Tourism Finance Corporation of India Ltd.
IFCI Tower
13th Floor
61 Nehru Place
New Delhi - 110019
Tel. : +91-11-26291151
Fax : +91 11 26291152
E-mail : ho@tfciltd.com
Web : www.tfciltd.com
CIN : L65910DL1989PLC034812

TF/LISTING/20
May 8, 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

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 CARE ratings as detailed below:

Rating Agency	Date of Receipt of Letter	Rating (Amount – Rs. in crore)			Rating Action
		Long-term Bonds	Bank Borrowings	Commercial Paper	
CARE Ratings	8.5.2020	A+ Outlook:Negative (681.50)	--	--	Reaffirmed and outlook revised from Stable to Negative

The rating rationale given by the CARE ratings is enclosed as Annexure.

Yours faithfully,

(Sanjay Ahuja)
Company Secretary &
Compliance Officer

Tourism Finance Corporation of India Limited

May 06, 2020

Ratings

Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bonds	**681.50** (Rupees Six Hundred Eighty One crore and Fifty lakh only)	CARE A+; Negative (Single A Plus; Outlook: Negative)	Reaffirmed and Outlook revised from Stable to Negative

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings reaffirmation for the long term instruments of Tourism Finance Corporation of India Ltd (TFCI) continues to factor in its experienced management, healthy capitalization levels with Tier 1 CAR at 36.22% as on Dec-19, adequate profitability with annualized return on total assets (RoTA) at 4.4% as on Dec-19 and comfortable liquidity profile.

However, these rating strengths are partially offset by weakness in asset quality with Gross NPA at 3.3% as on Dec-19, borrower concentration risk on account of TFCI being into wholesale lending with top 20 borrowers forming around 60% of loan book as on Dec-19, moderate loan book growth over years with 3 year CAGR till March 31, 2019 at a low of 9.5% and moderate size of loan book vs. other large entities in wholesale lending segment and stiff competition from banks & other NBFCs / financial institutions. Also, since TFCI primarily provides financial assistance for projects in tourism sector and other allied activities, high sector concentration exists with 75% of book towards hotel industry/tourism sector,

Going forward, the ability of the company to meaningfully scale up its operations while maintaining capitalization profile and liquidity profile, sustaining profitability profile and improving asset quality would be the key rating sensitivity.

Rating Sensitivities

Positive Factors

- Scale up of operations in sustainable and profitable manner
- Comfortable asset quality metrics with GNPA on a sustainable basis below 3%
- Maintaining adequate capitalization profile with gearing below 2.5 times on a steady basis

Negative Factors

- Weakness in profitability and/or capitalization profile of TFCI with gearing rising above 2.5 times
- Deterioration in asset quality

Outlook: Negative

The outlook for the long term instruments of TFCI has been revised from Stable to 'Negative' on account of the elevated risk aversion in general and particularly with respect to tourism sector that will pose challenges in the collections on advances for TFCI going forward. Owing to the on-going Covid 19 pandemic, the most visible and immediate impact is expected to be seen in the hotel and tourism sector in all its geographical segments - inbound, outbound and domestic and almost all verticals - leisure, adventure, heritage, MICE, cruise and corporate. With most players in hotel industry expected to take some time to realign themselves in terms of cost rationalization and process improvement measures, the operational efficiency parameters of hotels are expected to be adversely affected for next few quarters. Since TFCI largely caters to tourism sector with about 75% of its book exposed to hotel/tourism industry, its loan growth is expected to remain subdued in coming few quarters. CARE also takes notes of the fact that there is moderation in the loan book growth of the company with a 3 year CAGR at 9.5% as on March-19.

In view of the Reserve Bank of India (RBI)'s move to allow banks, NBFCs and HFCs to offer three month moratorium to borrowers, the company has provided moratorium to about 75% of its borrowers, most of which are tourism sector exposure. However the company has not availed moratorium for the payments due in March 2020 and has no plans to avail moratorium for April and May 2020. On the liquidity front, currently the company had cash and cash equivalents of Rs.189 crore as on March 31, 2020 and sanctioned but undrawn bank lines amounting to Rs.500 crore as on March 31, 2020 against which it has scheduled debt repayments of Rs 125 crore for next six months ending September 30, 2020. While the company's liquidity profile remains strong, the challenges with respect to lower than expected scheduled inflows coupled with scheduled liability related outflows, if prevailed over longer term due to prolonged challenging conditions, could lead to moderation in liquidity profile of the company.

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*