

Tourism Finance Corporation of India Limited

October 14, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 300.00 Crore	Regulator[^]
Long Term Rating	IVR AA-/Stable (Rating Reaffirmed)	RBI
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Instrument	Amount (Rs. crore)	Ratings	Rating Action	Regulator[^]
NCDs	175.00	IVR AA-/Stable	Rating Reaffirmed	SEBI
Proposed CPs	100.00	IVR A1+	Rating Reaffirmed	RBI
Total	275.00 (Rupees Two Hundred and Seventy-Five Crore Only)			
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Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics has reaffirmed the ratings assigned to the debt instruments and bank facilities of Tourism Finance Corporation of India Limited (TFCI) at IVR AA-/Stable and IVR A1+, respectively, pursuant to the reclassification of its bank facilities. The ratings continue to factor in the company's strong capitalization, comfortable asset quality, healthy profitability, improving scale of operations and strong liquidity profile. The ratings also derive support from TFCI's stable earnings profile, established track record, experienced management and sound domain expertise in the tourism and hospitality sector.

The ratings further factor in the significant improvement in asset quality, supported by sustained recoveries, resolution of stressed exposures and strengthened monitoring mechanisms. The company has also witnessed healthy growth in its loan portfolio, supported by improved disbursements and lower prepayments. TFCI continues to maintain a strong capital position with low leverage, providing adequate headroom to support business growth. Further, the company's strong liquidity position and comfortable asset-liability profile provide additional financial

flexibility. The ratings also benefit from TFCI's established secured wholesale lending model and measured diversification across real estate, manufacturing and select NBFC exposures.

However, the ratings remain constrained by the inherent risks associated with the NBFC business model and intense competition in the lending space. The credit profile is also moderated by concentration risks in the loan portfolio, with sizeable exposure to large borrowers and relatively high-ticket lending, which could lead to volatility in asset quality in the event of adverse credit developments. Additionally, the continued concentration towards the tourism and hospitality segment exposes the company to cyclical and sector-specific risks. These risks are partly mitigated by TFCI's secured lending approach, conservative underwriting standards, strong recovery track record, comfortable capitalization and adequate liquidity profile.

Outlook: Stable

The 'Stable' outlook reflects the expectation that TFCI will maintain its comfortable capitalization, healthy asset quality, profitability and liquidity profile, supported by its established secured lending model and experienced management.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- **Improvement in asset quality**

TFCI's asset quality has shown significant improvement during FY26, with GNPA declining to 0.37% from 3.22% as on March 31, 2025, while NNPA declined to nil from 1.61%. The improvement has been supported by sustained recoveries, resolution of stressed exposures and strengthened monitoring mechanisms. Asset quality remained comfortable in Q1FY27, with GNPA at 0.41% and NNPA at nil. The company's collection efficiency also remained healthy, indicating sustained recovery performance and improved portfolio quality.

- **Stable and improving earnings profile**

TFCI's earnings profile remained healthy, with NII increasing by 36.09% to Rs. 145.17 crore in FY26 from Rs. 106.69 crore in FY25, supported by improvement in net spread to 5.79% in FY26 from 4.65% in FY25 and NIM to 7.83% from 6.64%. The cost-to-income ratio also improved to 15.47% in FY26 from 17.74% in FY25. Profitability strengthened, with PAT increasing by 18.92% to Rs. 123.46 crore in FY26 from Rs. 103.81 crore in FY25. The positive trend continued in Q1FY27, with total income increasing to Rs. 115.15 crore from Rs. 65.82 crore in Q1FY26, while PAT increased to Rs. 61.21 crore from Rs. 30.56 crore, supported by healthy spreads and continued cost efficiency.

- **Comfortable Capitalisation**

TFCI maintained a strong capital position, supported by internal accruals and a substantial capital cushion. The CRAR remained comfortable at 55.53% as on March 31, 2026, and further improved to 57.13% as on June 30, 2026, despite growth in risk-weighted assets. Tangible net worth also increased steadily, while gearing remained low at 0.82x as on March 31, 2026, and 0.75x as on June 30, 2026, providing adequate headroom for future growth.

- **Improved scale of operations**

TFCI's scale of operations has improved significantly, with AUM increasing by 29.24% to Rs. 2,188.87 crore in FY26 from Rs. 1,693.57 crore in FY25, supported by higher disbursements. The company continued to maintain a sizeable loan portfolio in Q1FY27, with AUM at Rs. 2,002.05 crore. The improvement in AUM reflects better disbursement momentum and improved portfolio retention, following the subdued growth witnessed in earlier years due to elevated prepayments.

- **Measured diversification through AIF investments and strategic initiatives**

The Company has adopted a measured diversification strategy through sponsoring/ investing Alternative Investment Funds (AIFs). TFCI has committed Rs.15 crore to a diversified-sector AIF as an investor and Rs.50 crore to a real estate debt fund as an anchor investor. Investments in both funds are being made in tranches in accordance with the respective drawdown schedules. Further, TFCI has committed Rs.25 crore to a hospitality-focused hybrid fund as a co-sponsor, for which in-principal approval has been received. This strategy is expected to broaden TFCI's investment avenues, facilitate

portfolio diversification and enable the Company to leverage its core competencies while exploring new growth opportunities.

- **Long track record of operations with experienced promoters and professional management**

TFCI was established in 1989 and has a long track of providing financial assistance to various sectors for more than three decades. TFCI's AUM is geographically well spread across India. Mr. Anoop Bali, Managing Director, is experienced finance personnel with over three decades of experience and takes care of day-to-day operations.

Weaknesses

- **Concentration in loan portfolio**

TFCI's loan portfolio continues to exhibit moderate concentration in the tourism and hospitality sector, although the sectoral concentration has reduced significantly over the last two years, supported by the company's focused diversification strategy and increasing exposure to other sectors, viz., real estate, manufacturing, financial services and infrastructure/social infrastructure. Such concentration exposes the company to sector-specific and borrower-specific risks, particularly given its wholesale lending model and relatively high-ticket sizes. The performance of borrowers in these sectors remains sensitive to economic cycles, changes in demand and market conditions. Nevertheless, the companies predominantly secured lending portfolio, conservative underwriting practices and calibrated diversification across sectors provide some mitigation against concentration risk.

- **Inherent risks associated with NBFC operations and competitive pressures**

TFCI remains exposed to the inherent risks associated with NBFC operations, including credit, liquidity and refinancing risks, along with competition from banks and other financial institutions. The company's loan portfolio remains concentrated towards the tourism/hospitality sector, which is inherently cyclical and sensitive to economic conditions, while the wholesale lending model also exposes TFCI to relatively higher borrower concentration and high ticket-size risks. These risks are partly mitigated by the company's secured lending model, conservative underwriting practices, strong capitalization and established recovery track record.

Liquidity –Strong

TFCI maintains a comfortable liquidity position, supported by adequate liquid resources and a positive structural liquidity profile. As on June 30, 2026, the company had total liquidity of Rs. 341.16 crore, comprising cash and bank balances of Rs. 21.28 crore, liquid investments of Rs. 275.06 crore and unmarked fixed deposits of Rs. 44.82 crore. Further, the structural liquidity profile remained comfortable, with positive cumulative mismatches across all maturity buckets, providing comfort against near-term liquidity and refinancing risks.

Rating Sensitivities

Upward Factors

- Substantial growth in AUM while maintaining healthy capitalization, asset quality, profitability and liquidity.

Downward Factors

- Degrowth or subdued growth than expected growth in AUM and/or decline in liquidity and capitalization.
- Adverse movement in the collection efficiency, leading to deterioration in asset quality on a sustainable basis.

About TFCI

Incorporated in 1989, TFCI is a Delhi-based NBFC-ML, with 37 years of experience in financing the tourism and hospitality sector. The company operates a niche secured wholesale lending model, with a diversified presence across real estate, manufacturing, and select NBFC exposures, while maintaining strong expertise in project financing and structured lending. The company is listed, with a widely dispersed shareholding, wherein promoters primarily LIC and The Oriental Insurance Company together hold a modest 3.85% stake.

Key Financial Indicators (Standalone):**(Rs. crore)**

For the year ended* / As on	31-03-2025	31-03-2026	Q1FY27
	Audited	Audited	Unaudited
Total Operating Income	251.63	273.69	115.15
PAT	103.81	123.46	61.21
Tangible Net worth	1216.26	1315.08	1327.32
Total Asset	2098.01	2408.62	2433.62
Ratios			
NIM (%)	6.64	7.83	7.57
ROTA (%)	5.01	5.52	10.21
Total CAR (%)	69.70	55.53	57.13
Gross NPA [Stage III] (%)	3.22	0.37	0.41
Net NPA [Stage III] (%)	1.61	Nil	Nil

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Tourism Finance Corporation of India

Applicable Criteria

[Rating Methodology for Financial Institutions/NBFC](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years			
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25		Date(s) & Rating(s) assigned in 2023-24
					March 24, 2026	March 25, 2025	July 25, 2024	
1.	Fund based facilities	LT	300.00	IVR AA-/Stable	IVR AA-/Stable	IVR A+/Stable	-	-
2.	NCDs	LT	175.00	IVR AA-/Stable	IVR AA-/Stable	-	-	-
3.	Proposed CPs	ST	100.00	IVR A1+	IVR A1+	IVR A1+	IVR A1+	-

Annexure 1: Instrument/Facility Details

Name of Facility / Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator ^	<u>Complexity Indicator</u>
Term Loan	--	--	--	10-Mar-28	40.91	IVR AA-/ Stable	NA	RBI	Simple
Term Loan	--	--	--	30-May-29	25.00	IVR AA-/ Stable	NA	RBI	Simple
Term Loan	--	--	--	21-Aug-2031	50.00	IVR AA-/ Stable	NA	RBI	Simple
NCD	INE305 A09216	25-Feb-2013	9.60	25-Feb-2028	100.00	IVR AA-/ Stable	Listed	SEBI	Simple
NCD	INE305 A09208	25-Feb-2013	9.65	25-Feb-2033	75.00	IVR AA-/ Stable	Listed	SEBI	Simple
Proposed Long Term Facility	--	--	--	--	184.09	IVR AA-/ Stable	NA	RBI	Simple
Proposed CPs	--	--	--	--	100.00	IVR A1+	NA	RBI	Simple

NA – Not Applicable

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

https://infomericsstorage.blob.core.windows.net/uploads/Len_Tourism_Finan_Corp14_0ct26_9944d2467a.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: ISIN: INE305A09216 & INE305A09208

ISIN	INE305A09216
Issue Size	Rs 100 crore (Series MB XLVI-B)
Security Name	9.60% Tourism Finance Corporation of India Limited 24 Feb 2028
Issuer	Tourism Finance Corporation of India Limited (TFCI)
Type of Instrument	Unsecured Redeemable Non-Convertible Bonds (Promissory Notes) – Series MB XLVI-B
Type of Issue	Private Placement
Object of the Issue	Augmenting fund requirements for regular business activities and repayment of debt obligations
Coupon Rate	9.60% p.a
Coupon Type	Fixed
Tenor	15 years from Deemed Date of Allotment (25 Feb 2013 → 25 Feb 2028)
Issue Date / Allotment	25-Feb-13
Maturity	24/25 February 2028 (both referenced; redemption date 25 Feb 2028)
Financial Covenants	Additional 2% p.a. interest for payment default; 1% p.a. penal rate for listing delay; repayment obligations as per trust deed
Non-Financial Covenants	Timely disclosures, listing compliance, trustee obligations, execution of transaction documents, reporting requirements, event-of-default clauses

ISIN	INE305A09208
Issue Size	Rs 75 crore (Series MB XLVI-C)
Security Name	9.65% Tourism Finance Corporation of India Limited 25 Feb 2033
Issuer	Tourism Finance Corporation of India Limited (TFCI)
Type of Instrument	Unsecured Redeemable Non-Convertible Bonds (Promissory Notes) – Series MB XLVI-C
Type of Issue	Private Placement
Object of the Issue	Augmenting fund requirements for regular business activities and repayment of debt obligations
Coupon Rate	9.65% p.a.
Coupon Type	Fixed
Tenor	20 years from Deemed Date of Allotment (25 Feb 2013 → 25 Feb 2033)
Issue Date / Allotment	25-Feb-13
Maturity	25-Feb-33

ISIN	INE305A09208
Financial Covenants	2% p.a. default interest; penal interest for listing delay; adherence to obligations under debenture trust deed
Non-Financial Covenants	Mandatory disclosures, compliance with listing and trustee requirements, execution of transaction documents, event-of-default conditions

Draft term sheet for proposed CPs:

Proposed Date of Issue	TBD
Issue Reference	Commercial Paper
CP Issuance Amount During the Calendar Is 1000cr or more	Not Applicable
Discount Rate	8.50% p.a
Period	Upto 364 days
Issue Size (Maturity Value)	Rs.100 Crore
Issue Size (Subscription Value)	Rs. 92.1856 Crore
Issue Size (Maturity Value) Per Unit	Rs. 5,00,000/- per unit
Issue Size (Subscription Value) Per Unit	Rs. 4,60,928./- per unit
• CONDITIONS (If Any)	NIL
• Exact Purpose of Issue of Cp	Working Capital requirement.
• CREDIT SUPPORT (If Any)	NIL
Description Of Instrument	Commercial Paper
• Issued By	TFCI
• In Favour Of	Issuer of CP/Holder of CP
Issuing And Paying Agent	State Bank of India
Listed/non-listed	Proposed to be Listed

Annexure 4: List of companies considered for Consolidated analysis: Not Applicable

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI

Sr. No.	Instrument / activity Name	Regulator of the instruments
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	+
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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