

# THOMAS COOK (INDIA) LIMITED

**Registered Office:** Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai – 400 001  
Phone: +91-22-6160 3333 | Fax: +91-22-2287 1069 | CIN: L63040MH1978PLC020717  
Website: www.thomascook.in | E-mail id: enquiry@in.thomascook.com



## POSTAL BALLOT NOTICE

**(PURSUANT TO SECTION 110 OF THE COMPANIES ACT, 2013 READ WITH RULE 22 OF COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014**

Dear Shareholders,

**NOTICE** is hereby given that pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with Rule 20,22 of the Companies (Management and Administration) Rules, 2014 ('the Rules') (including any statutory modification thereto or re-enactment thereof for the time being in force), the resolution appended hereunder:

1. To not subscribe to and renounce the entitlement of shares to be issued by Qness Corp Limited on rights basis.

The aforesaid resolution is proposed to be passed by the Members through Postal Ballot / Electronic Voting (E-Voting).

Accordingly, the said resolution along with the Explanatory Statement setting out the material facts and reasons thereto, is appended below and a Postal Ballot Form is enclosed for your consideration.

The Board has appointed Mr. P. N. Parikh [FCS:327] of M/s. Parikh & Associates, Practicing Company Secretaries, as Scrutinizer for conducting the voting process through Postal Ballot including Electronic Voting (E-Voting) in accordance with the law and in a fair and transparent manner.

The Board has appointed Mr. Madhavan Menon, Managing Director and Mr. Rambhau R. Kenkare, President & Head – Legal & Company Secretary, of the Company as the persons responsible for the entire Postal Ballot process.

E-Voting Option: In compliance with Clause 35B of the Listing Agreement and Section 110 of the Companies Act, 2013 and rules made thereunder, the Company is pleased to provide an option to the members holding shares in demat form and in physical form, to vote on the postal ballot by way of E-Voting to enable members to cast their vote electronically. Voting by electronic mode may be more convenient means for exercising the voting rights and may help to increase members' participation in the decision-making process.

The Company has appointed National Securities Depository Limited (NSDL) to provide E-Voting facility to its members. Members having shares in demat form or in physical form may vote either by way of Postal Ballot Form or by way of E-Voting. In case the member has exercised the vote in physical as well as electronic mode, the valid vote through E-Voting only will be considered.

The voting period commences on and from Wednesday, 11th November, 2015 at 9.00 a.m. and ends on Thursday, 10th December, 2015 at 5.00 p.m. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 30th October, 2015 may cast their vote electronically or by Postal Ballot Form. The E-Voting module will be disabled by NSDL for voting thereafter and Postal Ballot Form received after the end of voting period will be considered as invalid. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently or cast vote again.

In case of any queries pertaining to E-Voting, you may refer to the Frequently Asked Questions (FAQs) for members and E-Voting user manual for members available at the Downloads sections of <http://www.evoting.nsdl.com> or contact NSDL at the toll free no.: 1800-222-990 or contact Mr. Rajiv Ranjan, Assistant Manager, National Securities Depository Limited, Trade World, A Wing, 4th and 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai – 400 013 at the designated email ids: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [rajivr@nsdl.co.in](mailto:rajivr@nsdl.co.in) or at telephone nos. (022) 24994600 / (022) 24994738 who will also address the grievances connected with the voting by electronics means. In case of any queries or issues regarding Postal Ballot process including voting by Postal Ballot Form, please contact Mr. Deepak Tambe, Associate Manager, M/s. TSR Darashaw Limited; 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Mahalakshmi, Mumbai- 400 011 at the designated email id: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com) or at telephone no. (022) 66568484.

Documents/papers etc., related to the above mentioned resolution, if any, are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays, Sundays and Public Holidays upto Thursday, 10th December, 2015.

Voting by Postal Ballot Form or E-Voting, can be exercised only by the shareholders or his/her duly constituted attorney or, in case of bodies corporate, the duly authorized person. The voting rights in the Postal Ballot cannot be exercised by a Proxy or any recipient of the Notice who has no voting right should treat the Notice as intimation only.

You are requested to carefully read the E-Voting instructions given below, before casting your vote on E-Voting at URL: <https://www.evoting.nsdl.com>.

The process and manner for E-Voting are as under:

### (A) In case of Shareholders receiving e-mail from NSDL

- i. For Members whose e-mail addresses have been registered: open the attached PDF file ["thomascookE-Voting.pdf"] giving your Client ID or Folio No. as default password, which file contains your "User Id" and "Password for E-Voting". For Members who have not registered their email ids: please refer to the user- id and password printed on the Postal Ballot Form.
- ii. Please note that the password is an initial password.
- iii. Open internet browser by typing the URL: <https://www.evoting.nsdl.com>.
- iv. Click on "Shareholder" – "Login".
- v. Put User Id and password as initial password as mentioned in step (i) above and Login.
- vi. Password Change Menu appears. Change the password with the new password of your choice with minimum 8 digits/ characters or combination thereof.
- vii. Home page of "E-Voting" opens. Click on "E-Voting-Active Voting Cycles".

- viii. Select "EVEN" of Thomas Cook (India) Limited which is 103578 for casting your vote.
- ix. Now you are ready for "E-Voting" as "Cast Vote" page opens.
- x. Cast your vote by selecting appropriate option and click "Submit" and also "Confirm" when prompted. Upon confirmation, the message, "Vote cast successfully" will be displayed. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xi. Institutional Shareholders (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF/JPG format) of the relevant Board Resolution / Authority Letter, etc. together with attested specimen signature of the duly authorised signatory (ies) who are authorized to vote, to the Scrutinizer through email on [tccookscrutinizer@gmail.com](mailto:tccookscrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- xii. In case you are already registered with NSDL, you can use your existing User ID and Password for casting your vote.
- xiii. E-Voting period commences on Wednesday, 11th November, 2015 at 9.00 a.m. and ends on Thursday, 10th December, 2015 at 5.00 p.m. The E-Voting module will be disabled by NSDL for voting thereafter.

**(B) In case of Shareholders not receiving an email from NSDL but receiving Postal Ballot Form by Post:**

- xiv. Initial password is provided in the Postal Ballot Form.
- xv. Follow the instructions from (iii) to (xiii) mentioned above for E-Voting

In case of physical voting, you are requested to carefully read the instructions printed on the Postal Ballot Form and return the same duly completed (no other form or photocopy thereof is permitted), in the enclosed postage prepaid self addressed business reply envelope (if posted in India) so as to reach the Scrutinizer or cast the votes by electronic mode, as applicable, not later than 5.00 p.m. on Thursday, 10th December, 2015. Upon completion of the scrutiny of the forms/E-Voting, the Scrutinizer shall submit his report to the Company.

Based on the Scrutinizer's Report, the results of postal ballot shall be declared by the Chairman or any Director authorised by him in writing, on Saturday, 12th December, 2015 at the registered office of the Company on or before 6.00 p.m. by placing it, along with the Scrutinizer's Report, on the website of the company viz; [www.thomascook.in](http://www.thomascook.in), besides being communicated to the stock exchanges on which the Company's securities are listed. The result will also be published in the newspaper circulating in district in which the Registered Office of the Company is located. Such Results, alongwith the Scrutinizer's Report will be forwarded to the Depository Participants and Registrar and Share Transfer Agent, for the information of the Members. Further, the result of voting along with the Scrutinizer's Report shall be displayed on the Notice Board of the Company at the registered office. The Resolution, if passed by requisite majority, shall be deemed to have been passed on the last date for receipt of duly completed postal ballot forms or E-Voting i.e. Thursday, 10th December, 2015.

The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members / List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited as on 30th October, 2015. In accordance with the provisions of Section 101 and other applicable provisions of the Companies Act, 2013, read with Rules 18 and 22 of the Companies (Management and Administration) Rules, 2014, as amended, the Postal Ballot Notice is being sent by email to those Members who have registered their email addresses with their Depository Participants (in case of shares held in demat form) or with the Company's Registrar and Share Transfer Agent (in case of shares held in physical form). For Members whose email IDs are not registered, physical copies of the Postal Ballot Notice are being sent by permitted mode (i.e. through registered or speed post or through courier), along with a postage prepaid self addressed Business Reply Envelope.

In case, the Members who have not received the Postal Ballot Form and are desirous of seeking a duplicate form or who has been sent this Notice electronically and does not want to avail E-Voting facility organized through NSDL, such Member may send a request on the e-mail id [sharedept@in.thomascook.com](mailto:sharedept@in.thomascook.com) by mentioning their Folio / DP ID and Client ID No for obtaining the Notice and Postal Ballot form in physical form. The Members shall send back the Postal Ballot form, duly completed, so as to ensure that it reaches back the Scrutinizer on or before Thursday, 10th December, 2015 by 5.00 p.m. failing which, it will be strictly considered that no reply has been received from the Member.

Members may also note that the Notice of the Postal Ballot will also be available on the Company' webstie [www.thomascook.in](http://www.thomascook.in).

Accordingly, this Notice is hereby given to the Members of the Company for seeking the approval of the members by way of Postal Ballot, for the following Ordinary Resolution, together with the Explanatory Statement as required under Section 102 of the Companies Act, 2013 setting out the material facts and reasons for the Resolution, along with a Postal Ballot Form for your consideration:

1. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution** for renouncement of the entitlement of shares to be issued by Qess Corp Limited on rights basis:

**"RESOLVED THAT**, pursuant to Section 186 of the Companies Act, 2013, and the applicable provisions, rules and schedules, if any, including any statutory modification(s)/ amendment(s)/revision(s) thereof or any other law, as may be applicable (hereinafter referred to as 'the Act'), and/or any other approvals, as may be required, the Company be and is hereby authorized to renounce the entitlement to acquire equity shares of Qess Corp Limited, a subsidiary of the Company, by way of subscription on rights basis, and renounce it in favour of Mr. Ajit Isaac and/or his nominees;

**RESOLVED FURTHER THAT** the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee or authorised persons which the Board has constituted or appointed to exercise its powers, including the powers, conferred by this Resolution), to take from time to time, all decisions and steps necessary, expedient or proper, in respect of the above mentioned renouncement which is in the best interest of the Company."

**Registered office:**

Thomas Cook Building, Dr. D N Road, Fort,  
Mumbai – 400 001  
CIN: L63040MH1978PLC020717  
Fax: +91-22-2287 1069  
E-mail: [sharedept@in.thomascook.com](mailto:sharedept@in.thomascook.com)  
Website: [www.thomascook.in](http://www.thomascook.in)  
6th November, 2015

**By Order of the Board**

**Rambhau R. Kenkare**  
*President & Head – Legal & Company Secretary*  
(FCS 3296)

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Explanatory Statement sets out all material facts relating to the sole item of the accompanying Postal Ballot Notice.

### Non-subscription to and Renouncement of the entitlement of shares to be issued by Quess Corp Limited on rights basis

Members may recall that in May 2013, your Company had acquired controlling interest in Ikya Human Capital Solutions Private Limited (since converted into a public company and renamed as Quess Corp Limited, hereinafter referred to as “**Quess**”). As on date, Quess has 25,773,764 shares of Rs. 10/- each subscribed and fully paid. In addition to the issued and fully paid share capital, Quess has 871,000 Options pertaining to ESOP 2009 Plan and 2,316,936 Options pertaining to ESOP 2013 Plan. Consequently, as on date, your Company holds 68.04% of the fully diluted equity capital of Quess which have been acquired at an aggregate consideration of around Rs. 2.6 bn at an average price of Rs 131.6 per share of Rs. 10/- each. Of the remaining, 20.51% of the fully diluted equity capital is held by Mr. Ajit Isaac, Promoter and CEO of the Company, directly and/or through his nominees, 0.44% of the fully diluted equity capital is held by certain other shareholders, predominantly employees of Quess and the balance 11.01% of the fully diluted equity capital is in the ESOP pool. Presently, Quess is engaged in services business of diverse kinds, including IT staffing, general staffing, industrial asset management, facilities management, recruitment & search, skill development and food & hospitality services within India and abroad in certain markets.

At the time of acquisition, Quess had a consolidated turnover of Rs. 10,041 mn, Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 446 mn and Profit after Tax (PAT) of Rs. 86 mn for the financial year ending 31st March, 2013.

### Performance of Quess post acquisition by Thomas Cook (India) Limited

Post the acquisition, Quess has maintained and in fact accelerated its growth momentum, thanks to the entrepreneurial capabilities of Mr. Ajit Isaac, who has consistently looked at both organic and inorganic growth opportunities for Quess, seized them and grown them in the interest of all stakeholders.

Last year, an application to amalgamate several of its subsidiaries, namely Magna Infotech Limited, Avon Facility Management Services Limited and Hofincons Infotech and Industrial Services Limited, was filed with the Hon'ble High Court at Bangalore. These subsidiaries were amalgamated and merged into IKYA Human Capital Solutions Limited under a Scheme of Amalgamation approved by the shareholders and the Hon'ble High Court this year in April 2015. IKYA Human Capital Solutions Limited has since been renamed as aforesaid as Quess Corp Limited.

In the last three years, Quess has shown extremely good performance, with growth on all operating parameters, as would be evident from the following table.

Rs in Mn

	<b>Apr'12-Mar'13</b>	<b>Apr'13-Dec'13<sup>1</sup></b>	<b>Jan'14-Mar'15<sup>2</sup></b>	<b>CAGR<sup>3</sup></b>
Period	12 months	9 months	15 months	
Revenue	10,041	10,083	25,748	43%
EBITDA	446	413	1,367	57%
Profit After Tax	86	192	689	153%
Net Worth	638	1,817	2,507	98%
Earnings Per Share <sup>4</sup> (Rs)	Rs. 7.1	Rs 12.9	Rs 32.6	91%
Book Value Per Share <sup>4</sup> (Rs)	Rs 52.9	Rs 95.6	Rs 97.3	36%

<sup>1</sup> Quess changed its financial reporting period from March to December

<sup>2</sup> Financial reporting period was again changed from December to March, as required by the Companies Act, 2013

<sup>3</sup> Calculated based on annualized 12 months basis

<sup>4</sup> Calculated on issued and subscribed equity shares

Quess has thus grown by a CAGR of 43% for consolidated revenue, 57% for EBITDA and 153% for PAT.

### Thomas Cook (India) Limited investors have reaped benefits of Quess acquisition

The above performance of Quess, post acquisition by your Company, has had very positive impact on analyst and investor perception of your Company's equity shares. The market price of your Company's shares, which was approx. Rs. 55/- in May 2013 (when Quess was acquired), has since moved up very sharply to over Rs. 220 levels as for the end of July 2015. While improved operating performance of your Company's own businesses and strategic acquisition of Sterling Holiday Resorts (India) Limited has also contributed to the share price performance of your Company, the management of your Company believes that a significant part of the credit for this appreciation in share price is due to the financial performance of Quess as a subsidiary of Thomas Cook (India) Limited (hereinafter “**Thomas Cook**”). It will, therefore, be in the interest of your Company - rather imperative - to create a conducive environment where this momentum is maintained in the interest of all stakeholders.

### Future Growth & Vision

Apart from the above growth, under the leadership of Mr. Ajit Isaac, our JV Partner, Quess has expanded its operations, both onshore and offshore, including in particular, acquisitions of Brainhunter (Canada) and MFXchange Holdings Inc. (USA). In India, Quess has, in recent times, acquired Hofincons from Transfield Services and Aravon Services Private Ltd (Aravon) from Aramark. Hofincons is a leading player in the field of Industrial Asset Management and the acquisition marked the entry of Quess into Industrial services. The acquisition of Aravon strengthened the presence of Quess in West India and deepened our expertise in healthcare and hospitality facility management. It is intended that, going forward, Quess would play a growing and meaningful role in these two sectors, which show high potential for growth and profitability and will expand the geographic footprint on a pan India basis for these specialized value added services. Quess vision for the future, envisages its becoming a truly global company in its chosen fields, using its India base, skill sets and competencies to serve global clients. Management of your Company and Fairfax Group also share this perspective and ambition – primarily relying on Mr. Ajit Isaac's knowledge and understanding of this business model.

### Professionalized Quess Management

Mr. Ajit Isaac has also, during this period, consistent with its public company status, taken effective steps to convert Quess to a professionally managed company with significant additions of competent managers to the management team and introduction of systems, processes and controls and creation of a more robust organization structure, in keeping with the Quess status as a subsidiary of Thomas Cook (India) Limited as a listed and quoted company, committed to ethical working and adherence to strong Governance in all aspects of its working. It will not be out of place to record that good performance of Quess has not only acted as a glue to retain current management talent but has also helped a great deal in attracting new talent for the business.

Mr. Ajit Isaac has stated that he would like to increase his shareholding in Quess to above 25% of the share capital of Quess. Mr. Ajit Isaac believes that this is crucial for him because (i) a 25% shareholding would give him certain natural controlling rights in relation to the business of Quess and therefore keep him more motivated, committed and invested in the progress of Quess, and (ii) if and when Quess undertakes an Initial Public Offering of its shares, as a 25% shareholder he will be able to acquire additional shares of Quess through “creeping” acquisitions permitted by SEBI.

### **Proposals to retain buy in of Mr. Ajit Isaac**

Your Company's Management believes that in the interest of continued longer term growth and profitability of Quess, it is imperative that (i) Mr. Ajit Isaac retains the role of being the CEO and promoter of Quess and a joint venture partner of the company, as also (ii) remains a significant shareholder of the company and, therefore, continue to have a strong commitment to enhancing shareholder value. Responding to the concerns of Mr. Ajit Isaac and to secure his full commitment to the Quess performance, the Board of Quess has decided to make a Rights Issue of an aggregate of 2,560,000 shares of Rs. 10/- each at a nominal price of Rs. 10/- constituting 8.8% of the fully diluted equity capital of Quess. Of these, 1,957,302 rights shares are offered for subscription by Thomas Cook, on a pro rata basis, based on its existing holding in Quess. It has been further proposed that your Company would not subscribe to its rights entitlement of 1,957,302 shares of Rs. 10/- each and renounce them in favour of Mr. Ajit Isaac and/or his nominees. Consequently, Mr. Ajit Isaac and/or his nominees would thus be able to subscribe to bulk of the Rights Issue entitlement. This would increase his shareholding in Quess to a level of 28.78% of the fully-diluted equity capital and would dilute the shareholding of Thomas Cook to 66.71% of the fully diluted equity capital (as against 68.04% of the fully diluted equity capital at present).

### **Rationale for the Proposal**

The move to not subscribe to the rights shares and to renounce them in favour of Mr. Ajit Isaac and/or his nominees is primarily designed to ensure Mr. Ajit Isaac continuing to retain material equity interest in the Company and a commitment on his part to continue to serve as the CEO of the Company for foreseeable future. The management of your Company believes that these steps, while in the short term may appear to be dilutive of the interest of Thomas Cook (and consequently its shareholders) in Quess, in the longer term, Mr. Ajit Isaac's continued involvement and leadership would provide huge stability to the organization and help it to maintain its growth momentum and lead to significant value creation for all shareholders, including your Company as the largest shareholder of Quess. A large part of Quess' growth in the past as well as its future potential is dependent on Mr. Ajit Isaac continuing to be the promoter of Quess. The Board notes that Mr. Ajit Isaac's active support and participation in the Quess will be critical to the growth and valuation of Quess as well as a successful completion of an initial public offering of the shares of Quess in the event Quess undertakes an initial public offering of its shares. It, therefore, appears that the benefits of renouncing its share in the rights issue, outweighs the potential notional cost of diluting its shareholding in Quess by permitting Mr. Ajit Isaac to increase his shareholding such that Mr. Ajit Isaac and / or his nominees has an over 25% shareholding. It has, therefore, been suggested that your Company should accept the proposals to not subscribe to the rights entitlement in shares of Quess offered to it on a rights basis and renounce them in favour of Mr. Ajit Isaac and/or his nominees.

Your Board discussed this subject at the behest of the management and has come to the conclusion that, while there is merit in implementing this proposal for reasons and rationale outlined above, the Board feels that rather than taking a decision on this aspect, acting as fiduciaries on behalf of all shareholders of your Company, it is best for your Company to seek an express mandate from the shareholders on the proposals and give them an opportunity of a direct say in the matter.

The nominee directors of Fairbridge Capital and Fairfax Group, (which currently own 67.84% of the shareholding in Thomas Cook) on the board of the Company have been consulted by the management and they have indicated their -- in-principle -- willingness to support such a proposal, when put up for consideration of shareholders. The Board also feels that rather than act, only on the basis of "in principle support" and approval of your Company's principal shareholder, it is imperative from the perspective of governance and transparency that all the shareholders of the Company have an opportunity to give a mandate on the subject. Accordingly, it has been decided by the Board that before taking a decision on not subscribing to the rights shares offered to the Company to assent to Mr. Ajit Isaac and/or his nominees achieving a shareholding of 28.78% of the fully diluted equity capital in Quess, the Company should conduct a postal ballot on this subject and enable all its shareholders to participate in the same and then act on the basis of mandate so obtained. Accordingly, the Company is approaching its shareholders for a decision on the proposal in question. It may also be clarified that this is a voluntary action on the part of Board and not because the proposed transaction is a related party transaction requiring shareholders' approval.

### **Other incidental matters**

In order to demonstrate good faith on his part, Mr. Ajit Isaac has offered to put 1,000,000 equity shares of Quess, from and out of the shares currently held by him / entities controlled by him into an Escrow. The Escrow Agreement will stipulate that in the event of : (i) Mr. Ajit Isaac ceasing to be a promoter director of Quess, (ii) Mr. Ajit Isaac breaching any of his lawfully incurred obligations to the Company, (iii) Mr. Ajit Isaac breaching any of his lawfully incurred obligations to Quess, during the next eight years, the Escrow Shares or the value thereof would be made over to Thomas Cook subject to compliance with regulatory considerations. However, if the conditions and covenants are met for the defined period of time, i.e. up to 31st March, 2023, the Escrow agent will release those Escrowed Shares to Mr. Ajit Isaac and/or his nominees.

Apart from the arrangement broadly outlined above, other allied and ancillary arrangements such as representations, warranties and appropriate indemnities to cover potential risks arising out of this arrangement would also be put in place by the management in consultation with advisors of the Company.

None of the directors and / or material shareholders of the Company, including Fairbridge Capital / Fairfax Group or other shareholders of Thomas Cook, have any direct or indirect interest in the proposal outlined in this Postal Ballot Notice / Explanatory Statement. Depending upon the outcome of Postal Ballot, the Board of Thomas Cook would take a final decision on the manner it would deal with the rights issue entitlement proposed to be offered to it based on its current holding in Quess.

The Company and its Board has been advised that if the proposals outlined for consideration of members in the postal ballot are approved by members and then implemented, all stakeholders, including future investors of Quess are likely to be positively impacted and would feel reassured of continued involvement of Mr. Ajit Isaac as CEO and a material shareholder of Quess and thereby significantly reducing the risk connected with continuity of an entrepreneurial management and this itself will result in superior value realization for Quess and thereby enhance value creation for existing shareholders of Quess, including your Company. For these reasons, the Management commends these proposals to the shareholders for their approval and support.

The Company has set the context and background at substantial length to put the proposals in the right perspective and to adhere to and observe highest standards of Corporate Governance and transparency in dealing with a sensitive subject, which can be seen as dilutive of shareholders of the Company in the immediate short term while being positive in management's perception for long term value creation.

The proposed resolution is an ordinary resolution.

The Board of Directors, therefore, recommends the passing of the **Ordinary Resolution** at Item No. 1 of the accompanying Postal Ballot Notice.

None of the Directors and key managerial personnel or their respective relatives is concerned or interested financially or otherwise in the resolution mentioned in the Postal Ballot Notice.

### **Registered office:**

Thomas Cook Building, Dr. D N Road, Fort,  
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CIN: L63040MH1978PLC020717  
Fax: +91-22-2287 1069  
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Website: [www.thomascook.in](http://www.thomascook.in)  
6th November, 2015

**By Order of the Board**

**Rambhau R. Kenkare**  
*President & Head – Legal & Company Secretary*  
(FCS 3296)



## MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS

Dear Members,

I am writing to you on an important matter concerning the proposed rights issue of Quess Corp Limited, a subsidiary of your Company, and renunciation of rights to be offered to your Company, in favour of Mr. Ajit Isaac, co-promoter and CEO of Quess Corp Limited. Your approval on this proposal is being sought through postal ballot, notice of which is annexed herewith.

You may recall that in May 2013, your Company had acquired controlling interest in Ikya Human Capital Solutions Private Limited (since converted into a public company and renamed as Quess Corp Limited, hereinafter referred to as "Quess"). As on date, Quess has 25,773,764 shares of Rs. 10/- each subscribed and fully paid. In addition to the issued and fully paid share capital, Quess has 871,000 Options pertaining to ESOP 2009 Plan and 2,316,936 Options pertaining to ESOP 2013 Plan. Consequently, as on date, your Company holds 68.04% of the fully diluted equity capital of Quess which have been acquired at an aggregate consideration of around Rs. 2.6 bn at an average price of Rs. 131.6 per share of Rs. 10/- each. Of the remaining, 20.51% of the fully diluted equity capital is held by Mr. Ajit Isaac, Promoter and CEO of the Company, directly and/or through his nominees, 0.44% of the fully diluted equity capital is held by certain other shareholders, predominantly employees of Quess and the balance 11.01% of the fully diluted equity capital is in the ESOP pool. Presently, Quess is engaged in services business of diverse kinds, including IT staffing, general staffing, industrial asset management, facilities management, recruitment & search, skill development and food & hospitality services within India and abroad in certain markets.

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### **Performance of Quess post acquisition by Thomas Cook (India) Limited**

Post the acquisition, Quess has maintained and in fact accelerated its growth momentum, thanks to the entrepreneurial capabilities of Mr. Ajit Isaac, who has consistently looked at both organic and inorganic growth opportunities for Quess, seized them and grown them in the interest of all stakeholders.

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Book Value Per Share <sup>4</sup> (Rs.)	Rs. 52.9	Rs. 95.6	Rs. 97.3	36%

<sup>1</sup> Quess changed its financial reporting period from March to December

<sup>2</sup> Financial reporting period was again changed from December to March, as required by the Companies Act, 2013

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Quess has thus grown by a CAGR of 43% for consolidated revenue, 57% for EBITDA and 153% for PAT.

### **Thomas Cook (India) Limited investors have reaped benefits of Quess acquisition**

The above performance of Quess, post acquisition by your Company, has had very positive impact on analyst and investor perception of your Company's equity shares. The market price of your Company's shares, which was approx. Rs. 55/- in May 2013 (when Quess was acquired), has since moved up very sharply to over Rs. 220 levels as for the end of July 2015. While improved operating performance of your Company's own businesses and strategic acquisition of Sterling Holiday Resorts (India) Limited has also contributed to the share price performance of your Company, the management of your Company believes that a significant part of the credit for this appreciation in share price is due to the financial performance of Quess as a subsidiary of Thomas Cook (India) Limited (hereinafter "**Thomas Cook**"). It will, therefore, be in the interest of your Company - rather imperative - to create a conducive environment where this momentum is maintained in the interest of all stakeholders.

### **Future Growth & Vision**

Apart from the above growth, under the leadership of Mr. Ajit Isaac, our JV Partner, Quess has expanded its operations, both onshore and offshore, including in particular, acquisitions of Brainhunter (Canada) and MFXchange Holdings Inc. (USA). In India, Quess has, in recent times, acquired Hofincons from Transfield Services and Aravon Services Private Ltd (Aravon) from Aramark. Hofincons is a leading player in the field of Industrial Asset Management and the acquisition marked the entry of Quess into Industrial services. The acquisition of Aravon strengthened the presence of Quess in West India and deepened our expertise in healthcare and hospitality facility management. It is intended that, going forward, Quess would play a growing and meaningful role in these two sectors, which show high potential for growth and profitability and will expand the geographic footprint on a pan India basis for these specialized value added services. Quess vision for the future, envisages its becoming a truly global company in its chosen fields, using its India base, skill sets and competencies to serve global clients. Management of your Company and Fairfax Group also share this perspective and ambition – primarily relying on Mr. Ajit Isaac's knowledge and understanding of this business model.

### **Professionalized Quess Management**

Mr. Ajit Isaac has also, during this period, consistent with its public company status, taken effective steps to convert Quess to a professionally managed company with significant additions of competent managers to the management team and introduction of systems, processes and controls and creation of a more robust organization structure, in keeping with the Quess status as a subsidiary of Thomas Cook (India) Limited as a listed and quoted company, committed to ethical working and adherence to strong Governance in all aspects of its working. It will not be out of place to record that good performance of Quess has not only acted as a glue to retain current management talent but has also helped a great deal in attracting new talent for the business.

Mr. Ajit Isaac has stated that he would like to increase his shareholding in Quess to above 25% of the share capital of Quess. Mr. Ajit Isaac believes that this is crucial for him because (i) a 25% shareholding would give him certain natural controlling rights in relation to the business of Quess and therefore keep him more motivated, committed and invested in the progress of Quess, and (ii) if and when Quess undertakes an Initial Public Offering of its shares, as a 25% shareholder he will be able to acquire additional shares of Quess through "creeping" acquisitions permitted by SEBI.

### **Proposals to retain buy in of Mr. Ajit Isaac**

Your Company's Management believes that in the interest of continued longer term growth and profitability of Quess, it is imperative that (i) Mr. Ajit Isaac retains the role of being the CEO of Quess and a joint venture partner of the company, as also (ii) remains a significant shareholder of the company and, therefore, continue to have a strong commitment to enhancing shareholder value. Responding to the concerns of Mr. Ajit Isaac and to secure his full commitment to the Quess performance, the Board of Quess has decided to make a Rights Issue of an aggregate of 2,560,000 shares of Rs. 10/- each at a nominal price of Rs. 10/- constituting 8.8% of the fully diluted equity capital of Quess. Of these, 1,957,302 rights shares are offered for subscription by Thomas Cook, on a pro

rata basis, based on its existing holding in Quess. It has been further proposed that your Company would not subscribe to its rights entitlement of 1,957,302 shares of Rs. 10/- each and renounce them in favour of Mr. Ajit Isaac and/or his nominees. Consequently, Mr. Ajit Isaac and/or his nominees would thus be able to subscribe to bulk of the Rights Issue entitlement. This would increase his shareholding in Quess to a level of 28.78% of the fully-diluted equity capital and would dilute the shareholding of Thomas Cook to 66.71% of the fully diluted equity capital (as against 68.04% of the fully diluted equity capital at present).

### **Rationale for the Proposal**

The move to not subscribe to the rights shares and to renounce them in favour of Mr. Ajit Isaac and/or his nominees is primarily designed to ensure Mr. Ajit Isaac continuing to retain material equity interest in the Company and a commitment on his part to continue to serve as the CEO of the Company for foreseeable future. The management of your Company believes that these steps, while in the short term may appear to be dilutive of the interest of Thomas Cook (and consequently its shareholders) in Quess, in the longer term, Mr. Ajit Isaac's continued involvement and leadership would provide huge stability to the organization and help it to maintain its growth momentum and lead to significant value creation for all shareholders, including your Company as the largest shareholder of Quess. A large part of Quess' growth in the past as well as its future potential is dependent on Mr. Ajit Isaac continuing to be the promoter of Quess. The Board notes that Mr. Ajit Isaac's active support and participation in the Quess will be critical to the growth and valuation of Quess as well as a successful completion of an initial public offering of the shares of Quess in the event Quess undertakes an initial public offering of its shares. It, therefore, appears that the benefits of renouncing its share in the rights issue, outweighs the potential notional cost of diluting its shareholding in Quess by permitting Mr. Ajit Isaac to increase his shareholding such that Mr. Ajit Isaac and/or his nominees has an over 25% shareholding. It has, therefore, been suggested that your Company should accept the proposals to not subscribe to the rights entitlement in shares of Quess offered to it on a rights basis and renounce them in favour of Mr. Ajit Isaac and/or his nominees.

Your Board discussed this subject at the behest of the management and has come to the conclusion that, while there is merit in implementing this proposal for reasons and rationale outlined above, the Board feels that rather than taking a decision on this aspect, acting as fiduciaries on behalf of all shareholders of your Company, it is best for your Company to seek an express mandate from the shareholders on the proposals and give them an opportunity of a direct say in the matter.

The nominee directors of Fairbridge Capital and Fairfax Group (which currently own 67.84% of the shareholding in Thomas Cook), on the board of the Company have been consulted by the management and they have indicated their -- in-principle -- willingness to support such a proposal, when put up for consideration of shareholders. The Board also feels that rather than act, only on the basis of "in principle support" and approval of your Company's principal shareholder, it is imperative from the perspective of governance and transparency that all the shareholders of the Company have an opportunity to give a mandate on the subject. Accordingly, it has been decided by the Board that before taking a decision on not subscribing to the rights shares offered to the Company to assent to Mr. Ajit Isaac and/or his nominees achieving a shareholding of 28.78% of the fully diluted equity capital in Quess, the Company should conduct a postal ballot on this subject and enable all its shareholders to participate in the same and then act on the basis of mandate so obtained. Accordingly, the Company is approaching its shareholders for a decision on the proposal in question. It may also be clarified that this is a voluntary action on the part of Board and not because the proposed transaction is a related party transaction requiring shareholders' approval.

### **Other incidental matters**

In order to demonstrate good faith on his part, Mr. Ajit Isaac has offered to put 1,000,000 equity shares of Quess, from and out of the shares currently held by him / entities controlled by him into an Escrow. The Escrow Agreement will stipulate that in the event of: (i) Mr. Ajit Isaac ceasing to be a promoter director of Quess, (ii) Mr. Ajit Isaac breaching any of his lawfully incurred obligations to the Company, (iii) Mr. Ajit Isaac breaching any of his lawfully incurred obligations to Quess during the next eight years, the Escrow Shares or the value thereof would be made over to Thomas Cook, subject to compliance with regulatory considerations. However, if the conditions and covenants are met for the defined period of time, i.e. up to 31st March, 2023, the Escrow agent will release those Escrowed Shares to Mr. Ajit Isaac.

Apart from the arrangement broadly outlined above, other allied and ancillary arrangements such as representations, warranties and appropriate indemnities to cover potential risks arising out of this arrangement would also be put in place by the management in consultation with advisors of the Company.

None of the directors and / or material shareholders of the Company, including Fairbridge Capital / Fairfax Group or other shareholders of Thomas Cook, have any direct or indirect interest in the proposal outlined in the Postal Ballot Notice / Explanatory Statement. Depending upon the outcome of Postal Ballot, the Board of Thomas Cook would take a final decision on the manner it would deal with the rights issue entitlement proposed to be offered to your Company based on its current holding in Quess.

The Company and its Board has been advised that if the proposals outlined for consideration of members in the postal ballot are approved by members and then implemented, all stakeholders including future investors of Quess are likely to be positively impacted and would feel reassured of continued involvement of Mr. Ajit Isaac as CEO and a material shareholder of Quess and thereby significantly reducing the risk connected with continuity of an entrepreneurial management and this itself will result in superior value realization for Quess and thereby enhance value creation for existing shareholders of Quess, including your Company. For these reasons, the Management commends these proposals to the shareholders for their approval and support.

The Company has set the context and background at substantial length to put the proposals in the right perspective and to adhere to and observe highest standards of Corporate Governance and transparency in dealing with a sensitive subject, which can be seen as dilutive of shareholders of the Company in the immediate short term while being positive in management's perception for long term value creation.

The proposed resolution is an ordinary resolution.

With this, I commend you to approve the resolution being subject matter of postal ballot.

Regards,

**Madhavan Menon**

Managing Director (DIN : 00008542)

Thomas Cook (India) Limited