

HARNESSING TECHNOLOGY FOR BETTER CUSTOMER EXPERIENCE.

CHAIRMAN'S SPEECH

40th Annual General Meeting
Wednesday, 2nd August, 2017



Ladies and Gentlemen,

I welcome you to this, the 40th Annual General Meeting of the shareholders of Thomas Cook (India) Ltd.

I would like to take this opportunity to introduce you to the Members of Thomas Cook (India) Ltd. Board: Mrs. Kishori Udeshi, Mr. Nilesh Vikamsey, Mr. Sunil Mathur, Mr. Pravir Vohra, Mr. Chandran Ratnaswami and Mr. Harsha Raghavan. I would like to introduce Mr. Mahesh Iyer who has been appointed as Chief Executive Officer of Thomas Cook (India) Ltd. w.e.f. February 14, 2017.

At the outset, may I place on record my sincere thanks to the Directors, each of you our Shareholders and the Management Team. A special mention must be made of our majority shareholder, Fairfax Financial Holdings, led by the visionary Mr. Prem Watsa for over 3 decades since its inception.

I am happy to report a robust performance of your Company at a consolidated level for the year ended March 31, 2017. Your Company's Total Income increased by 41% from Rs. 61.6 Bn. to Rs. 86.8 Bn and Profit Before Tax (before exceptional items) increased by 101.9% from Rs 947.7 Mn. to Rs. 1,913.7 Mn. The book value increased from Rs. 36.91 per share to Rs. 49.11 per share (33% growth).

At a Group Travel Services level, Operating Revenue from your Company's Travel businesses grew 79.7%, from Rs. 21.8 Bn. to Rs. 39.1 Bn and Profit Before Interest Depreciation & Tax increased by 56.9% from Rs. 805.99 Mn. to Rs. 1264.99 Mn. The book value increased from Rs. 51 per share to Rs. 72 per share (41% growth).

The past financial year was a unique one on many fronts: global terrorism taking its toll in key destination markets, Brexit in the UK, the emergence of President Trump in the Oval Office, introduction of new visa regimes like Pre-Arrival Registration (PAR) for Hong Kong; demonetization and an increase in service tax, from an India context. All these factors impacted your Company in one form or the other. Terror strikes created a negative sentiment around Europe, as London, Paris, Nice and Brussels are important components of your Company's Europe itineraries. Demonetization resulted in a slowdown in demand for close to two months, with our customers grappling with how to deal with the new reality and the move to a digital economy. President Trump and his travel ban also took its toll, as people were reluctant to travel to the United States, despite India not being included in the list. Fortunately memories are short lived and we saw a re-emergence of demand early in 2017.

As we stand here today, the Government of India has rolled out the most ambitious economic reform in the form of GST making the country a single tax zone. It is as I understand the largest roll out of tax reform anywhere in the world. Your company had started preparations for this a year ago and I am pleased to inform you that we have made the changeover without any glitches. Having said that, there are bound to be challenges/pain that accompanies any such change. The long term gain though is significant and the net result of all these reforms will significantly improve governance and compliance, something that we pay a lot of importance to.

An interesting point that emerged from our analytics is that the average age of our customers has been dropping in line with the national average; this younger customer base is far more technology savvy than the previous generation. They are looking for experiences and want greater control over their aspirations. Couple this with the fact that technology has emerged as a major source of disruption in the form of start-ups, who have no hesitation in introducing new methodologies as a means of grabbing their share of the business. Over the next few years we will see wave after wave of new technologies changing the way we do business.

In order to survive this onslaught, your Company has started working on a variety of initiatives which will in all likelihood transform the way we operate. Key projects include: digitization, analytics, artificial intelligence targeting potential customers, robotics as an end to end automation and means to increase accuracy and efficiency, to name a few. This will enable the customer have far greater control over the experience that he/she is seeking, seamless delivery of research, bookings, payments, etc. without having to wait for us to respond to him/her.

The Google-Boston Consulting Group report, '*Demystifying the Indian Online Traveler*' reveals that led by the prevalence of mobile internet, India's internet user base is set to expand from 332 Mn in 2016 to 650 Mn in 2020; hence by 2020 nearly 50% of all Indian urban consumers will be digitally influenced. Over the next couple of years our vision is to make your Company a technology enabled enterprise and provide a superior customer experience by improving productivity & efficiency to generate long term value through better profitability and free cash generation.

I am pleased to inform you that the online sales have grown significantly and today nearly 26% of our packaged holiday sales happen online. Similarly our customers are able to sell and buy their foreign exchange requirements online and apply for visas online too. This focus on technology will not only grow the various businesses, but will also increase stickiness and hence enhance loyalty.

Since August 2012, when Fairfax Financial Holdings became your majority shareholder, your Company has embarked on a journey that has made us look very different from what it was five years ago. Firstly, we became a holding company with investments in Qness Corp. Ltd. (2013) and Sterling Holiday Resorts (2014). Then, through the acquisition of Kuoni Investments' Tour Operating business in India & Hong Kong, we became the largest Travel and Travel related services company in India and acquired strong brands like SOTC and SITA. We have recently made another acquisition of Kuoni Holdings' Destination Management Specialists operating in 17 countries across 4 continents - North America, Middle East & Africa, Asia & Australia, transforming your Company into a global player in the travel businesses, with a footprint that extends across 21 countries (USA, South Africa, Namibia, Kenya, UAE, Oman, Jordan, India, Sri Lanka, Mauritius, Nepal, China, Thailand, Malaysia, Indonesia, Vietnam, Cambodia, Myanmar, Laos, Hong Kong, Australia). Correspondingly your Company's size has grown to, 1,98,502 people belonging to 30 nationalities. The consolidated balance sheet size has grown from Rs 9.5 Bn in 2012 to Rs 64.1 Bn in 2017

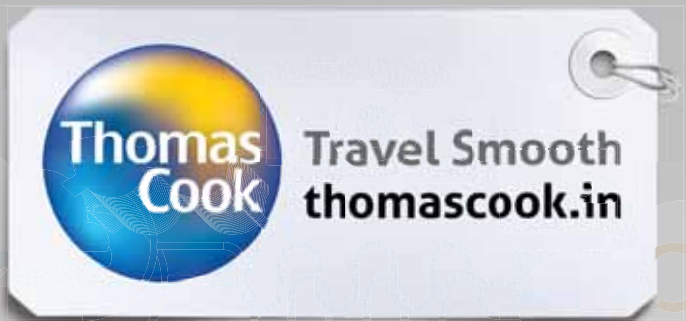
During this period Qness has had a very successful IPO that set a record in being the most highly oversubscribed issue in the India stock market and Sterling expanded its operations to an inventory of 2124 rooms spread across 32 resorts.

Many shareholders repeatedly ask me what our plans are for the next year and my standard response has been that we are committed to running a stable company that provides good and consistent returns over the long term with organic growth and to grow inorganically as and when opportunities arise.

With this I would like to express our gratitude to each and every shareholder, customer, employee, partner, Central and State Government for the continued support and faith in your Company.

Madhavan Menon

Chairman & Managing Director



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