



## Press Release

**Tourism Finance Corporation of India Limited (TFCI)**

**March 25, 2025**

### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Fund Based Long Term Bank Facility – Term Loan	75.00	IVR A+/Stable (IVR Single A Plus with stable outlook)	-	Rating assigned	Simple
Proposed Commercial Paper (CPs)	100.00	IVR A1+ (IVR A One Plus)	IVR A1+ (IVR A One Plus)	Rating reaffirmed	Simple
<b>Total</b>	<b>175.00</b> <b>(Rupees One Hundred Seventy-Five Crore Only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

### Detailed Rationale

Infomerics ratings has assigned/reaffirmed its ratings to the bank loan facilities/proposed commercial paper issue of TFCI as it continues to derive comfort from strong capitalisation, sizeable scale of operations albeit degrowth witnessed in last 3 years, stable earnings profile and long track record of operations with experienced promoters and professional management. However, the ratings are constrained by stressed asset quality and inherent risks associated with NBFCs coupled with intense competition.

Infomerics has assigned “stable” outlook based on the expected growth in AUM over FY26 and FY27 on the back of strong capitalisation and established track record of the company.

### Key Rating Sensitivities:

### Upward Factors

- Substantial and sustained growth in AUM while maintaining healthy capitalisation, asset quality, profitability and liquidity



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### Downward Factors

- Lower than expected growth in AUM and/or decline in liquidity and capitalization.
- Adverse movement in the collection efficiency which impacts the asset quality significantly thereby increasing the credit cost and impacts the profitability for the Company.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Strong capitalisation

TFCIs capitalisation levels continue to remain strong with total CRAR of 59.94%, tangible Networth of Rs 1176.46 crore and low gearing of 0.82x as on 31 December 2024. The company has been continuously raising additional capital and borrowings required to augment the growth in AUM. The latest being Rs 50.00 crore of fresh capital in FY24 (refers to period April 1<sup>st</sup>, 2023, to Mar 31, 2024) through preferential allotment of shares. With the current levels of AUM, TFCI can achieve an AUM growth of ~25% for next 2 years without any further capital infusion.

##### Moderate scale of operations albeit degrowth witnessed in AUM in the last 3 years

TFCI scale of operations remain moderate with an AUM of Rs 1588.92 crore as on 31 March 2024. The AUM has witnessed degrowth in the last 3 years from Rs 1,976.64 crore in FY22 to Rs 1588.92 crore in FY24 despite growth in disbursements from Rs 277.00 crore in FY22 to Rs 852.70 crore in FY24. This was on account of higher prepayments in the last 2 years. Prepayments for FY23 stood at Rs 610.69 crore and Rs 493.14 crore in FY24. However, the AUM has gained momentum in 9MFY25 and has grown to Rs 1676.55 crore and is expected to grow further on the back of strong capitalisation.

##### Stable earnings profile

Despite the volatility in the earnings profile due to degrowth in AUM, TFCIs earning profile remains stable with TFCI reported net interest income of Rs 94.96 crore for FY24 (Rs 106.25



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crores in FY23) and PAT of Rs 91.11 crore for FY24 (Rs 87.95 crore in FY23). NIM remains stable at 6.05% for FY24 (6.29% in FY23). Cost to income ratio remains low at 16.86% for FY24 reflecting optimisation of resources. ROTA remains healthy at 4.46% for FY24. For 9MFY25, TFCI has reported total income of Rs 190.61 crore and PAT of Rs 73.61 crore when compared to total income and PAT of Rs 184.39 crore and Rs 70.71 crore respectively in 9MFY24.

### **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 3 decades. TFCI's AUM is geographically well spread across India. TFCI's current promoters are Life Insurance Corporation of India (LIC) and the Oriental Insurance Co. Limited. Mr. Anoop Bali, Managing Director, is experienced financial personnel with over three decades of experience and takes care of day-to-day operations. The company's board has nine directors out of which five are independent directors. Over the years, the management of TFCI has put in place strong credit appraisal policies and processes, Monitoring & Recovery, NPA/Stressed Asset Management, Legal team and Risk Management systems.

### **Key Rating Weaknesses**

#### **Stressed asset quality**

TFCI is exposed to borrower concentration risk with top 20 borrowers contributing to ~72% of total AUM coupled with the fact that average ticket size being ~Rs 70 crore, the asset quality of TFCI will remain under pressure as even a single account slipping into NPA status will have a significant impact on the asset quality of the company. GNPA and NNPA has increased to 5.61% and 3.92% respectively in 9MFY25 due to slippages in two large accounts amounting to Rs 50.45 crores in wholesale loan segment. (FY24: 2.75% and 1.51% respectively).

However, the management has informed that TFCI is taking all legal recourse for recovery from sub-standard assets and expects better asset profile by the end of FY25. Going forward



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the ability of the company to timely recover the NPAs, improve their collection efficiency and maintain healthy asset quality will be a key rating monitorable.

### **Inherent risks associated with NBFCs coupled with intense competition.**

Even though TFCI has ventured into other sectors such as manufacturing, MSME and real estate lending, its product diversification remains low with the concentration primarily being in the tourism segment (~72%). Big -ticket size lending to the infrastructure projects has financials and operational risks associated which might impact the asset quality indicators. The NBFC industry is prone to socio-political and operational risks, which could negatively impact the company's operations and thus its financial position as has been seen during the pandemic and demonetisation coupled with severe competition by other NBFCs and Banks.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Financial Institutions/Non-Banking Finance companies](#)

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

[Criteria of assigning Rating Outlook.](#)

[Complexity level of rated instruments/Facilities](#)

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

**Liquidity: Strong**

TFCI has strong liquidity with total CRAR of 59.94% and TNW of Rs 1176.46 crore with a gearing of 0.82x as on 31 December 2024. TFCI also has adequately matched ALM profile with no negative cumulative mismatches across various buckets. Apart for this, TFCI has liquidity of Rs 349.39 crore as on 31 December 2024 which provides additional liquidity comfort.

**About the company**



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TFCI is a Delhi-based NBFC-ML, incorporated in 1989, as a Public Financial Institution (PFI) to cater to the financial needs of the tourism industry. The company is listed on Bombay Stock Exchange and National Stock Exchange. As on March 31, 2024, Life Insurance Corporation of India, the Oriental Insurance Co. Ltd., as promoters & Pransatree Holdings Pte. Limited as promoter group, holds collectively 8.04% stake in the company. Post reclassification of Pransatree Holdings Pte. Limited shareholding in public category with regulatory approval, the promoters shareholding in TFCI reduced to 3.85% as on 31 December 2024.

### Financials (Standalone)\*:

Rs in crore

For the year ended/As on*	31-03-2023	31-03-2024
	(Audited)	(Audited)
Total Income	231.45	241.86
PAT	87.95	91.11
AUM	1621.48	1588.92
Tangible Networth	1016.70	1089.43
Total debt	998.83	977.66
<b><u>Ratios</u></b>		
NIM (%)	6.29	6.05
ROTA (%)	4.16	4.46
Interest Coverage (Times)	2.20	2.13
Total CRAR (%)	62.28	59.01
GNPA (%)	3.92	2.75
NNPA (%)	2.95	1.51
Overall Gearing (Times)	0.98	0.90

\*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not applicable

Any other information: NA

Rating History for last three years:



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Sr . N o.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 (25 July 2024)	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Proposed Commercial Paper	Short Term	100.00	IVR A1+	IVR A1+	-	-
2.	Term Loan	Long Term	75.00	IVR A+/Stable	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Ltd. (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).





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### Annexure 1: Instrument/Facility Details

Instrument	ISIN	Date of Issuance	Maturity Date	Coupon (%)	Amount (Rs in Crores)	Listing Status	Rating
Proposed CPs	-	-	-	-	100.00	To be listed	IVR A1+
Term Loan	-	-	Mar -28	-	75.00	-	IVR A+/Stable
	<b>Total</b>				<b>175.00</b>		

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-TFCI-mar25.pdf>

### Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

#### Draft Term sheet for the proposed Commercial Paper issue of Rs 100.00 crore

Issuer	Tourism Finance Corporation of India Limited
Issue	Commercial Paper (CPs)
Discount Rate	8.25% p.a.
Period	Up to 364 days
Issue Size (Maturity Value)	Rs.100 Crore
Issue Size (Subscription Value)	Rs. 92.37875 Crore
Issue Size (Maturity Value) Per Unit	Rs. 5,00,000/- per unit
Issue Size (Subscription Value) Per Unit	Rs. 4,61,894/- per unit
• Conditions (If Any)	NIL
• Purpose of the Issue	Onward lending to short term loans and general cash flow requirements
• Credit Support (If Any)	NIL



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Issuing And Paying Agent	State Bank of India
Listed/Non-Listed	Listed

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable.**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

