA- Negative Assigned
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	248.50		Assigned ACUITE AA- Negative Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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