

RATING RATIONALE

28 July 2025

Tourism Finance Corporation of India Ltd.

Brickwork Ratings reaffirms the rating at BWR A+/Stable for the outstanding Non-Convertible Debentures (NCD) aggregating Rs. 334.74 Crores of Tourism Finance Corporation of India Ltd.

Particulars:

Instrument	Amount Rs.Crs.		Tenure	Rating	
	Previous	Present		Previous (29 Jul 2024)	Present
Multiple Bond Issues	334.74	334.74	Long Term	BWR A+/Stable (Reaffirmed)	BWR A+/Stable (Reaffirmed)
Total	334.74	334.74	Rupees Three Hundred Thirty Four Crores and Seventy Four Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings Details of bank loans and NCDs in Annexures

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) reaffirms the rating at BWR A+/Stable for the outstanding Non-Convertible Debentures (NCD) aggregating Rs.334.74 Cr of Tourism Finance Corporation of India Ltd. (TFCI)

The rating reaffirmation factors in the experienced management, strong capitalisation, comfortable gearing and adequate liquidity. The rating remains constrained by scale of loan book, volatility in the asset quality, and concentration of the portfolio mix.

BWR notes the marginal growth in loan book and stable earnings in FY 25. During FY 2024-25, TFCI made disbursements of Rs.914.88 crore but also had prepayments of ~Rs.504 crore. The asset quality improvements and weakening remain volatile to the average ticket size of the loan book, resulting in steep improvement or deterioration in the asset quality. Profitability improved by 14% yoy which on absolute levels increased from Rs. 91 crores for year ended 31 Mar 2024 to Rs. 104 crores for the year ended 31 Mar 2025. Substantial Increase in loan book averaging out its ticket size on its loan book portfolio while continuous improvement in recovery of stressed assets will be key rating monitorables.

The stable outlook indicates the stable loan book, comfortable capitalisation and adequate liquidity to meet its near term debt obligations. Further, there is expected improvement in the loan book with sharp revival of the tourism industry and expected recovery of stressed assets.

KEY RATING DRIVERS

Credit Strengths:-

Experienced management

TFCI's experienced management team continues to pursue the company's main objective of building a specialized financial institution to provide support on a long-term basis to the tourism-related projects in the country. The company is presently headed by Shri Anoop Bali who is the Managing Director and Chief Financial Officer of the company, having over 30 years of experience in Credit appraisal, Monitoring & Recovery, NPA/Stressed Asset Management, Legal Matters, Risk Management, Accounts & Finance, Treasury and Resource Management, Corporate Advisory, etc. The Board of Directors of the company comprised nine Directors including five Independent Directors comprising seasoned bankers, professional and industry experts. The company's senior management also has vast experience in the financial services domain.

Healthy capitalisation with comfortable gearing :

TFCI's healthy capitalisation strengthened further, with the overall capital adequacy (CAR) at 69.70% as at end of FY25 (FY24 : 59.01%), well above the regulatory minimum regulatory requirement. The company's tangible net worth has increased to Rs. 1207.28 Cr as on 31st March 2025 from Rs 1074.84 Cr as on 31 Mar 2024 on account of retention of profits. The overall gearing was low at 0.72 times as on 31 March 2025 (0.91 times as on 31 March 2024). The company is adequately capitalized to meet its near term growth targets on its loan book.

Credit Risks :-

Marginal improvement in the declining loan book shall remain monitorable

TFCI's loan book was declining over the years up to FY24. It was Rs. 1834.35 Cr as of 31 Mar 2022 to Rs. 1621.48 Cr as of 31 Mar 2023 to Rs. 1588.92 Cr as of 31 Mar 2024. It stands increased to Rs. 1693.57 Cr as of 31 Mar 2025, however, it was lower as compared to projected growth for the year. During FY 2024-25, TFCI made disbursements of Rs. 914.88 Cr which was higher as compared to previous financial year but lower than its targeted disbursements for the year. TFCI had prepayments amounting to ~Rs. 505Cr. The lower disbursement as compared to budgeted disbursement coupled with higher prepayment/repayment resulted in marginal increase in the AUM to Rs. 1693.57 Cr as at 31 Mar 2025. Portfolio churning is a natural phenomenon in NBFC industry wherein operational projects with better operational/financial performances and adequate cash accruals get refinanced by Banks at competitively lower rates. During FY21 & FY22, refinance opportunities were less as the operation/financials of hotel projects remained impacted due to Covid-19 related business disruptions.

Concentration Risk: TFCI primarily formed for business growth in the tourism and related sector, had primary focus of lending to this segment. The Book which was majorly heavy on this segment had gradually diversified; however as of 31 Mar 2025 the loan book exposure to tourism and tourism projects was at 65% and the balance to other segments. TFCI loan book exposure as of 31 Mar 2025, included Tourism 65%, Manufacturing 14%, Real Estate 8%, NBFC 6% and balance to social infrastructure and LAS. The exposure to the tourism sector is gradually reducing over the year as the company is adding other sectors & products in its lending profile.

Volatility in Asset Quality and NIMs remain monitorable

TFCI's GNPA ratios at 2.75% and NNPA ratios at 1.51% as of 31 March 2024 had weakened to GNPA ratio at 3.22% and NNPA ratio at 1.61% as of 31 March 2025. During FY25, additions to NPA were Rs.52.05 Crs, while recoveries were Rs.32.87 Crs and upgradation were Rs.8.35 Crs. The Company estimates of better recoveries during FY26, and substantial improvement in the asset quality for FY26. TFCI's overall portfolio comprises 54 accounts on loan book portfolio of Rs. 1694 crs as at 31 Mar 2025, having an average ticket size of Rs. 30-31 Crs. Weakening of more than 2 accounts leading to slippages to NPA results in immediate spike, and so goes for the improvement in case of recoveries. Improving on the number accounts while continuing to grow its loan book, thereby remains a monitorable on the volatile asset quality of the company. The Company's GNPA ratios during the four quarters of FY25 were stable in the first two quarters, spiked in the third quarter and improved in the fourth quarter. The concerned asset portfolio during this period covered between 2 to 3 accounts, indicating its vulnerability to the asset quality movement. Going forward, with substantial recoveries asset quality will improve, however so will it deteriorate with any incremental slippages. During FY2025, the company had lower Stage II assets as compared to the previous year FY 2024, any spike in the Stage II book shall be monitorable.

The Company's Cost of Borrowings have marginally increased over the last four years, (FY22:8.8%, FY23:9.35%, FY24: 9.52%, FY25: 9.64%) due to an increase in benchmark rate (MCLR) by lenders consequent increase in repo rate by 250 bps by RBI which impacted the NIMs from 5.77% in FY 2022 to 4.97% in FY2024, although it improved to 5.07% in FY2025. BWR notes the improvement in interest income by ~6% over the previous year whereas the finance cost was marginally lower. Therefore, the Net interest Income (NII) during FY 2024-25 was higher as compared to previous year resulting in higher Net Interest Margin (NIM). Continuing the improvement in the NIMs shall be monitorable

ANALYTICAL APPROACH

BWR has followed a standalone approach for the ratings of Tourism Finance Corporation of India Ltd. 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

Positives :

- Substantial growth in loan book,
- Substantial improvement in the asset quality and profitability,
- Sectoral exposure diversification and will be the key rating positives for revision in the rating/ outlook

Negatives:

- Inordinate delay in recovery of the stressed assets, substantial deterioration in asset quality impacting the profitability, and capitalisation levels;
- Decline in the loan book will be the key rating negative for revision in the rating/ outlook.

LIQUIDITY POSITION: ADEQUATE

As on 31st March 2025, TFCI had cash and cash equivalent of Rs. 141 Cr along with available credit lines of Rs. 100 Cr. Further the company has liquid investments of Rs. 173 Cr, making the total of Rs. 273 Cr. During FY 2025-26, expected borrowings repayments are at ~Rs.350 crores against the expected inflows of Rs.710 crores from Loans & Advances including regular repayment, prepayments, recovery/settlement of NPAs. Further, the entity had opening surplus funds of 314 crore along with committed credit lines of Rs.100 crore, Therefore, the entity has adequate liquidity towards debt servicing from internal accruals. The entity does not borrow funds for debt servicing but only for onward lending only.

COMPANY PROFILE

Tourism Finance Corporation of India Ltd (TFCI) was established in 1989 with the main objective of setting-up a specialized 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 is engaged in hospitality sector financing by way of term loans for acquisitions, new developments, expansion, renovations, and modernization of hotels. It also provides take-over finance to deserving creditworthy borrowers. Besides, TFCI is engaged in financing social infra projects viz. schools, professional colleges, universities, hospitals, renewable (solar & wind) energy, logistics, etc. TFCI also provides financing to established companies in manufacturing and other resilient sectors. TFCI also provides finance to non-banking and housing finance companies for secured onward lending. TFCI also provides loans to corporates and HNIs against the security of listed category-I shares. The company was established in 1989 by a group of government organizations such as IFCI Ltd, LIC, SBI, BOI and Canara Bank, with a change in shareholding over the years. As on 30 June 2025, Life Insurance Corporation of India, The Oriental Insurance Co. Ltd. as the promoter group, holds a 3.85% stake in the company. The remaining stake of 96.15% is held by foreign portfolio investors, corporate bodies, individual public shareholders, NRIs and others as on 30 June 2025. The % of promoters shareholding is at a lower side as Mr Aditya Kumar Halwasiya's shareholding is presently classified under public holding. As per the shareholding pattern as of 30 June 2025, the majority shareholding is public, of which Mr Aditya Kumar Halwasiya's stakeholding was 17.92% under public holding.

KEY FINANCIAL INDICATORS

Key financial highlights are given in the table below:

Particulars	Unit	FY23	FY24	FY25
Result Type		Audited	Audited	Audited
Portfolio O/S	Rs. Cr	1621.48	1588.92	1693.57
Gross NPA	%	3.92	2.75	3.22
Net NPA	%	2.95	1.51	1.61
Total Income	Rs. Cr	231.70	242.04	260.06
PAT	Rs. Cr	87.95	91.11	103.81
Tangible Net Worth	Rs. Cr	1001.32	1074.85	1207.28
CRAR	%	62.65	59.01	69.70

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED:

ISIN Details are shared in Annexure II. A brief of the same is as follows:

ISIN INE305A09232 of Rs 159.74 Crs – The instruments are secured redeemable non-convertible bonds of Rs.159.74 Crs allotted on 09 Nov 2015 for tenor of 10 years, have a fixed coupon rate of 8.81% with simple interest and are due for redemption in full on 09 Nov 2025. The frequency of coupon servicing is semi-annual on January 01st and July 01st of every year until its maturity. These bonds were for private placement, with minimum security cover of one time of the aggregate value amount of bonds outstanding at all times.

ISIN INE305A09216 of Rs.99.80 Crs – The instruments are unsecured redeemable non-convertible bonds of Rs.99.80 Crs allotted on 25 Feb 2013 for tenor of 15 years, have a fixed coupon rate of 9.60% with simple interest and are due for redemption in full on 25 Feb 2028. These bonds were for private placement. The frequency of coupon servicing is annual on January 01st every year until its maturity.

ISIN INE305A09208 of Rs.75.00 Crs – The instruments are unsecured redeemable non-convertible bonds of Rs.75.00 Crs allotted on 25 Feb 2013 for tenor of 20 years, have a fixed coupon rate of 9.65% with simple interest and are due for redemption in full on 25 Feb 2033. These bonds were for private placement. The frequency of coupon servicing is annual on January 01st every year until its maturity.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : There was no non cooperation with other CRAs

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

Sr. No.	Facilities / Instruments	Current Rating			Rating History		
		Tenure	Amt (Rs. Cr)	Rating	2024	2023	2022
					29-July-2024	31-July-2023	1-July-2022
1	Outstanding Bonds	Long Term	334.74	BWR A+/ Stable (Reaffirmed)	BWR A+/ Stable (Reaffirmed)	BWR A+/ Stable (Reaffirmed)	BWR A+/ Stable (Reaffirmed and outlook changed from Negative)
2	Bank Term Loan Facilities	Long Term	-	-		BWR A+/ Stable (Reaffirmed and withdrawn)	BWR A+/ Stable (Reaffirmed and outlook changed from Negative)
3	Bank CC Facilities	Long Term	-	-		Withdrawn	
4	Proposed Bank Loans	Long Term	-	-		Withdrawn	
5	Bonds (redeemed)	Long Term	-	-		Withdrawn	
	Total		334.74	Rupees Three Hundred Thirty Four Crores and Seventy Four Lakhs Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS: Bonds- Simple

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

Hyperlink/Reference to applicable Criteria

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

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Tourism Finance Corporation of India Ltd.

ANNEXURE I

Details of Bank Loan Facilities rated by BWR - NA

ANNEXURE II

INSTRUMENT (Bonds) DETAILS

Instrument	Issue Date	Principal (In crs)	Amount o/s as on 30.06.2024	Coupon (%)	Maturity Date	ISIN Number	Complexity Levels^
Secured Bond Issue	9-Nov-2015	159.74	159.74	8.81%	9-Nov-2025	INE305A09232	Simple
Unsecured Bond Issue	25-Feb-2013	100	100	9.60%	25-Feb-2028	INE305A09216	Simple
	25-Feb-2013	75	75	9.65%	25-Feb-2033	INE305A09208	Simple

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

ANNEXURE III

List of entities consolidated: NA



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