

Tourism Finance Corporation of India Limited

TFCI, a specialized lender in hospitality, now diversified, holds a ₹1,693.57 crore loan book. Financially robust with ₹103.81 crore PAT, 69.7% CRAR, and A+ rating, ensuring stable growth.

Investment Rationale:

Robust Financial Performance

TFCI showcased consistent financial growth, recording ₹103.81 crore profit after tax in FY25, a significant increase from ₹91.11 crore in FY24. Its strong financial metrics, including a stable Net Interest Margin (NIM) of 5.07%, Earnings Per Share (EPS) growth to ₹11.21, and controlled borrowing costs (9.64%), highlight efficient financial management. Such sustainable earnings reflect TFCI's capacity to generate steady shareholder returns, reinforcing investor confidence in its future profitability.

Strong Capital Adequacy and Asset Quality

TFCI maintains an impressive Capital Adequacy Ratio (CRAR) of 69.70%, substantially above regulatory requirements, offering ample headroom for future business expansion. Its prudent risk management practices reflect in low gross NPLs (~3.22%) and net NPLs (~1.61%), underscoring strong credit discipline. Such robust capital and asset quality positions TFCI as a stable investment choice, capable of weathering economic fluctuations and ensuring financial resilience and stability.

Niche Market Leadership in Hospitality Financing

With over 36 years of industry expertise, TFCI has established itself as a leader in financing tourism-related projects, primarily hotels and resorts, which constitute about 66% of its portfolio. Its specialization provides deep domain knowledge, competitive advantages in risk assessment, and superior project execution capability. This niche dominance translates into higher market penetration, consistent loan growth, and improved risk-adjusted returns, distinguishing it favorably from broader-market NBFC peers.

Diversified Revenue Streams and Sectoral Exposure

TFCI strategically diversified its portfolio beyond hospitality to sectors such as manufacturing, real estate, logistics, social infrastructure, renewable energy, education, and NBFC financing. This diversification reduces concentration risks and provides stability against cyclical industry downturns. Additionally, its growing focus on fee-based advisory services and structured financing enhances profitability and revenue predictability, improving overall financial resilience and shareholder value creation.

Stock Data

CMP 25-07-2025	₹292
Rating	Buy
Target price	332
52 Week High/Low	₹295/122
Face Value	₹10
Market Cap (In Crs)	₹2700
NSE	TFCILTD
BSE	526650
Bloomberg	:TFCILTD:IN
Sector	Financial services

Shareholding Pattern (in %)

	March 25	Jun-25
Promoter	3.85	3.85
FII	3.44	5.16
DII	0.00	0.08
Public	92.71	90.91

Key Financial Parameters

Rs in cr

Particulars	FY25	FY26 E	FY27E
NII	106.7	101.6	96.72
NIM	5.07	4.91	4.75
PAT	103.81	109.88	116.3
Net NPL	27.24	26.75	26.27
NPL %	1.61%	1.65%	1.7%
BVPS	130	140	151
P/BV	2.5	2.01	1.93

INVESTMENT RATIONALE CONTINUED:

Growing Pan-India Presence and Regional Diversification

TFCI's robust pan-India presence across key states like Maharashtra, Uttar Pradesh, Rajasthan, and Gujarat facilitates significant regional diversification. This geographical spread enables TFCI to capitalize on localized economic growth, manage regional risks effectively, and optimize opportunities from India's evolving infrastructure landscape. The widespread presence enhances its ability to maintain loan growth momentum while mitigating risks associated with geographic concentration, thereby ensuring sustainable profitability and long-term growth prospects

Low Leverage and Financial Stability

TFCI maintains a low debt-to-equity ratio of 0.72:1 as of FY25, indicating conservative financial leverage and prudent debt management. Such moderate leverage enables flexibility in capital structuring, minimizes financial risks, and allows efficient handling of economic cycles. This solid balance-sheet strength positions TFCI advantageously to pursue strategic opportunities and expansions without compromising financial stability, reassuring investors of continued operational excellence and reliable long-term returns.

Outlook & Valuation

TFCI is well-positioned to build on its core strength in hospitality lending while expanding into diversified sectors such as manufacturing, real estate, renewable energy, logistics, social infrastructure, education, and NBFC financing. Though hotels still dominate with about two-thirds of the portfolio, this carefully managed diversification reduces concentration risk and opens new growth drivers. Earnings per share have shown consistent growth, but broader market expectations suggest room for improved investor sentiment. With a robust capital adequacy ratio and controlled asset quality, the company retains strong risk buffers to support its lending activities. While interest rate cuts announced in recent months are yet to fully benefit NBFC borrowers, transmission is expected to improve over the coming quarters, which could lower TFCI's funding costs and enhance profitability. Additionally, new leadership appointments and a focus on enhanced compliance are strengthening governance. Overall, TFCI is on a steady growth path with prudent risk management.

Valuation : At a CMP Of Rs 292 stock is trading at a P/B of 1.93 to its FY27E BVPS We value stock at P/BV of 2.2(x) to its FY27E BVPS to arrive at a target price of Rs 332 and have a buy rating on stock.

Key Risk & Concerns

1. Concentration Risk in Hospitality Sector:

With 66% exposure to hospitality, TFCI remains vulnerable to sector-specific downturns, disruptions, or reduced tourism demand, potentially impacting asset quality, profitability, and overall financial stability.

2. Regulatory and Compliance Risk:

TFCI, as an NBFC, faces regulatory uncertainties including tighter lending norms, increased capital requirements, and evolving RBI guidelines, potentially affecting operational flexibility, profitability, and growth prospects.

3. Interest Rate Volatility:

Volatile interest rates pose a risk to TFCI's net interest margins (NIM). Sudden increases in borrowing costs or inability to adjust lending rates timely could adversely impact profitability and future earnings growth.

4. Credit and Asset Quality Risk:

Despite prudent lending, economic downturns or borrower defaults, particularly in larger ticket loans, may result in rising Non-Performing Assets (NPAs), negatively affecting balance-sheet quality, profitability, and investor confidence.

5. Liquidity and Funding Risk:

Dependence on capital markets and financial institutions for funding could expose TFCI to liquidity constraints, especially during periods of market stress, restricting its capacity to meet obligations or pursue business opportunities efficiently.

Company Background:

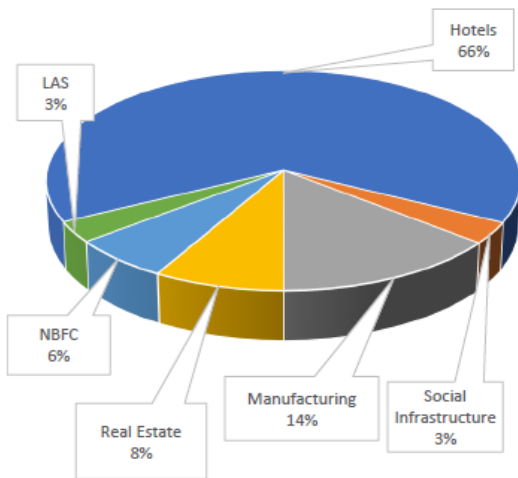
Tourism Finance Corporation of India Limited (TFCI) is a specialized financial institution with over 36 years of expertise, predominantly in hotel financing. TFCI primarily offers term loans for the establishment, expansion, modernization, and acquisition of hotels, resorts, restaurants, and related hospitality ventures. Additionally, it extends support through special situation financing and comprehensive advisory services such as project feasibility studies and debt syndication.

In recent years, TFCI has diversified, extending financial services to sectors including real estate, manufacturing, social infrastructure, logistics, renewable energy, and education. As of FY25, hotels constitute 66% of its portfolio, complemented by manufacturing (14%), real estate (8%), NBFCs (6%), and other sectors.

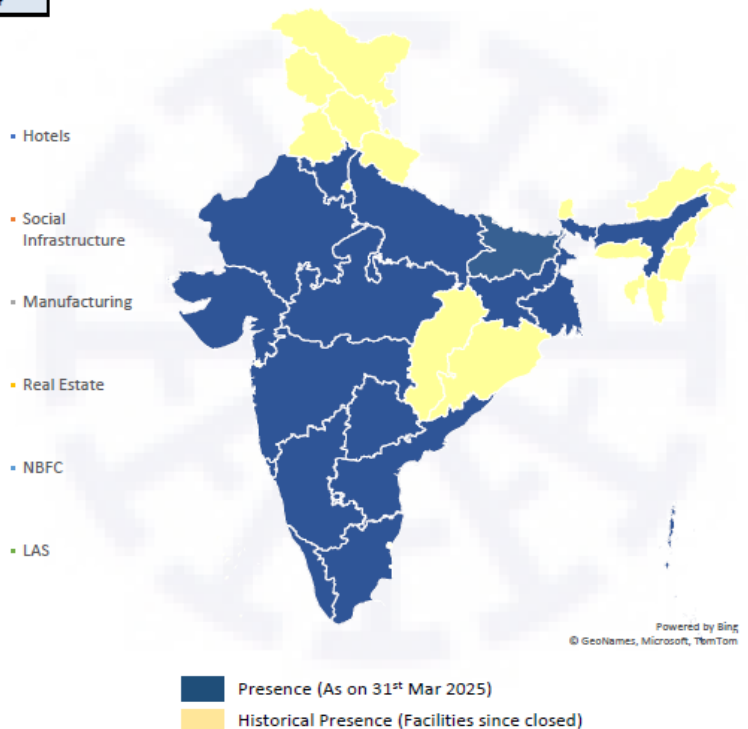
Financially robust, TFCI reported a Profit After Tax (PAT) of ₹103.81 crore in FY25, with total income reaching ₹260.06 crore. The company's gross loan book stood at ₹1,693.57 crore, indicating focused growth, accompanied by a solid Capital Adequacy Ratio (CRAR) of 69.70%. With assets of ₹2,102.27 crore and a stable credit rating of A+ (stable outlook) from notable rating agencies, TFCI maintains a healthy financial profile, reflecting strong market credibility and efficient risk management practices.

Portfolio Mix

Particulars	Projects	Rs. In Cr.
Outstanding Projects as on date	54	1694



PAN India Presence



Note: Map not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness

Q4FY25 Results analysis

Tourism Finance Corporation of India Limited (TFCI) delivered strong financial results for Q4 FY25, demonstrating significant improvement in key financial metrics. The company's net profit grew substantially by 48% year-on-year (YoY), reaching ₹30.20 crore compared to ₹20.40 crore in Q4 FY24. Similarly, profit before tax (PBT) also showed impressive growth of 47.2% YoY, reaching ₹36.31 crore. TFCI's total income increased notably by 20.5% YoY, totaling ₹69.45 crore, driven primarily by robust growth in interest income and higher fee-based revenues.

Operating margins benefited from disciplined cost control, contributing to an improvement in operational efficiency. Operating expenses showed a reduction, enhancing overall profitability. Additionally, TFCI's gross loan book expanded by approximately 7% YoY to ₹1,693.57 crore, indicative of sustained credit growth. The company's borrowings decreased by about 12% to ₹866.09 crore, leading to healthier financial leverage. As a result, TFCI's net interest margin (NIM) improved to 5.07% from 4.58% in the previous fiscal year. The capital adequacy ratio (CRAR) further strengthened to 69.70%, significantly exceeding regulatory norms, underscoring the company's robust financial position and ability to pursue strategic opportunities.

Recent Corporate Actions

In line with its strong financial performance, TFCI's board recommended a final dividend of ₹3 per share for FY25, reflecting management's confidence in the company's financial health and commitment to shareholder value. Moreover, recognizing the potential for future expansion, the board authorized raising up to ₹1,000 crore through debt instruments such as bonds and bank borrowings. This initiative is expected to support TFCI's ongoing growth trajectory by enhancing its lending capacity and allowing it to pursue profitable investment opportunities.

Additionally, TFCI announced a stock split of 1:5, reducing the face value per equity share from ₹10 to ₹2. This strategic decision aims to improve liquidity in the company's stock, broaden investor participation, and make the shares more accessible to retail investors. Following the stock split, the number of outstanding equity shares will increase from approximately 9.26 crore to around 46.29 crore, although the overall paid-up capital will remain unchanged.

Collectively, these corporate actions signify TFCI's proactive approach toward sustainable growth, improved market presence, and long-term value creation for its shareholders.