



# TOURISM FINANCE CORPORATION OF INDIA LIMITED

## Chairman's Speech at the 35<sup>th</sup> AGM



Dr. S.Ravi  
Chairman

Dear Shareholders,

It is my privilege to welcome you all to the 35<sup>th</sup> Annual General Meeting of the Company. To begin with, let me thank you for the confidence reposed and the support extended to the Company, which inspires us to stay the course. The Annual Report of the Company has been uploaded on the websites of the Stock Exchanges and the Company and I hope you have had the opportunity to go through the same.

Your Company, over its thirty-five-year history of operations, has established a significant mark in financing of hotels and tourism projects across India and has also diversified into financing of social-infra, real-estate & manufacturing sectors besides financing NBFCs catering to MSE/Retail and HFCs for onward lending.

Allow me to take you through economic trends, highlights of your company during Fiscal 2024, as well as the exciting prospects that lie ahead in the tourism & non-tourism financing sector landscape.

### **Economic Environment**

Indian economy was the fastest growing economy of the world, with GDP growth 7.6 percent in FY24 and is expected growth rate of 7.0 percent in FY25. The CPI inflation has been 5.5 percent in FY24 which is expected to moderate to 4.5 percent in FY25. India's economic growth also has been resilient against global headwinds, because of policy & regulatory support from government and gradual reinvigoration of private sector. The country's economy has also moved on after its encounter with the pandemic, staging a full recovery ahead of many nations and positioning itself to ascend on a growth path. Union Budget of 2024-25 is focused on growth and job creation backed by stable macro-economic environment with increased capital investment to further shore up demand and

consumption in the economy. The Government has increased allocation for MSMEs, agriculture, education, skill development, healthcare, housing, and urban development, which will support economic growth, infrastructure development, employment and consumption.

Indian economy reached to USD 3.6 trillion in FY24 and is expected to reach to USD 7 trillion within next 6-7 years. India then is expected to be the third largest economy and an upper middle-income country. The rising per capita income will result in higher domestic consumption and will support discretionary spending. Capital spending, by both government & private, will shape country's growth path alongwith productivity improvement. As per estimates, the private sector will need debt of about Rs.35 lakh crore to fund capex over next 6-7 years.

### **Let me to now take you through the operating environment in the Tourism Sector**

The United Nations World Tourism Organization has predicted a resilient future for the tourism sector with recovery of the Asian markets, small and emerging destinations, increased air connectivity, increased employment opportunities and growth prospects for communities and infrastructure. Preliminary estimates on the economic contribution of tourism, measured in tourism direct gross domestic product point to USD 3.3 trillion in CY23, or 3 percent of global GDP.

The tourism industry in India contributed to around USD 199 billion to the country's GDP in CY23. A thumping growth of rail, road and air connectivity besides the desire to travel to lesser-known tourist locations significantly contributed to growth of domestic tourism in the country. The foreign tourist arrivals in India were ~9.24 million and domestic tourists were ~1930 million in CY23.

The Indian tourism/hospitality industry recorded double-digit revenue growth during FY24 driven by domestic leisure and corporate travel, followed by foreign tourists arrivals. The domestic corporate & leisure segment, major sports events, G20 Presidency, destination weddings and MICE were the major demand generators for the Indian hospitality sector. India has also seen a notable surge in religious tourism. The estimated flow of over 100 million religious tourists across India is adding to the growth of hospitality industry.

Domestic demand will continue to be strong and foreign travel is also expected to considerably grow in the coming years, which will result in strong revenue growth and robust capex in hospitality sector, translating into credit opportunities for your Company. India currently has inventory of 1.80 lakh branded hotel rooms, with about 44 percent in midscale & economy segment and balance 56

percent in luxury & upscale segment. As per sectoral reports, ~ 45,000 room inventory has been signed by the hotel brands in CY23 and some of these have come under development. The new inventory is primarily coming up in Tier-II & III cities with limited supply growth in key cities. Besides, India is witnessing steep growth in branded homestay market of villas and/or bungalows, particularly at leisure locations. Investments in port & air connectivity, infrastructure projects, hospitality projects and tourism amenities shall not only stimulate domestic tourism and foreign tourist arrivals demand but also create credit opportunities for your Company.

The World Travel and Tourism Council predicts India is on the way of becoming the third-most influential global travel market owing to factors like leisure travel, business travel and higher disposable incomes. Indian Government's vision is to become a USD 1 trillion tourism economy by 2047 and is focusing to enhance country's tourism, cultural, economic and social richness by strategic tourism infrastructure development, destination development, manpower development and fostering local entrepreneurship, complemented by robust global branding and marketing efforts. All these factors translate to sustained financing demand from tourism/hospitality sector.

### **Let me also briefly cover operating environment in specific non-tourism sectors which are financed by your Company**

Your Company is financing social infrastructure projects in healthcare and education, construction finance primarily in residential real-estate sector, financing to manufacturing sector and finance for onward lending to NBFCs focused on retail/MSE financing and Housing Finance Companies.

The social infrastructure in India is estimated to grow at CAGR of about 7% over next 5 years and the planned investment in this sector is over USD 1.1 trillion. Indian healthcare sector has to grow by CAGR of ~30% to be at par with global standards. India has a large young population which needs to be skilled to meet industry requirements. The Government is focused on education sector which is expected to grow to over USD 300 billion in next 6-7 years.

The real estate sector is expected to contribute 13% of country's GDP and reach to USD 1 trillion in next 6-7 years. The manufacturing sector in India has opened to new segments and its share in GDP is expected to reach to 20% from current 17% in next 6-7 years. The Government has also come out with various incentive scheme to promote growth in manufacturing sector. NBFCs/HFCs sector future also appears promising with projected CAGR of 17.5% over next five years. This sector's incremental funding requirement is estimated at USD 53 billion over next 1-2 years.

Thus, all these sectors hold promising financing potential for your Company.

### **Now, coming to the Company's Performance**

Your Company remains committed to funding tourism/hospitality projects in the country during 35 years of dedicated service. Throughout these years, your Company has successfully fulfilled its objective of catalyzing investments in the tourism sector. It has also played a vital role in the development of high-quality tourism infrastructure and has contributed significantly to employment generation through the growth of the tourism sector. Your Company has been instrumental in creating and adding approximately 57,000 star-category hotel rooms to the nation's hospitality landscape since inception. This represents an impressive 35% of the total supply of star-category hotel rooms in the country.

During FY24, your Company actively pursued lending opportunities for new/existing projects across hospitality and non-tourism sectors viz. manufacturing, social/urban Infra, real-estate & NBFC/HFC. TFCI sanctioned loans/NCDs aggregating Rs.1454 crore (PY: Rs.750 crore) and disbursed loans/NCDs aggregating Rs.853 crore (PY: Rs.560 crore) registering growth of 94% and 52% respectively over previous fiscal. Your Company for the year ended 31<sup>st</sup> March 2024, recorded total income of Rs.242.04 crore, profit before provision & tax of Rs.117.87 crore and profit after tax of Rs.91.11 crore. The asset quality was largely contained through an efficient monitoring-cum-collection mechanism with Net NPA at 1.51% of total loans as on 31.3.2024.

During the year, your Company raised term loans from scheduled banks/institutions aggregating Rs.300 crore. The total borrowings stood at Rs.983.04 crore as on 31<sup>st</sup> March 2024 as against Rs.1004.73 crore at the end of previous fiscal. The networth of your Company increased to Rs.1074.85 crore with capital adequacy of 59.01% as on 31.3.2024. Your company also approved raising equity by means of preferential issue and subsequently allotted 22,23,000 equity shares of Rs.10 each @ Rs.225 per share aggregating Rs.50.02 crore on 5<sup>th</sup> April, 2024. To meet the future resource requirements, your Company will seek financial assistance from banks/institutions and may explore raising funds through long-term bonds or debentures. We hold the confidence to fulfill the funding needs by securing resources at competitive rates.

The operational and financial performance of your Company has shown reasonable improvement as compared to the previous year. Your Company will continue to actively pursue lending opportunities across all segments of hospitality/tourism sector and also in manufacturing, social infra, real-estate with focus on residential affordable/ middle income housing, finance companies viz.

NBFC, HFC, MFI & ARC and co-lending with established NBFCs in secured MSE & LAP products, besides tourism advisory services.

With a clear vision and strategic approach set forth by the esteemed Board of Directors, your Company is ready to propel growth in the future. While our commitment to tourism remains steadfast, we are actively broadening our horizons in other sectors leading to sustainable growth for the benefit of all stakeholders.

### **Acknowledgements**

I express my heartfelt gratitude to all our stakeholders for being a pillar of support. Our appreciation extends to the Reserve Bank of India, the Securities and Exchange Board of India, Banks, Financial Institutions and Investors for their continued support to the Company.

I am deeply thankful to my esteemed colleagues on the Board for their valuable counsel, guidance, and support in steering this Company towards even greater success. I join the Board of Directors in extending our heartfelt gratitude to all the dedicated employees, whose perseverance and dedication have been instrumental in the Company's achievements.

Lastly, I sincerely acknowledge the support, patronage, and encouragement extended to us by the shareholders and each of you, throughout all these years.

Thank you,

August 14, 2024  
New Delhi

Sd/-  
**Chairman**