

Tourism Finance Corporation of India Limited

July 20, 2018

Summary of rated instrument

Instrument	Previous Rated Amount(Rs. crore)	Current Rated Amount(Rs. crore)	Rating Action
Bond Programme	100.00	100.00	[ICRA]A- (Stable) ISSUER NOT COOPERATING*; Rating remains in the 'Issuer Not Cooperating' category
Total	100.00	100.00	

**Issuer did not co-operate; based on best available information*

Rating action

The rating for the Rs. 100-crore bond programme of Tourism Finance Corporation of India Limited (TFCI) remains in the Issuer Not Cooperating category. The rating is denoted as [ICRA]A- (Stable) ISSUER NOT COOPERATING.

Rationale

The rating is based on limited information on TFCI's performance since it was last rated in July 2017. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as it does not adequately reflect the company's credit risk profile. Although the company's credit profile may have changed since the time it was last reviewed by ICRA, ICRA is unable to take a definitive rating action in the absence of requisite information.

As part of its process and in accordance with its rating agreement with TFCI, ICRA has been trying to seek information from the company to monitor its performance. However, despite repeated requests by ICRA, the company's management has remained non-cooperative. In the absence of requisite information, and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

Key rating drivers

Credit strengths

Market knowledge of tourism sector and experienced management team – TFCI was established to cater to the needs of the tourism industry and for the funding of tourism related projects. Over the years, it has established a franchise in financing projects in the niche tourism sector. The company has a nine-member board including a nominee director of the Government of India, seven independent directors and one executive director. TFCI has an experienced management team.

Healthy capitalisation profile - TFCI has a comfortable capitalisation profile with a gearing of 2 times as on March 31, 2018 (1.9 times as on March 31, 2017) and CRAR of 42.28% as on March 31, 2018 (39.03% as on March 31, 2017).

Improvement in asset quality - TFCI's asset quality improved in FY2018 on account of no fresh slippages and recovery in NPA accounts with gross NPA at 2.15% and net NPA of 0.08% as on March 31, 2018 against 5.57% and 3.06%, respectively, as on March 31, 2017.

Credit challenges

High concentration risk – A major part of TFCI’s exposure is towards the tourism sector, which makes it vulnerable to any adverse trend in the tourism industry. It also faces borrower concentration risk with the top 20 borrowers accounting for 62.5% of the portfolio as on March 31, 2018. The risk is further heightened by the moderate credit quality of the borrowers and the longer gestation period of the projects.

Modest profitability indicators – The company has a modest profitability profile with return on asset (ROA) of 4.1% and return on net worth (RONW) of 12.8% as on March 31, 2018 against ROA of 4.3% and RONW of 13.2% as on March 31, 2017.

Analytical approach: ICRA has applied its rating methodologies/policies as indicated below.

Links to applicable criteria:

[Policy in respect of non-cooperation by the rated entity](#)

[ICRA's Credit Rating Methodology for Non-Banking Finance Companies](#)

About the company

Tourism Finance Corporation of India Limited (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 from February 01, 1989 on receipt of the Certificate of Commencement of Business from the Registrar of Companies. TFCI has been notified as a public financial institution and is listed on the National Stock Exchange and the Bombay Stock Exchange. TFCI’s shareholding pattern, as on March 31, 2018, is provided below.

As on	March 31, 2018
IFCI Ltd	2.09%
Life Insurance Corporation of India	5.72%
Oriental Insurance Company Limited	1.07%
Total Promoter Shareholding	8.87%
Public	91.13%
Total	100.00%

Source: BSE website

For FY2018, TFCI reported a net profit after tax (PAT) of Rs. 75 crore on an asset base of Rs. 2,007 crore compared to PAT of Rs. 70 crore on an asset base of Rs. 1,700 crore for FY2017. The company reported a net worth of Rs. 625 crore as on March 31, 2018.

Key financial indicators (audited)

	FY2017	FY2018
Total Income	209	227
Profit After Tax	70	75
Net worth	554	625
Total assets	1,700	2,007
Gearing (times)	1.9	2.0
Return on Average Assets (%)	4.3%	4.1%
Return on net worth (%)	13.2%	12.8%
Gross NPA (%)	5.57%	2.15%
Net NPA (%)	3.06%	0.08%
CRAR	39.03%	42.28%

Amount in Rs. crore

Source: TFCI annual report

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2019)					Chronology of Rating History for the Past 3 Years		
Instrument	Type	Amount Rated	Amount Outstanding	Date & Rating	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
		(Rs. crore)	(Rs. crore)	July-18	Jul-17	Dec-16	-
1 Bond Programme	Long Term	100.00	100.00	[ICRA]A-(Stable) ISSUER NOT COOPERATING	[ICRA]A-(Stable) ISSUER NOT COOPERATING	[ICRA]A-(Stable)	-

Source: ICRA

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
	Bonds	March 31, 2009	9.50%	April 30, 2019	100	[ICRA]A- (Stable) ISSUER NOT COOPERATING

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About ICRA Limited:

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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