



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/21
June 22, 2021

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 ratings 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	22.6.2021	BRW A+ (Negative) (791.24)	BRW A+ (Negative) (1150.00 crore)	Rating Reaffirmed

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

Yours faithfully,


(Sanjay Anuja)
Company Secretary &
Compliance Officer

RATING RATIONALE

22 June 2021

Tourism Finance Corporation of India Ltd.

Brickwork Ratings reaffirms the ratings of the Bank Loan facilities and Bond Issues of Rs.1941.24 Crs of Tourism Finance Corporation of India Ltd. at 'BWR A+/Negative' and withdraws the ratings of Bonds of Rs.50.00 Crs

Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous (May 2020)	Present
Fund Based	1150.00	1150.00	Long Term	BWR A+ (Negative)	BWR A+ (Negative) (Reaffirmed)
Total	1150.00	1150.00	Rupees One Thousand One Hundred Fifty Crss Only		

Instrument	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous (May 2020)	Present
Multiple Bond Issues [#]	791.24	791.24	Long Term	BWR A+ (Negative)	BWR A+ (Negative) Reaffirmed
	50.00	0.00		BWR A+ (Negative)	Withdrawn^{##}
Total	841.24	791.24	Rupees Seven Hundred Ninety One Crss and Twenty Four Lakhs Only		

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

Issue-wise details in the annexure

Withdrawn on account of complete redemption of Bonds

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) reaffirms the long-term ratings for bank loan facilities of Rs.1150.00 Crs and bonds of Rs.791.24 Crs of Tourism Finance Corporation of India Ltd. (TFCI or the company) at BWR A+, while maintaining the rating outlook as Negative.

BWR has withdrawn the ratings of the bond issues of Rs.50.00 Crs of TFCI on account of complete redemption. The rating is withdrawn based on the request of the company and confirmation from the Debenture Trustee towards redemption, and the same is in line with BWR's withdrawal policy.

The rating continues to draw comfort from the experienced management, healthy capitalisation and comfortable liquidity. The rating is, however, constrained on account of the average asset quality with the GNPA (Gross Net Performing Assets) levels increasing from 2.50% in FY20 to

3.51% in FY21, current level of provisioning (overall provisions are at 1.58% at the end of FY21 vis-a-vis 1.71% at the end of FY20) especially in view of a possible further deterioration in asset quality and borrower concentration risk with top 20 borrowers constituting 59.66% of the portfolio at the end of FY21.

The Negative outlook reflects the risk of delay in collections and the consequent impact on asset quality due to the second wave of the Covid-19 pandemic, especially considering that 64.40% of the company's portfolio at the end of FY21 comes from the tourism and travel segment, which has been severely impacted by Covid-19. Any deterioration in asset quality, credit costs on account of provisioning and write-offs, and the consequent impact on profitability will be key rating monitorables.

KEY RATING DRIVERS

Credit Strengths-:

Experienced management:

TFCI has an experienced management team to pursue the company's main objective of building a specialised financial institution to provide a long-term basis to tourism-related projects in the country. The company's senior management has vast experience in the financial services domain. Mr. Anirban Chakraborty, the MD and CEO of TFCI, has over two decades of experience in corporate and investment banking, and prior to joining TFCI, he was the Deputy CEO of Axis Capital.

Healthy capitalisation with low gearing:

TFCI's capitalisation is healthy, with the Tier I capital adequacy ratio (CAR) and overall CAR comfortable at 39.33% (FY20: 37.15%) and 39.87% (FY20: 37.56%), respectively, as on 31 March 2021, well above the regulatory minimum requirement of 10% and 15%, respectively. The company's capitalisation profile is supported by a tangible net worth of Rs.784.44 Crs as on 31 March 2021. The overall gearing was low at 1.74 times as on 31 March 2021 (1.94 times as on 31 March 2020). The networth coverage for net NPAs as on 31 March 2021 was comfortable at 13.97 times, indicating adequate buffers to absorb asset-side risks. BWR believes the company will remain well-capitalised over the medium term.

The profitability of TFCI is moderate, with the return on assets (RoA) at 3.65% (annualised) for FY21, against 3.74% for FY20. The company reported a profit after tax of Rs. 80.75 Crs with the total revenue of Rs. 257.76 Crs in FY21, against a profit after tax of Rs. 81.02 Crs with the total revenue of Rs. 256.16 Crs for FY20.

During FY21, TFCI made provisions of Rs.1.10 Crs (net of withdrawal of Rs.44.06 Crs from special reserves created u/s 36(I)(viii) of IT Act) in its books towards bad and doubtful debts. The withdrawal from special reserves created u/s 36(i)(viii) of IT Act (Rs.44.06 Crs) during 2020-21 was utilised towards write-off loans and investments.

Adequate liquidity profile:

TFCI's liquidity profile is comfortable with surplus cumulative mismatches across all of the buckets upto 5 years, as per the ALM profile as of March 2021. Furthermore, the company has

cash and cash equivalents amounting to Rs.62.47 Crs, along with committed banking lines of Rs.140.00 Crs as on 1st June 2021, ensuring the availability of adequate funds to meet short- to near-term repayment obligations.

Credit Risks-:

Moderate scale of operations and higher sector-wise concentration:

The loan book of TFCI comprises long-term loans to the tourism and allied sectors. Its exposure to the tourism sector remained high at 64.40% as on 31 March 2021 as compared to 54.81% as on 31 March 2020. TFCI is working towards bringing some diversity in its loan portfolio to reduce the risk of sectoral concentration. The company's AUM increased 10.20% YoY to Rs.1976.64 Crs in FY21 as compared to Rs.1793.54 Crs in FY20; however, the same has remained moderate.

In terms of geography, the company has a pan-India presence, with the highest number of projects funded in the state of Uttar Pradesh. The states of UP, Maharashtra, Madhya Pradesh, Rajasthan, Gujarat and Haryana together constituted ~69% of the AUM as on 31 March 2021.

Average asset quality:

TFCI's asset quality is average, with the GNPA and NNPA increasing to 3.51% and 2.84%, respectively, at the end of March 2021 as compared to 2.50% and 1.61% at the end of March 2020. At the end of FY21, TFCI held an ECL provision of Rs.31.86 Crs (1.58%) in the books [Standard Assets (Stage-1&2): Rs.18.51 Crs and NPAs (Stage-3): Rs.13.35 Crs] on the loan portfolio as compared to the ECL provision of Rs.30.76 Crs (1.71%) in the previous year [Standard Assets (Stage-1&2): Rs.14.84 Crs and NPAs (Stage-3): Rs.15.92 Crs]. As on 31 March 2021, the company had two NPA accounts with the principal outstanding of Rs.69.48 Crs. Both the NPA accounts are under the IBC resolution process, which are in the advanced stages. TFCI expects the full recovery of outstanding amounts in Q3/Q4FY22. Furthermore, the loan assets are adequately covered through sufficient collateral securities (Security cover:2x), which shall help keep the ultimate losses at the minimum. The tourism sector continues to remain impacted by the second wave of Covid-19 and consequent lockdowns imposed. The recovery of the occupancy rate is expected to happen in a gradual manner.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

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

RATING SENSITIVITIES

The firm's ability to manage asset quality and profitability while maintaining liquidity and capitalisation would be key rating sensitivities.

Positive: The rating outlook may be revised to Stable if there is no material deterioration in asset quality or profitability, and the company is able to maintain liquidity and capitalisation.

Negative: The rating may be downgraded if there is a share rise in stressed assets, deterioration in profitability, liquidity or capital levels, as well as a contraction in the loan book.

LIQUIDITY POSITION: ADEQUATE

TFCI has cash and cash equivalents amounting to Rs.62.47 Crs, along with committed banking lines of Rs.140.00 Crs as on 1 June 2021. Besides this, the company has scheduled collections of Rs. 180.00 Crs till September 2021, which are sufficient to meet debt obligations over the next 6 months. As per the ALM profile on 31 March 2021, there are no negative cumulative mismatches.

COMPANY PROFILE

Tourism Finance Corporation of India Ltd (TFCI) was established in 1989 with the main objective of setting-up a specialised financial institution to expedite growth in tourism infrastructure in the country by providing a dedicated line of credit on a long-term basis to tourism-related projects in the country. TFCI provides financial assistance to enterprises for setting-up and/or the development of tourism-related activities, facilities and services, which inter-alia include hotels, restaurants, holiday resorts and amusement parks, all forms of transport including air-taxis, travel and tour operating agencies, and sports facilities. TFCI has assisted a third of the total capacity of branded hotels in India till date. It has been associated with major domestic, as well as international hotel operating brands, such as ITC, Leela, Taj, Lalit, Lemon Tree, Hyatt, Marriott, Hilton, Radisson, Holiday Inn and Ramada. TFCI has also ventured into investment banking activities, viz., M&A advisory, special situation funding and private equity arrangership, Debt Syndication and asset buy/sell side advising.

While the company was established in 1989 by a group of government organisations such as IFCI Ltd, LIC, SBI, BOI and Canara Bank, with a change in shareholding over the years, as on 31 March 2021, Life Insurance Corporation of India and The Oriental Insurance Co. Ltd. as promoters and Mr. Koppara Sajeev Thomas, India Opportunities III Pte. Limited and Tamaka Capital (Mauritius) Limited (managed by Ares SSG), as the promoter group, hold a 27.25% stake in the company. The remaining stake of 72.75% is held by foreign portfolio investors, corporate bodies, individual public shareholders, NRIs and others.

KEY FINANCIAL INDICATORS

Key financial highlights are given in the table below:

Particulars	Unit	FY20(A)	FY21 (A)
Portfolio O/S	Rs. Crs	1793.54	1976.64
Gross NPA	%	2.50	3.51
Net NPA	%	1.61	2.84
Total Income	Rs. Crs	265.16	257.76
Net Interest Income	Rs. Crs	119.51	117.50
PAT	Rs. Crs	81.02	80.75
Tangible Net Worth	Rs. Crs	746.47	784.44
CRAR	%	37.56	39.87

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NIL

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY :NIL

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

Facilities	Current Rating (2021)			Rating History		
	Tenure	Amount (₹ Cr)	Rating	2020	2019	2018
Term Loan	Long Term	1050.00	BWR A+ Negative Reaffirmed	27 May 2020 BWR A+ /Negative (Downgrade)	6 September 2019 BWR AA-/Negative (Reaffirmed)	24 Dec 2018 BWR AA-/Stable (Reaffirmed)
Cash Credit	Long Term	100.00				
Multiple Bond Issues	Long Term	791.24				
Multiple Bond Issues	Long Term	--	Withdrawn	23 Jan 2020 BWR AA-/Negative (Reaffirmed)	30 July 2019 BWR AA-/Negative (Reaffirmed)	
Total		1941.24	Rupees One Thousand Nine Hundred Forty One Crores and Twenty Four Lakhs Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks and Financial Institution](#)

Analytical Contacts	
Nagesh Kadu Primary Analyst Board: +91 22 2831 1426, + 91 22 2831 1439 Ext: 619 nagesh.k@brickworkratings.com	Ramya Muraledharan Director - Ratings +91 22 6745 6660 ramya.m@brickworkratings.com
1-860-425-2742	media@brickworkratings.com

Tourism Finance Corporation of India Ltd.

ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Total (₹ Cr)
1.	Bank 1	Cash Credit	100.00	100.00
		Term Loan 1 (O/S)	175.00	175.00
		Term Loan 2 (O/S)	249.86	249.86
2	Bank 2	Term Loan (O/S)	87.50	87.50
3	Bank 3	Term Loan(O/S)	50.00	50.00
4	-	Proposed Term Loan	487.64	487.64
Total				1150.00

ANNEXURE II

INSTRUMENT (Bonds) DETAILS

Instrument	Issue Date	Amount (Rs. Crs)	Coupon	Maturity Date	ISIN Particulars
Secured bond issue (Series MB 2015-01)	Nov 9, 2015	159.74	8.81%	Nov 9, 2025	INE305A09232
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
Total		791.24		Rupees Seven Hundred Ninety One Crs and Twenty Four Lakhs Only	

ANNEXURE III

List of entities consolidated: NA



For print and digital media

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