

### TOURISM FINANCE CORPORATION OF INDIA LTD

Apr-19

**Industry: Financial Institution**  
**Recommendation: Accumulate**

**Cmp Rs 115**  
**Target Rs: 150**

#### Key Data

BSE Code	526650
NSE Code	TFCILTD
52 Week High (Rs)	162
52 Week Low (Rs)	108
Market Cap (Rs Cr)	936
Face Value	10

#### About the Company:

Tourism Finance Corporation of India (TFCI) is a 3 decade old with the objective to accelerate the growth of tourism infrastructure in the country by providing dedicated line of credit on long term basis to tourism related projects. It works as specialised wholesale financing institution engaged in financing of projects related to tourism industry i.e. hotels, resorts, motels, restaurants and non-conventional tourism projects like health spas, entertainment centres, multiplexes, amusement parks. TFCI has diversified by extending financial assistance to sectors such as infrastructure, manufacturing, NBFC, real-estate and services etc. to expand its business and meet the growing demand of these sectors apart from tourism infrastructure projects.

#### Industry Snapshot

Customers	Open
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

#### Investment Rationale:

**Change in the ownership to aid growth:** TFCI due to its conservative nature and slowdown in capex in the tourism sector was unable to grow its lending book. With the recent change in management, i.e. Redkite Capital & India Opportunities Funds along with seasoned banker Sajeeva Thomas (ex-banker with Citi and Shinsei Bank, Japan) acquired stake from IFCI (erstwhile promoter) would drive the business transformation going forward. The new promoters are experienced bankers having large exposure in raising funds and deploying in new ventures. Their financial background coupled with new avenues for lending should result in faster growth in loan book and diversification in the asset base. The new promoters have sponsored an ARC which will provide additional opportunity for exploring better projects. Their tie up with a Private Equity Fund for induction of capital in assisted projects of TFCI will present a bouquet of opportunities in hospitality sector.

#### Shareholding March 2019

Promoters	51.58%
Public	48.42%

#### Promoters/ Management

Mr. Anirban Chakraborty	MD&CEO
Mr. Anoop Bali	CFO
Mr. B.M.Gupta	Ex Director

#### Key Ratios

ROCE	11.61%
ROE	12.77%
Dividend Yield	1.73%
P/BV	1.48

#### Price Chart



#### Research Team

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#### Mview

We believe TFCI would be a re-rating candidate on the back of favourable change in ownership along with expected pick-up in growth of the hospitality sector and improvement in asset quality going forward. TFCI is also hunting for new avenues for lending which should result in faster growth in loan and diversification in the asset base. With a wide range of hotels chains lined up for their expansion plans the tourism and hospitality sector in India is highly optimistic. On valuation parse we have valued TFCI at 2x FY20E P/BV; we initiate coverage on TFCI with "Accumulate" recommendation and Target Price of Rs 150.

## CONSOLIDATED FINANCIAL OVERVIEW

### Profit & Loss Statement (Rs Cr)

Particulars	FY17	FY18	FY19E	FY20E
Interest Earned	194	210	242	270
Other related income	13	17	12	12
<b>Total Income</b>	<b>209</b>	<b>227</b>	<b>254</b>	<b>282</b>
Interest Expended	91	96	104	114
<b>Operating Expenses</b>	<b>25</b>	<b>22</b>	<b>28</b>	<b>31</b>
Employee cost	14	13	16	18
Other operating expense	11	8	11	13
<b>Total expenses</b>	<b>115</b>	<b>118</b>	<b>131</b>	<b>145</b>
<b>Op. Profit before provision</b>	<b>93</b>	<b>109</b>	<b>122</b>	<b>137</b>
provisions	20	0	0	0
exceptional items	23	0	0	0
<b>Profit before tax</b>	<b>96</b>	<b>109</b>	<b>122</b>	<b>137</b>
Tax expense	27	34	38	42
<b>PAT before minority int</b>	<b>70</b>	<b>75</b>	<b>85</b>	<b>95</b>
minority interest	0	0	0	0
<b>PAT</b>	<b>70</b>	<b>75</b>	<b>85</b>	<b>95</b>
<b>EPS</b>	<b>8.65</b>	<b>9.33</b>	<b>10.48</b>	<b>11.73</b>

### Balance Sheet (Rs Cr)

Particulars	FY17	FY18
<b>Equities and Liabilities</b>		
Share Capital	81	81
Reserves And Surplus	474	545
<b>Non Current Liabilities</b>		
Long Term Borrowings	958	1046
Deferred Tax Liability	27	34
Long Term Provisions	10	8
<b>Current Liabilities</b>		
Short Term Borrowings	92	215
Other Current Liabilities	35	75
Short Term Provisions	24	5
<b>Total</b>	<b>1700</b>	<b>2007</b>
<b>Assets</b>		
<b>Non Current Assets</b>		
Fixed Assets	20	20
Non Current Investments	181	213
Long Term Loans And Advances	1242	1391
<b>Current Assets</b>		
Current Investments	67	201
Cash And Cash Equivalents	11	4
Short Term Loans & Advances	165	154
Other Current Assets	14	24
<b>Total</b>	<b>1700</b>	<b>2007</b>

## TECHNICAL OUTLOOK

Tourism Finance Corporation of India Ltd





# MSEARCH

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**Msearch's Recommendation (Absolute Performance)**

**Buy : > 20% within the next 12 Months**

**Accumulate : 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

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