Tourism Finance Corporation of India Limited

August 19, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Bonds	SEBI	175.00	CARE A; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of rating to the bonds of Tourism Finance Corporation of India Limited (TFCI) factors in its long operational track record, healthy earnings profile, comfortable capitalisation and asset quality metrics. CareEdge Ratings has taken note of improvement in entity's overall profile and expects its profile to remain healthy going forward as well, supported by experienced management team.

The rating, however, is constrained by relatively moderate scale and limited funding relationships & external debt mobilisation. CareEdge ratings also notes that at present company's earnings profile is supported by low gearing and contained credit costs. However, as the company scales up its ability to maintain adequate margins will be important for its earnings profile. The rating also factors in TFCI's high borrower concentration, with top 20 outstanding exposures accounting for ~69% of the gross loan book (~110% of its tangible net worth (TNW)) as on March 31, 2026. Since TFCI primarily provides financial assistance for projects in the tourism sector and other allied activities, high sector concentration and moderate credit quality of the portfolio remains a concern, with 52% book towards the hospitality sector and 18% towards real estate. TFCI has been diversifying its portfolio by providing loans to , real estate, manufacturing companies, , Infra/social-infra, financial companies, NBFCs/HFCs and entering new product segment of loan against security (LAS). Going forward, its ability to grow profitably while maintaining its asset quality will be a key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Significant scale up of operations with sectoral diversification and while maintaining healthy profitability, asset quality and capitalisation profile

Negative factors:

- Weakness in capitalisation profile of TFCI with gearing rising above 2.5 times
- Significant increase in company's gross stress book[3] on a sustained basis
- Decline in profitability with RoTA below 3% on a sustained basis

Analytical approach:

Standalone

Outlook:

Stable

The 'stable' outlook factors in CareEdge Ratings' expectation that TFCI will continue to scale up while maintaining comfortable capitalisation and healthy profitability metrics.

Detailed description of key rating drivers

Key strengths

Healthy capitalisation

TFCI has been maintaining adequate capitalisation levels in the last few years and reported total CAR of 55.53% and a gearing of 0.8x as on March 31, 2026, compared to 69.70% and 0.7x, respectively, as on March 31, 2025. The tangible net worth of the

[1] SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2] Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

[3] *Gross stress book includes gross NPA, non-NPA restructured assets, non-NPA repossessed assets and gross security receipts*

company improved to Rs. 1,313.96 crore as on March 31, 2026 from Rs. 1,212 crore as on March 31, 2025. Going forward, CareEdge Ratings expects its capitalisation profile to remain adequate in near-to-medium term without a need to raise further capital.

Healthy profitability
Ending fiscal March 31, 2026, TFCI reported a profit-after-tax (PAT) of Rs.123.46 crore, translating to a return on total assets (RoTA) and return on net worth (RoNW) of 5.48% and 9.78% as compared to a PAT of Rs. 104 crore, RoTA of 4.95% and RoNW of 9.05% in FY2025. The interest spread also increased on account of reduced cost of funds. Its NIM increased improved to 6.44% in FY2025 from 5.08% in FY2024 despite increase in gearing. The company has also observed a slight decline in opex (with respect to average total assets) to 1.24% in FY2026 from 1.28% in FY2025 owning to reduced employee cost. Its credit cost became nil in FY2026, from 0.2% in FY2025.

Improvement in asset quality
The company has demonstrated a notable improvement in asset quality as on March 31, 2026. The company was able to reduce its gross non-performing assets (GNPA) to Rs. 7.82 crore as on March 31st, 2026, from Rs. 54.49 crore as on March 31st, 2025 due to recovery in cash. This led to a sharp improvement in GNPA and NNPA ratios to 0.37% and 0.00% in March 2026 as compared to 3.22% and 1.61% as on March 31, 2025. However, the asset quality, it remains monitorable, owning to its wholesale lending model.

Key weaknesses

High credit and sector-wise concentration
There is high credit concentration in the gross loan book of TFCI, despite improvement in concentration of top 20 borrowers as compared to previous year as the top 20 outstanding exposures accounting for around 69% of its gross loan book and 110% of TNW as on March 31, 2026, but still significant as compared to previous year with 73% of the gross loan book and 103% of its TNW as on March 31, 2025. The company has witnessed reduction in concentration, but it still forms a significant part of the loan book. However, as the company plans to diversify its portfolio, CARE Ratings anticipates high credit concentration to reduce in future.

Also, TFCI was incorporated to cater to the financing needs of the hotel and tourism industries, ensuring priority funding of tourism-related projects. Its exposure towards the said industries stood at 51.6% as on March 31, 2026, decreasing from 65% as on March 31, 2025. The company currently has plans to further reduce such concentration in tourism sector and increasing exposure in other sectors along with expanding into new sectors. Going forward, its ability to grow their loan book while maintaining diversity and asset quality remains key monitorable

Moderate, albeit, improving scale of operations
The company's scale remains relatively moderate however, has increased to ₹2,189 crore in March 2026 from ₹1694 crore in FY25, demonstrating a 29.25% year-on-year growth. its growth over last 5 years happened at a CAGR of ~2%. While its disbursements have increased to ₹1,334 crore in FY26 from ₹915 crore in FY25, higher prepayments and foreclosures have kept its overall scale relatively moderate. The company continues to face stiff competition from banks and other NBFCs, which may constrain its ability to scale meaningfully and maintain pricing power in a competitive market. CareEdge Ratings notes that the entity has stated offering another product, loan against securities (LAS), which is expected to further boost up its disbursements, however, given low tenure of the new product (up to 1 year), the growth in AUM is expected to remain moderate in near future. Its ability to scale up its operations while maintaining healthy asset quality will be key for its credit profile.

Concentrated resource profile
TFCI's resource base is relatively concentrated with reliance on twelve lenders, largely public sector banks. As on March 31, 2026, its borrowings comprised non-convertible debentures (NCDs) with ~16% share and remaining 84% in form of loans from banks (~66%) and financial institutions (~18%). The company has demonstrated its ability to raise funds from diverse sources, banks, financial institutions (FIs), and NCDs. Its average cost of debt funding stood at 9.72% in FY2026, which was relatively high. It's ability to diversify its resource profile by raising funds at competitive rates will be important.

Liquidity: Adequate

The company's liquidity profile remains adequate with cash and bank balances worth ₹66 crore as on March 31, 2026, against debt repayments of ₹276 crore due over next one year, i.e., from April 2026 to March 2027 and inflows of Rs. 3827.24 crore over the same period. As per the asset liability management (ALM) statement dated March 31, 2026, TFCI had positive cumulative mismatches across all time buckets.

Environment, social, and governance (ESG) risks

Although TFCIL's service-oriented business model limits its direct exposure to environmental risks, credit risk may arise if operations of any asset class of the portfolio are adversely impacted by environmental factors. TFCIL has adopted an ESG policy focussing on energy, water and waste management in operations and also in the assisted companies in tourism/hospitality and other sectors. Social risks in the form of cybersecurity threat or customer data breach or mis-selling practices can affect TFCIL's regulatory compliance and reputation and hence remain a key monitorable. TFCIL's Board comprises 8 Directors, with 4 Independent Directors and 1 female Director.

Applicable criteria

Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Non Banking Financial Companies

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Finance	Financial Institution

TFCI was promoted by (IFCI Ltd) and other FIs and banks in January 1989. IFCI divested its shareholding in TFCI through the years as it finally exited the company in FY18. As on March 31, 2026, the promoters (Life Insurance Corporation of India [LIC] and The Oriental Insurance) and the promoters' group stake in the company remained at 3.85%. In Feb 2024, Sh. Sanjeev Kumar Thomas, erstwhile promoter shareholder sold his shareholding to a public shareholder, Sh. Aditya Kumar Halwasiya and the shareholding of Pransatree Holding Pte Ltd of 4% has been reclassified as public holding. In Q1FY2025, Aditya Halwasiya has infused Rs.50 crore of capital in form the preferential issue, thus becoming the largest public shareholder with 15.20% stake as on March 31, 2025, which has further increased to 17.92% as on June 30, 2025. This shareholding by Mr. Halwasiya reduced 8.83% as on March 31, 2026 and Sh. Halwasiya continued to be a public shareholder. Since FY12, consequent to the change in the object clause of the Memorandum of Articles, TFCI has also started lending to other sectors such as social infrastructure, hospitals, schools, colleges, universities, renewable energy, residential real estate, NBFCs/HFCs, and the manufacturing and services sectors.

Brief Financials (Rs. crore)	31-03-2024	31-03-2025	31-03-2026	30-06-2026
	A	A	A	UA
Total income	242.03	260.06	276.83	115.14
Profit after Tax (PAT)	91.11	103.81	123.46	61.21
Assets under Management (AUM)	1588.92	1693.57	2188.87	2002.05
On Book Gearing (x)	0.90	0.71	0.82	0.75
AUM / tangible net-worth (TNW) (x)	1.48	1.40	1.67	1.46
Gross non-performing assets (NPA) / gross stage 3 (%)	2.75	3.22	0.37	0.41
Return on managed assets (ROMA) (%)	4.41	4.94	5.48	4.50
Capital adequacy ratio (CAR) (%)	59.05	69.70	55.53	57.13

A: Audited; UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds	SEBI	Simple	INE305A09216	25-Feb-2013	9.6	25-Feb-2028	100.00	CARE A; Stable
Bonds	SEBI	Simple	INE305A09208	25-Feb-2013	9.65	25-Feb-2033	75.00	CARE A; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Bonds	LT	-	-	-	-	-	1)Withdrawn (24-Aug-23)
2	Bonds	LT	175.00	CARE A; Stable	-	1)CARE A; Stable (20-Aug-25)	1)CARE A; Stable (21-Aug-24)	1)CARE A; Stable (24-Aug-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instrument / facility: Not Applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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