TOURISM FINANCE CORPORATION OF INDIA LIMITED

Chairman's Speech at the 37th AGM

Dr. S. Ravi
Chairman

Dear Shareholders,

It gives me great pleasure to welcome you to the 37th Annual General Meeting of the Company. At the outset, I would like to express my sincere gratitude for the confidence you have placed in the Company and for your unwavering support over the years. Your trust continues to inspire us to remain committed to our mission and pursue our growth journey with determination and confidence.

Over the past thirty-seven years, your Company has built a strong position as a leading financier of hotel and tourism sector across India. Your Company has played a pivotal role in development of approximately 59,000 star-category hotel rooms in India, representing an impressive 27% of the country's total star-category room inventory. At the same time, your Company has made significant inroads as a financier to manufacturing, real estate, social and urban infrastructure, renewable energy and financial services sectors.

I will now outline the economic environment, your Company's key performance highlights for FY2026, and the growth opportunities ahead across tourism and non-tourism sectors.

Economic Environment

Despite global headwinds, Indian economy remained resilient and emerged as the world's fastest-growing major economy, recording GDP growth of 7.6 percent in FY2026. India's GDP growth is expected to moderate to 6.7% and inflation projected to be around 5% in FY2027, amid ongoing geopolitical uncertainties resulting in high energy prices and supply chain disruptions. However, Indian Government is taking proactive steps and in the Union Budget for 2026-27, presented under the theme 'Yuva Shakti' as part of the Viksit Bharat vision, has outlined a comprehensive roadmap to accelerate economic growth, generate employment, strengthen manufacturing, prioritize infrastructure, promote rural prosperity and enhance India's global competitiveness.

The economy's strong macroeconomic fundamentals, substantial foreign exchange reserves, strong domestic demand and private sector lead growth will help Indian economy to become world's third-largest economy, a more industrialized and service-oriented economy, with GDP of around USD 10 trillion by early 2030s. Rising consumer demand is expected to remain a key growth driver, creating meaningful investment, debt and financing opportunities over the next five years.

Operating environment in Tourism Sector

The United Nations World Tourism Organization anticipates subdued growth in the tourism and hospitality sector, with international tourist arrivals expected to grow by around 4% in CY2026. This outlook reflects ongoing geopolitical shifts and conflicts, disruptions in international flights within the Middle East, weakened traveler confidence and a surge in airfare caused due to rising jet-fuel prices globally.

India's travel and tourism sector contributed to around USD 264 billion to GDP or 6.6% of GDP in CY2025. While Foreign Tourist Arrivals, at approximately 9.02 million in CY2025, were 9.4% lower than in CY2024, Domestic Tourist Visits reached approximately 4,132 million, a 40.2% increase over CY2024. Religious travel made a significant contribution, with pilgrim footfall of 1,430 million in CY2025. India's branded hotel supply reached 2.16 lakh rooms with the addition of approximately 15,500 rooms in CY2025. The hospitality sector continued to grow strongly, supported by domestic corporate and leisure travel, MICE activity, social and sports events and religious tourism. Domestic demand is expected to remain robust, while foreign tourist arrival is projected to improve as geopolitical conditions shows signs of stabilisation. India's travel and tourism sector is expected to contribute to around USD 286 billion to GDP in CY2026. The branded hotel development pipeline and signings have expanded to approximately 1.11 lakh rooms over the past two years, and a further 0.76 lakh rooms are expected to be signed in CY2026, potentially increasing branded hotel inventory to nearly 4 lakh rooms by the early 2030s. This momentum is expected to support revenue growth and sustained capital expenditure in the hospitality sector.

The World Travel and Tourism Council estimates that India's travel and tourism sector is likely to contribute nearly USD 467 billion to the economy and support around 64 million jobs by 2035. The sector's contribution to GDP is projected to move towards the global average of 10%, with annual growth of around 7% over the next decade and a significant increase in spending by international visitors. The Government of India's vision of building a USD 3 trillion tourism economy by 2047 is focused on tourism infrastructure, destination development, imparting specialised training to manpower, local entrepreneurship, and global branding. These initiatives are expected to sustain demand for finance in the tourism and hospitality sector and create long-term credit opportunities for your Company.

Operating environment in Non-Tourism Sectors

Your Company has built a diversified financing portfolio encompassing manufacturing, social and urban infrastructure, renewable energy, real estate and financial services (NBFC, HFC & ARC) sectors, providing a strong platform for future growth.

India's real estate sector is at a pivotal stage, supported by rapid urbanisation, changing consumer preferences and capital inflows. The Real Estate (Regulation & Development) Act has also strengthened transparency and buyer's confidence. As India's second-largest employment generator after agriculture, real estate sector contributes 7.3% to GDP. The sector is projected to record CAGR of 9.63%, reaching US$1 trillion and 13% of GDP by FY2030. The residential housing remains backbone of real-estate sector, offering structured construction-finance opportunities for lenders and investors alike, supported by effective risk controls.

The manufacturing sector in India is becoming an engine of economic growth, driven by priority industries, favorable demographics, consumption and policy reforms. Initiatives such as Make in India, Digital India, Start-up India, and the ₹1.91 lakh crore PLI scheme has strengthened production and investment. Contributing about 18% of GDP and employing 11–12% of the workforce, the manufacturing is projected to reach 20–22% of GDP by 2031, with capital expenditure rising across all segments.

Sustained demand across affordable housing, hospitals, education, renewable energy supported by PM Surya Ghar Yojana, logistics, warehousing and green transportation, presents strong growth opportunities for your Company. The NBFCs, HFCs & ARCs have assets under management of around ₹56 lakh crore, which is projected to grow by 10–13% annually and requires funding of nearly ₹5 lakh crore funds annually.

Company Performance

During FY2026, your Company sanctioned credit facilities aggregating ₹2,002 crore and disbursed credit facilities aggregating ₹1,334 crore as compared to sanctions of ₹1,599 crore and disbursements of ₹915 crore in the previous fiscal, representing growth of 25% and 46%, respectively. For the year ended 31 March 2026, your Company recorded total income of ₹276.83 crore, profit before tax of ₹155.78 crore and profit after tax of ₹123.46 crore. The asset quality improved significantly through an effective monitoring-cum-collection mechanism, with collection efficiency of 99.85%, gross NPA at 0.37% and net NPA at Nil as on 31 March 2026.

During FY2026, your Company raised term loans from scheduled banks and financial institutions aggregating ₹530 crore and repaid borrowings of ₹312.63 crore. The total borrowings stood at ₹1,083.46 crore as on 31 March 2026, compared with ₹866.09 crore as at end of the previous fiscal. The net worth of your Company increased to ₹1,304.84 crore with capital adequacy of 55.53%. as on 31 March 2026. To meet future resource requirements, your Company will explore borrowings from banks and/or financial institutions and by issue of bonds or debentures, subject to market conditions. Your Company remains confident of raising the required funds at competitive rates.

Your Company's operational and financial performance significantly improved during FY2026. Guided by the clear vision and strategic direction of the Board of Directors, your Company will continue to pursue credit opportunities across tourism and non-tourism sectors. By combining its enduring commitment to the tourism sector with measured diversification into diversified non-tourism sectors, your Company aims to build a resilient portfolio and deliver sustainable value to its stakeholders.

Acknowledgements

I express my heartfelt gratitude to all our stakeholders whose steadfast support has been a source of strength throughout our journey. Our appreciation extends to Reserve Bank of India, Securities and Exchange Board of India, Banks, Financial Institutions and Investors for their continued confidence in and 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 greater success. I join the Board of Directors in extending our heartfelt thanks to our dedicated employees, whose perseverance and commitment have been integral to the Company's achievements. Finally, I gratefully acknowledge the enduring trust, support, patronage and encouragement extended to us by the shareholders and each of you, throughout all these years.

Thank you,

August 21, 2026
New Delhi

Chairman