

**Tourism Finance Corporation of India Ltd.**

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CIN : L65910DL1989PLC034812

TF/LISTING/19  
January 22, 2020

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 reaffirmed by Brickwork Rating as detailed below:

Rating Agency	Date of Receipt of Letter	Rating (Amount – Rs. in crore)		Rating Action
		Multiple Bond Issues (Long Term)	Bank Loan Facilities (Long Term)	
Brickwork Rating	21.1.2020	AA- Outlook: negative (841.24)	AA- Outlook: Negative (525.00)	Reaffirmed

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

Yours faithfully,

(Sanjay Ahuja)  
Company Secretary &  
Compliance Officer

## Sanjay Ahuja

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**From:** rajiv singh <rajiv.singh@tfciltd.com>  
**Sent:** 22 January 2020 11:33  
**To:** Sanjay Ahuja  
**Subject:** FW: Rating rationale  
**Attachments:** TCFI\_Appeal Rationale (1).pdf

**From:** Chaitanya Tambe [mailto:chaitanya.t@brickworkratings.com]  
**Sent:** 21 January 2020 16:40  
**To:** debashish.dutta@tfciltd.com; rajiv.singh@tfciltd.com  
**Subject:** Re: Rating rationale

PFA

On Tue, Jan 21, 2020 at 3:58 PM Chaitanya Tambe <[chaitanya.t@brickworkratings.com](mailto:chaitanya.t@brickworkratings.com)> wrote:  
PFA

On Tue, Jan 21, 2020 at 3:56 PM Chaitanya Tambe <[chaitanya.t@brickworkratings.com](mailto:chaitanya.t@brickworkratings.com)> wrote:  
Dear Sirs,

PFA

On Tue, Jan 21, 2020 at 2:44 PM Chaitanya Tambe <[chaitanya.t@brickworkratings.com](mailto:chaitanya.t@brickworkratings.com)> wrote:  
Dear Sir,

Please find attached rationale for your review. In case of any factual errors please let me know by EOD.

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Thanks & Regards,

**Chaitanya Tambe | Rating Analyst**  
**Brickwork Ratings | Mumbai**  
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## RATING RATIONALE

20 Jan 2020

### Tourism Finance Corporation of India Limited

**Brickwork Ratings reaffirmed the ratings for the Bank Loan Facilities amounting to Rs. 525 Crs and Multiple Bond Issues aggregating 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	525.00	Long Term	BWR AA- (Negative)	BWR AA- (Negative) (Reaffirmed)
<b>Total</b>	<b>525.00</b>	<b>525.00</b>	<b>INR Five Hundred Twenty-Five Crores Only</b>		

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

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

# Issue wise details in the annexure

## RATING ACTION / OUTLOOK

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, with top 20 exposures accounting for 61% of total exposure), along with a high level of promoter shares pledged for borrowing by the promoter Redkite Capital.

However, the rating continues to draw comfort from the experienced management team of the company. TFCL'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.

The outlook continues to be negative considering the risk of further weakening in asset quality or 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 H1FY20 is reported at 37.64%, 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 H1FY20 to 37.25% from 38.60% as on March 31, 2019. TNW has shown improvement in H1FY20 from Rs.736.91 Crs as on March 31, 2019 to Rs.739.28 Crs as on Sept 30, 2019. Gearing of the company came down marginally from 1.80 times as on March 31, 2016 to 1.74 times as on Sept 30, 2019.

**Comfortable Liquidity Profile:** TFCI's liquidity profile is comfortable with positive cumulative mismatches across all time buckets in the ALM profile. Further, the company has cash & cash equivalents amounting to Rs.7.20 Crs as on 30 Sept 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. 570.00 Crs.

**Strengthening Overall Financial Profile:** The AUM for the company increased from Rs.1693.82 Crs as on March 31, 2019 to Rs. 1777.67 Crs as on Sept 30, 2019. For H1FY20 PAT is reported at Rs.43.97 Crs against Rs.86.25 Crs in FY19. Return on assets for the company declined marginally from 4.20% in FY19 to 3.99% in H1FY20. ROE for the company stood at 11.36 % for H1FY20.

### 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 H1FY20 is approx. 5% and is reported at Rs. 1777.67 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 Gross NPAs remained elevated at 4.97% at the end of H1 FY20 after increasing from 2.15% as on March 31, 2018 to 5.14% as on March 31, 2019. However, these assets are protected by large 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 and this will remain a key rating sensitivity.

**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 Sept 30, 2019 is 1.80x), 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 H1FY20 to Rs.739.28 Crs. The cash and equivalents stood at Rs. 7.20 Crs, and other financial assets are reported at Rs. 22.97 Crs as on 30 September 2019. The company also has unavailed credit facilities (term loans & cash credit facilities) to the tune of Rs. 570.00 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. 43.97 Crs against a total income of Rs. 143.01 Crs for H1FY20. For FY19 PAT was reported at Rs. 86.25 Crs against total income of Rs. 216.34 Crs.

Key financial highlights are given in the table below:

Particulars	Unit	FY18 (A)	FY19(A)	H1FY20 (A)
Portfolio O/S	Rs. Crores	1550.16	1693.82	1777.67
Gross NPA	%	2.15	5.14	4.97
Net NPA	%	0.08	2.18	1.81
Total Income	Rs. Crores	206.23	216.34	143.01
Net Interest Income	Rs. Crores	103.86	107.39	60.64
PAT	Rs. Crores	77.48	86.25	43.97*
Tangible Net Worth	Rs. Crores	678.19	736.91	739.28
CRAR	%	39.90	39.01	37.64

\*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:

Sl. No.	Instrument	Current Rating (Jan 20)		Rating History				
		Type	Amount (Rs Crs)	Rating	2019 Sept	2019 July	2018	2017
1.	Term Loan (Existing/proposed)	Long Term	355.00	BWR AA-Negative (Reaffirmed)	BWR AA-Negative	BWR AA-Negative	BWR AA-Stable	BWR AA-Stable
2.	Cash Credit		170.00					
3.	Multiple Bond Issues	Long Term	841.24					
Total			1366.24		INR One Thousand Three Hundred and Sixty-Six 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: Mar19,2019	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	
<b>Total</b>		<b>841.24</b>	<b>(INR Eight Hundred Forty-One Crores and Twenty Four Lakhs Only)</b>			

#### Hyperlink/Reference to applicable Criteria

- General Criteria
- Banks & Financial Institutions

Analytical Contacts	Investor Contacts
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