



Travel Smooth  
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# The Thomas Cook India family gets bigger!

CHAIRMAN'S SPEECH  
39<sup>th</sup> Annual General Meeting  
Friday, 2nd September, 2016



distant frontiers

sita

LUXE ASIA  
Exclusive Destination Management

SOTC

tci

KUONI | 勝景遊

Quess

Sterling Holidays  
It's a wonderful world

## Ladies and Gentleman,

I welcome you to the 39th Annual General Meeting of the shareholders of Thomas Cook (India) Limited.

I would like to take this opportunity to sincerely thank Mr. M.K. Sharma, who stepped down as Chairman and Board Member of Thomas Cook (India) Limited on December 31, 2015. His visionary outlook, wide-ranging expertise and unstinted support to the Board have been invaluable in steering our Company during his tenure as Board Member since May 29, 2009 and also as Chairman since December 14, 2010.

I am happy to report a robust performance of your Company for the year ended March 31, 2016.

### Developments at Thomas Cook (India) Limited

During this period your Company had the opportunity to expand its foot print through the acquisition of Kuoni Travel (China) Limited, Hong Kong, the tour operating Company of Kuoni in Hong Kong, and Luxe Asia Private Limited in Sri Lanka. Your Company was also able to consolidate its position as the largest Travel and Travel related services group (in the country) with the acquisition of Kuoni India's SOTC Travel Services Private Limited, formerly known as Kuoni Travel (India) Private Limited. The consolidated operations of the Group now makes us the market leader in all segments of our businesses, namely Foreign Exchange, Inbound Travel, Outbound Travel, Corporate Travel and Meetings & Incentive Travel. The size of the Thomas Cook India Group in terms of employees as of March 31, 2016, stood at 10,915, in addition to over 123,500 associates.

Sterling Holiday Resorts Limited (formerly known as Thomas Cook Insurance Services (India) Limited) has added to its resort portfolio with 2 new properties at Agra and Kufri; in addition, 4 resorts with 53 acres of freehold land and 50 acres of leasehold land at 5 prominent holiday destinations in proximity to Mumbai, were added courtesy its acquisition of Nature Trails Resorts Private Limited. Sterling's total resort count was at 30 as of March 31, 2016.

Quess Corp Limited closed 2016 with 3 acquisitions, at low cost and in keeping with Quess' philosophy of 'deep value investing': Aramark India in April 2015; completion of total acquisition in MFX in January 2016; and acquisition of Randstad Lanka in April 2016. Quess also completed its highly successful Rs. 400 cr IPO, listed on July 12, 2016, which was oversubscribed 147 times. Your Company's holding in Quess post IPO is 62.6%.

Quess' headcount of employees and associates was at approx. 122,000 as of March 31, 2016.

### Brands

Consequent to the acquisitions, your Company is now the owner of several brands in addition to the Thomas Cook brand, which is due to revert to the Thomas Cook Group in 2025. The Brands owned by your Company in perpetuity are TCI (Travel Corporation India), Sita, Distant Frontiers, SOTC and Luxe Asia, with Kuoni Hong Kong being available for a period of five years ending November, 2020. These are strong brands and well known in their respective businesses.

### Background

The past 12 months have been challenging for the Travel & Tourism Industry with natural calamities and acts of terror that saw cascading negative consumer sentiment and an overall dampener to

travel. Corporate and consumer spend intent remained depressed and this conservative outlook was noticeable in travel budgets, both for business and leisure travel.

Macro-economic factors saw negative impact on Indian markets: a continuum in the global stagnation-slowdown; a deteriorated outlook in advanced economies due to heightened uncertainty with setbacks to growth and confidence; slower growth and elevated risks in emerging markets due to declining oil and commodity prices and devaluation of the Yuan. European challenges saw escalated tensions due to the migrant-refugee crisis and growing unemployment across the Continent.

The Brexit referendum and the recent acts of terror across Europe and Turkey, have added a note of uncertainty vis-à-vis travel to-from the UK and Europe, and this impacted both our India and Hong Kong businesses. The implementation of biometrics for Schengen visas has resulted in a slowdown in uptake for Europe.

### Business Updates

Despite the backdrop of significant challenges, I am happy to report that your Company has stayed firmly on course. To combat increasing margin pressures and simultaneously drive volumes, we strategically leveraged inorganic growth opportunities via a series of acquisitions in the travel space. The acquisitions, extending across the geographies of India, Sri Lanka and the key market of Hong Kong (positioned at the doorstep of the China), is a clear statement of your Company's intent in pursuing the larger Asia opportunity.

I am delighted to update you that courtesy such focussed initiatives, your Company has emerged as India's largest travel company and one of the fastest growing travel companies in the region.

To drive benefits accruing from the acquisitions, your Company plans to integrate and consolidate significant back end synergies ( including group level negotiation and bulk-buying of inventory), and to this end we have commenced setting up a "shared-services platform" to maximise the growth opportunity across our Outbound, Inbound and Domestic businesses.

Innovation has been playing a critical role in catalysing our businesses and the delivery of our *Holiday Savings Account*, a unique Save-Earn-Travel scheme, has seen 19,847 passengers initiated as of March 31, 2016. Your Company's innovative student product *Travel Quest* saw an impressive growth, with trips for over 1060 students across 100 schools and colleges, including premier educational institutions such as Hiranandani School and IIT Delhi.

Your Company's pioneering dollar denominated *One Currency Card*, India's only plastic offering global access sans cross currency conversion charges, has seen impressive growth of over 300% in Q1 2016 with a total of 4056 cards issued and a loaded value of US\$ 5.47 Mn from launch to March 31, 2016. Your Company's overall Prepaid Cards business continues to register noteworthy y-o-y growth of over 32%.

Your Company's *Borderless Prepaid Card* was loaded with US\$ 288 Mn for the period March 1, 2015 – March 31, 2016 with an average monthly load of US\$ 23 Mn; over 200,000 cards have been sold since its 2012 launch with a corresponding total load volume of US\$ 816 Mn.

Alliances have formed a vital element of our strategic intent in capturing new opportune markets and consumer segments, and the year has seen your Company ink several key agreements, including

ItzCash and Fino Paytech Limited, to extend Thomas Cook India's presence in regional-rural markets. To further its penetration into India's rapidly evolving travel segment, emerging opportunities in the accommodation space were leveraged via alliances with Airbnb, OYO and Vista Rooms, enabling your Company target a diversity of leisure, business and b-leisure consumers.

The year saw increased focus on your Company's hybrid "clicks + bricks" omni-channel strategy, with significant investment in digital properties. Close to 50% of your Company's marketing budget was allocated to showcasing its one-stop-shop portal thomascook.in via branding and tactical campaigns across TV, outdoor and radio channels and this has seen impressive growth in online transactions: eBusiness now contributing a strong 11% to the overall Company pie.

Your Company's foray into the m-commerce space saw launch of its consumer centric Thomas Cook Holiday and Forex apps. Downloads have seen strong growth of over 50% month-on-month and this is clear testament of their increasing consumer value. Another pioneering initiative was your Company's launch of Online Visas, a high potential but underserved segment, and has registered a significant growth of over 300%.

To energise India's travel hungry audience, your Company's Leisure Outbound vertical undertook a series of product focused launches such as its value-driver *Simply Series*, its women-centric *What Women Want*, special *Festive Holidays* for Durga Puja, Diwali, etc. and *Regional Tours* to inspire India's burgeoning Tier II and III markets. Bollywood has always created enticing allure for travel uptake, hence your Company's tie up with Times of India as Official Sponsor of TOIFA with an exclusive TOIFA Dubai package; equally *Rajwade & Sons* to leverage the Marathi audience via impactful on-ground events across key Maharashtra hubs.

### Accolades and Awards

- Best Tour Operator Outbound at CNBC AWAAZ Travel Awards 2015 for the sixth consecutive time
- Best Company providing Foreign Exchange at CNBC AWAAZ Travel Awards 2015
- Thomas Cook India's Travel Quest honoured with a Gold Award at PATA Awards 2015
- Favourite Tour Operator at The Condé Nast Traveller Readers' Travel Awards 2015 for the fifth successive time since inception in 2011
- Diamond Award for Exemplary Achievements in Visa Issuance at the French Ambassador's Travel Awards Ceremony 2015
- Thomas Cook Centre of Learning honoured with IATA accreditation for Top 10 performing South Asia IATA Authorized Training Centres 2016

I would like to express my sincere gratitude to all our stakeholders, including our esteemed shareholders, valued customers, partners, Central and State Governments, and the employees for the support and faith reposed by them in the Company.

**Madhavan Menon**

Chairman & Managing Director