RATING RATIONALE

02 July 2026

Tourism Finance Corporation of India Ltd.

Brickwork Ratings upgrades the rating to BWR AA-/Stable for the outstanding Non-Convertible Debentures (NCD) aggregating Rs. 175.00 Crores of Tourism Finance Corporation of India Ltd.

Particulars:

Instruments #	Amount Rs.Crs.		Tenure	Rating*	
	Previous	Present		Previous (28 Jul 2025)	Present
Multiple Bond Issues	334.74	**175.00**	Long Term	BWR A+/Stable (Reaffirmed)	**BWR AA-/Stable (Upgraded)**
Total	334.74	**175.00**	**Rupees One Hundred Seventy Five Crores Only**		

* Please refer to the BWR website www.brickworkratings.com/ for the definition of the ratings
# Details of the instruments are provided in Annexure II

RATING ACTION / OUTLOOK: UPGRADE/STABLE

Brickwork Ratings (BWR) upgrades the rating from BWR A+/Stable to BWR AA-/Stable for the outstanding bond issues aggregating Rs. 175.00 Crores (reduced from Rs. 334.74 crores on account of redemption of bonds at maturity) of Tourism Finance Corporation of India Ltd. (TFCI or the Company)

The rating upgrade factors in the company's ability to achieve the rating positive sensitivities in FY26,

- Substantial growth in AUM, which grew by ~24% to Rs. 2088.14 Crores. It has also diversified the loan book portfolio to include sectors other than tourism and hotels
- Improvement in asset quality reflected by the GNPA ratio < 1% and the NNPA ratio at nil as of 31 March 2026, supported mainly by recoveries
- Improvement in earnings profile with a healthy net profit margin of 45% and ROAs >5%

Apart from the above factors, the Company continues to maintain healthy capitalisation levels with substantial buffers, i.e. CRAR at 55%, a comfortable net worth of Rs. 1304 Crores, gearing below 1x, and adequate liquidity supported by cash and cash equivalents of Rs.62 Crores, liquid investments and LCR of 258% as at 31 March 2026.

BWR notes the AUM growth was diversified from its conventional book of tourism/hospitality to sectors such as manufacturing, MSME, construction finance to real estate, NBFC, ARCs and others financial companies. Besides, TFCI provides loans to corporates/HNIs against the security of properties(LAP), listed category-I shares(LAS). It had increased exposure in real estate sector (residential under construction phase in advance stage), manufacturing and other sector, infra / social infra, NBFC / HFC/ARC and LAS. Due to significant cash recovery from non - performing assets during the year, the Company has registered significant improvement in its Asset Quality with GNPA dropping from 3.22% to 0.37%, NNPA dropping to absolute 0.00%, and PCR hitting 100%, strengthening of the earnings profile. The Loan book grew by 23.92%, NIM jumping from 5.07% in FY25 to 6.43% in FY26, and PAT growing by 18.93% alongwith steady Capitalisataion and Liquidity (CRAR at 55.53% vs. 15% of minimum regulatory requirement, D/E at 0.83x and LCR of 258%, as of 31st March 2026).

The stable outlook indicates the stability in the overall credit risk profile of the company, with a low likelihood of rating/ outlook change in the near to medium term. Further, there is expected improvement in the loan book with a sharp revival of the tourism industry.

BWR also notes that the company has redeemed bonds amounting to Rs. 159.74 Crores in Nov 2025, in full at its maturity, as confirmed by the debenture trustee and the company. The rating for these redeemed bonds stands withdrawn.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED:

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

ISIN INE305A09216 of Rs. 100 Crores – The instruments are unsecured redeemable non-convertible bonds of Rs. 100 Crores allotted on 25 Feb 2013 for a tenor of 15 years, carrying a fixed coupon rate of 9.60% with simple interest and are due for redemption in full on 25 Feb 2028. These bonds were issued on private placement basis. The frequency of coupon servicing is annual on January 01st every year until its maturity.

ISIN INE305A09208 of Rs. 75.00 Crores – The instruments are unsecured redeemable non-convertible bonds of Rs. 75.00 Crores allotted on 25 Feb 2013 for a tenor of 20 years, carrying a fixed coupon rate of 9.65% with simple interest and are due for redemption in full on 25 Feb 2033. These bonds were issued on for private placement basis. The frequency of coupon servicing is annual on 1st January every year until its maturity.

KEY RATING DRIVERS

Credit Strengths-:

Experienced management

TFCI's experienced management team continues to pursue the company's main objective of building a specialised 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 36 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 eight Directors, including four Independent Directors comprising seasoned bankers 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 55.53% as at 31 March 2026 (69.70% as at 31 March 2025), well above the minimum regulatory requirement. The company's tangible net worth has increased to Rs. 1304.84 Crores as at 31st March 2026 from Rs 1207.28 Cr as at 31 March 2025 on account of growth in PAT and retention of profit. The overall gearing was maintained below 1x levels, at 0.83 times as on 31 March 2026 (0.72 times as on 31 March 2025). The company has healthy capitalisation levels to meet its near term growth targets on its loan book.

Credit Risks -:

Sectoral and Concentration risk

These pertain to the operations and individual projects being financed. Tourism projects such as hotels, resorts, amusement parks, or heritage sites are highly sensitive to market conditions and hence carry project viability risk. Overestimation of tourist footfall or underestimation of operational costs can adversely impact these projects and their cash flows. TFCI had not experienced any such instances over the last few years. The success of tourism projects often depends on their location. Poor infrastructure, limited connectivity, or a lack of tourist attractions nearby can hinder performance. TFCI funds projects across the country. Many projects experience seasonal demand (e.g., hill stations or coastal resorts), affecting cash flows and debt servicing capability. TFCI funded sector are exposed to these risks. Tourism projects often face delays in land acquisition, permits, and construction, leading to cost overruns and delayed revenue generation. TFCI-funded projects are marginally exposed to such risk. Projects focused heavily on foreign clientele may be vulnerable to international travel disruptions (e.g., pandemics, geopolitical tensions). Overall, while the tourism projects are exposed to inherent sector specific risks, TFCI manages these risks through diversified funding and has not encountered any project viability issues in recent past.

TFCI was primarily formed for business growth in the tourism and related sector, and so focused on lending to this segment. The loan book portfolio, which was heavily concentrated in this segment, has seen gradual diversification over the last few years. As of 31 March 2026, the loan book exposure to tourism and tourism projects was at 52% (63% in FY25), and the balance to other segments. TFCI loan book exposure as of 31 March 2026, included Tourism 52%, Manufacturing 12%, Real Estate 19%, NBFC 4% and balance to social infrastructure and LAS. The proportionate share of exposure to tourism, though quantitatively may remain unchanged or reduce gradually, the proportionate increase in share of loan exposure to other sectors diversifies the concentration risk on the tourism sector.

Maintenance of Asset profile quality and steady NIMs to be monitorable

TFCI's GNPA ratios at 3.22% and NNPA ratios at 1.61% as of 31 March 2025 have improved to GNPA ratios of 0.37% and NNPA ratios at nil as of 31 March 2026. Substantial recoveries result in improvement of the asset quality, while slippages of a single or two accounts lead to a spike in the GNPA. During FY26, addition to NPA were Rs. 3.68 Crores due to slippage of one borrower account during the year, while recoveries were Rs. 50.35 Crores with nil upgradation. TFCI's overall portfolio comprised 63 accounts on the loan book portfolio of Rs. 2088.14 Crores as at 31 March 2026, having an average ticket size of Rs. 33 Crores. There was only one account in SMA category of Rs.12.32 crore (0.59% of gross loan book) as on 31.03.2026. However, due to moderate scale of operations, slippage of even one or two accounts will spike the stressed asset portfolio. Diversifying the loan book portfolio across various segments and lower ticket size shall enable the company to manage the immediate spikes in the asset quality. The Company's GNPA ratios during the four quarters of FY26 were stable. During FY26, the company had lower Stage II assets as compared to the previous years; however, an incremental spike in the Stage II book shall remain monitorable.

The NIMs have improved to 6.43% in FY 2026 from 5.07% in FY 2025, due to an increase in interest income coupled with reduction in interest expenses. The Company's Cost of Borrowings remained stable at 9.65% in FY26, against 9.64% in FY25. BWR notes the improvement in interest income by ~15% over the previous year, whereas the finance cost was lower by ~7%. Therefore, the Net interest Income (NII) during FY 2025-26 was better in comparison to the previous year, resulting in a higher Net Interest Margin (NIM)s. As the company is targeting for significant increase in its loan book during the current financial year, maintaining healthy better NIMs shall remain be monitorable.

ANALYTICAL APPROACH: STANDALONE

BWR has followed a standalone approach for the rating 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 :

- Significant scale up of operations with AUM > 4000 crores and diversification across various sectors
- Maintaining the asset quality and sustained growth in profitability, 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;
- Substantial decline in the loan book,
- Gearing >3x times and GNPA ratio >4%
will be the key rating negative for revision in the rating/ outlook.

LIQUIDITY POSITION: ADEQUATE

As on 31st March 2026, TFCI had cash and cash equivalents of Rs. 51.23 crore. Further, the company has liquid investments of Rs. 100.95 crore, making the total of Rs. 152.18 crore. During FY 2026-27, expected borrowings repayments are at ~Rs. 302.53 crore against the expected inflows of Rs. 826 crore from Loans & Advances, including regular repayment, prepayments, recovery/settlement of NPAs. The Company got sanction of term loans of Rs.75 crores and proposals for sanction of credit facilities ~Rs. 300 crore are under consideration. Therefore, the entity has adequate liquidity towards debt servicing from internal accruals. The company borrows funds for onward lending, not for repayment of debt servicing. LCR is at 285% as of 31st March 2026

ABOUT THE ENTITY

Tourism Finance Corporation of India Ltd (TFCI) was established in 1989 with the main objective of setting up a specialised financial institution to expedite growth in tourism infrastructure by providing a dedicated long-term line of credit to tourism-related projects. TFCI is engaged in the hospitality sector financing by way of term loans for acquisitions, new developments, expansion, renovations, and modernisation 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, real estate (majorly residential), 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 organisations such as IFCI Ltd, LIC, SBI, BOI, and Canara Bank, with a change in shareholding over the years. As of 31st March 2026, Life Insurance Corporation of India and The Oriental Insurance Co. Ltd., as the promoter group, hold a 3.85% stake in the company. The remaining stake of 96.15% are held by public shareholders comprising foreign portfolio investors, corporate bodies, individual public shareholders, NRIs, and others as on 31 March 2026. The % of promoters' shareholding is on the lower side as Mr Aditya Kumar Halwasiya, one of the largest individual shareholders with 8.83% stake in the share capital of the Company as on 31 March 2026, is presently classified under public shareholding.

KEY FINANCIAL INDICATORS

Key financial highlights are given in the table below:

Particulars	Unit	FY24	FY25	FY26
Result Type		**Audited**	**Audited**	**Audited**
Portfolio O/S	Rs. Cr	1588.92	1693.57	2088.14
Gross NPA	%	2.75	3.22	0.37
Net NPA	%	1.51	1.61	0.00
Total Income	Rs. Cr	242.04	260.06	276.83
PAT	Rs. Cr	91.11	103.81	123.46
Tangible Net Worth	Rs. Cr	1074.85	1207.28	1304.84
CRAR	%	59.05	69.70	55.53

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 (2026)			Rating History		
		Tenure	Amt (Rs. Cr)	Rating	2025	2024	2023
					28-July-2025	29-July-2024	31-July-2023
1	Outstanding Bonds	Long Term	175.00	BWR AA-/ Stable (Upgraded)	BWR A+/ Stable (Reaffirmed) (Rs.334.74 crs)	BWR A+/ Stable (Reaffirmed)	BWR A+/ Stable (Reaffirmed)
2	Bank Term Loan Facilities	Long Term	-	-			BWR A+/ Stable (Reaffirmed and withdrawn)
3	Bank CC Facilities	Long Term	-	-			
4	Proposed Bank Loans	Long Term	-	-			Withdrawn
5	Bonds (redeemed)	Long Term	-	-			Withdrawn
	Total		**175.00**	**Rupees One Hundred Seventy Five Crores 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
- NBFC
- 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	Last rated amount (Rs Crs)	Present amount o/s (Rs crs) as on 30.06.2026	Coupon (%)	Maturity Date	ISIN Number	Complexity Levels^
Unsecured Bond Issue	25-Feb-2013	100.00	100.00	9.60%	25-Feb-2028	INE305A09216	Simple
	25-Feb-2013	75.00	75.00	9.65%	25-Feb-2033	INE305A09208	Simple

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

Redeemed Instruments as follows

Instrument	Issue Date	Last rated amount (Rs Crs)	Amount o/s (Rs crs) as on 30.06.2026	Coupon (%)	Maturity Date	ISIN Number	Complexity Levels^
Secured Bond Issue	25-Feb-2013	159.74	0.00	8.81%	9 Nov 2025	INE305A09232	Simple

^For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf
Note: The rating for these redeemed bonds has been withdrawn

ANNEXURE III
List of entities consolidated: NA

List of instruments and regulators

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Instrument/Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) [1]	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)-[1]	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)-[1]	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs -[2]	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme -[3]	-
Issuer Ratings [4]	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) -[1]	Investor-side Regulator such as IRDAI, PFRDA[5]
Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries and Companies [6]	NA

- Includes securitisation transactions involving assignee payout, acquirer's payout.
- Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
- The rated instrument may involve the 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), BWR shall separately capture the rated quantum details along with the names of respective regulators.
- There is no instrument being rated, and hence, the Regulator of the Instrument is not applicable.
- These ratings were assigned during the regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.
- Permitted by SEBI vide SEBI Master Circular for CRAs

Grievance Management: For any grievances relating to rating of instruments regulated by SEBI, please contact **sebigrievance@brickworkratings.com**. 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
For any grievances relating to rating of instruments regulated by other FSR (Financial Sector Regulators), please contact **grievance@brickworkratings.com**

About Brickwork Ratings
Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner and promoter.
Brickwork offers credit ratings of Bank Loan, Non- convertible/convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

Disclaimer

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