

Tourism Finance Corporation of India Limited

Instrument	Amount (Rs. crore)	Rating Outstanding
Bond Programme	100	[ICRA]A- (stable)

ICRA has rating outstanding of [ICRA]A- (pronounced ICRA A minus) with 'stable' outlook for the Rs. 100 crore¹, bond programme of Tourism Finance Corporation of India Limited (TFCI)[†]. The company has not been cooperating with ICRA for conducting the regular monitoring and ICRA has relied on the audited FY2016 results, and other publicly available information for conducting the review. The rated bond programme will mature on April 30, 2019.

The rating for TFCI factors in its established franchise in financing projects in the niche tourism sector, its good market knowledge of hotels financing space and long-track record. The rating also factors in TFCI's strong capitalization levels (Tier I capital % of 30.91%, CRAR – 37.82% as on March 31, 2016). The rating is however constrained on account of deterioration in TFCI's asset quality indicators, its exposure to a single sector (although within tourism sector portfolio is diversified across various segments, though hotels constitute the largest segment), high concentration risk, moderate credit profile borrowers, the long gestation of the projects, nature of its portfolio and its limited diversity of income. The asset quality indicators for the company deteriorated significantly with the gross NPA% for the company increasing to 12.3% as on March 31, 2016 following six accounts slipping in NPA category in FY2016 thus leading to increased portfolio vulnerability for TFCI. ICRA has also taken note of the pressure on the earnings profile of the company following the increased credit costs and slowdown in business volumes.

About the company

Tourism Finance Corporation of India (TFCI) was set up by IFCI Ltd and other Financial/Investment Institutions to function as a specialised All-India Development Financial Institution to cater to the financial needs of the tourism industry. TFCI was incorporated as a Public Limited Company under the Companies Act, 1956 on January 27, 1989 and became operational with effect from February 1, 1989 on receipt of Certificate of the Commencement of Business from the Registrar of Companies. TFCI has been notified as a public financial institution. The company is listed on the National Stock Exchange and the Bombay Stock Exchange. The shareholding pattern on TFCI as on September 30, 2016:

As on	September 30, 2016
IFCI Limited	34.14%
Life Insurance Corporation of India	6.71%
United India Insurance Company Limited	1.48%
The Oriental Insurance Company Ltd	1.07%
Bank of India	4.70%
Total Promoter Share Holding	48.09%
Public	51.91%
Total	100.0%

Source: BSE website

[†] For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications

¹ 100 lakh = 1 crore = 10 million

For the year FY2016, TFCI reported a net profit after tax (PAT) of Rs. 53.6 over an asset base of Rs. 1,590 crore as compared with a PAT of Rs. 60.2 crore over an asset base of Rs. 1,501 crore for FY2015, registering a de-growth of 11% largely owing to the decline in net interest income and other income. The company reported gross NPA% and net NPA% of 12.3% and 10.3% respectively as on March 31, 2016 (gross NPA% of 3.9% and net NPA% of 1.5% as on March 31, 2015). The reported capital adequacy stood at 37.82% (Tier I – 30.91%) as on March 31, 2016. For H1FY2017, the company reported a net profit of Rs. 36.5 crore as compared to a net profit of Rs. 34.8 crore for H1FY2016, registering a growth of 5%.

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