



# A YEAR OF TRANSFORMATION



## CHAIRMAN'S SPEECH

38th Annual General Meeting  
Thursday, 27th August, 2015



## Chairman's Speech for Annual General Meeting 2015

Ladies and Gentlemen,

I welcome you to this 38<sup>th</sup> Annual General Meeting of the shareholders of Thomas Cook (India) Limited.

I am happy to report to you the strong performance of our Company for the Period, ended March 31, 2015.

### The Economy

For the Travel and Tourism Industry, the Election Year 2014 created a dampener, coming as it did at the start of India's major outbound season. The subsequent formation of a new Government and its pro-tourism initiatives did initiate consumer optimism, though this was countered by spiralling airfares, fuel surcharges and taxes.

Despite a GDP growth of 7.50% in the last Quarter of 2014, CPI inflation remained high during the peak outbound season of April- May 2014 at 8.3-8.5% and this did see impact on spends in both travel and foreign exchange.

Depreciation of the Rupee against the US Dollar with particular significance to the outbound season (USD: INR for April 2014 at 60.315 v/s April 2013 at 53.805), created a deterrent to travel and travel related businesses. Additionally, intervention by The Swiss National Bank, in removing the EUR-CHF cap, resulted in a price escalation for your European tour products (Switzerland being a key component of such tours).

On the global travel front, recessionary trends saw only marginal improvement, resulting in suppressed demand for inbound travel especially from your Company's traditional source markets of the UK and Europe, adding to the burdens of an already challenged inbound sector.

### The Company

Despite prevalent market conditions, your Company's businesses continued to display strong growth in 2014-2015. Your Company recorded total revenue of Rs 5,135.82 million and profit before tax of Rs 486.21 million with profit after tax being Rs 332.11 million for the period ended March 31, 2015. The basic earnings per share of the Company is Rs 1.31 per Equity Share of Rs 1/- each. On a consolidated basis, the profit before tax stood at Rs 1,709.88 million (previous year Rs 1,022.6 million) and the profit after tax & before Minority Interest was Rs 901.51 million (previous year Rs 602.20 million).

Strategic focus on product innovation and transformation resulted in strong delivery by your Company: Embarking on blue-ocean initiatives, your Company sought to leverage new emerging consumer segments like Young India, Seniors or the Gen S segment and the woman traveller via its new launches, including your Company's award winning 'Travel Quest', India's first national travel quiz for schools; Holiday Savings Account and The Thomas Cook Gift Card.

The innovative concepts have seen strong consumer uptake: Over 7200 Indian customers have already expressed interest in Holiday Savings Account, with a high conversion into booked departures for 2015-16. Given the strong interest received during your Company's student quiz outreach, a dedicated student vertical 'Travel Quest' was launched, with your Company having booked over 18 study tour groups for approximately 484 students in merely 5 months.

Your Company's pioneering Travel Gift Cards have delivered a total load volume of Rs 9 million in just a few months since launch in December 2014 and despite limited visibility.

As of March 31, 2015, your Company, along with its subsidiaries, continued to be among the premier integrated travel groups in India. Your Company operates through 233 locations in 94 cities, supported by 115 Gold Circle Partner franchise outlets and 112 Preferred Sales Agents (PSAs) to ensure effective access and distribution across India, Mauritius & Sri Lanka.

Your Company is also present in 13 countries outside India through its branches/ representative offices in USA (New York), Spain (Barcelona & Madrid), UK (London), Japan (Tokyo & Osaka), Germany (Frankfurt), Nepal (Kathmandu), China (Beijing), South Korea (Seoul), Russia (Moscow), Argentina, Dubai, Canada and France, apart from its subsidiaries in Mauritius and Sri Lanka.

The Period ended March 31, 2015 saw overall Foreign Exchange volumes increase by 17% with significant growth in retail products including an impressive surge of 50% in leisure travel (groups and individual consumers); also the student segment, with support from key channel partners, as also its focus on online platforms, including social media.

Your Company further strengthened its Inward Remittance business, reporting a 35% growth in volumes over the last year and increased reach with over 18,600 agent locations countrywide.

Your Company's pioneering multi-currency Borderless Prepaid Card continued to see high double digit YoY growth; loaded with US\$ 344 million for the period Jan 1, 2014 – March 31, 2015, with an average monthly load of US \$ 23 million. Over 125,000 cards have been sold since launch in 2012, with a total load volume of US\$ 522 million.

To tap India's rapidly growing segment of customers-on-the-go, your Company became the first non-bank to launch an Online Forex Store, resulting in a surge of 296% in its online volumes over the previous year.

Your Company's Leisure Travel business introduced a slew of innovative products in 2014-15 including its hybrid Simply Series, City Breaks, Festival packages (e.g. Durga Puja Holidays); Travel Quest to leverage the country's powerful student segment..

The Leisure business saw further expansion of its distribution network via a combination of owned stores and franchisee outlets across the country, as well as in overseas markets to tap the powerful NRI segment. And currently operates through 69 owned shops, 110 Gold Circle Partners and 114 Preferred Sales Agents (PSAs).

Strategic marketing saw your Company's consumer outreach extend beyond conventional media, to road shows, consumer holiday carnivals and on ground events to promote its leisure products. Your Company's Holiday Carnival of the last Quarter of 2014 saw impressive uptake of over 1000 bookings for its group tours and Rs 20 million in FIT business.

Leisure Outbound's pioneering DMC (Destination Management Company) operations in Europe saw significant benefits in product and pricing courtesy direct contracting with local hotels and ground suppliers.

Your Company's Inbound Division continued to explore new source markets and further consolidated its presence with offices across 12 cities in India, 3 offices overseas at London, Tokyo, & New York and 11 Representative offices in Barcelona, Frankfurt, Nepal, China, South Korea, Russia, Osaka, Argentina, Dubai, Canada, and France.

Corporate Travel's technology initiatives were aimed at giving fillip to reviving Corporate T&E spends and included its direct booking module, 'Click2Book', a sophisticated Expense Management Tool and automation focussed delivery, together with its GDS Partner Amadeus.

In a strategic attempt to tap new viable industries and customers, Your Company's MICE business set up a dedicated 'New Business Acquisition' Team. With a focus on the Country's high potential events market, your Company also launched its 'Event Team-MICE'. Food being a vital element of all incentive programmes, to differentiate itself from competition, your Company set up a unique Culinary Design Team with experienced chefs associated with renowned brands like The Marriott Group. A high profile corporate outreach saw the launch of 'The Art of Travel' MICE Coffee Table book in partnership with Israel Ministry of Tourism and Marriott International.

E-Business continues to be a strong focus area for your Company- an intrinsic component of its 'clicks and bricks', omni-channel strategy.

To target India's digitally native consumers, your Company's investments in new technology created strong uptake across its retail and corporate segments. A user friendly interface; 'live chat' for holidays, foreign exchange and insurance and product features like dynamic pricing for its 'Simply Series' holidays has created strong uptake-an increase of over 105% in passenger numbers for holidays and an impressive 262% for online foreign exchange transactions for the period ended March 31, 2015 via its portal [thomascook.in](http://thomascook.in).

Your Company has successfully launched a mobile app for Blackberry devices; a mobile app for Android & IOS will be launched next.

### **Quess Corp Limited:**

Quess Corp Limited (formerly IKYA Human Capital Solutions Limited) closed 2015 with strong revenue growth and high quality earnings characterized by expanding profitability margins. This performance is particularly significant when viewed against the backdrop of a challenging macro economic business context. Quess' consolidated revenue grew by 256% from Rs 10,041 million in FY13 to Rs 25,748 million in FY14-15. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) grew by 305% from ` Rs 446 million in FY13 to ` Rs 1367 million in FY14-15 with expansion in EBITDA margin of 90 bps from 4.4% to 5.3%. Over the past 6 years, employee headcount has increased by a CAGR of 65% from ~4,700 in 2009 to ~99,300 in 2015 and crossed the milestone of 1,00,000 employees in May 2015. 2014-2015 was also an eventful year on the acquisition front with Quess closing 4 acquisitions (Hofincons, Brainhunter, MFX and Aramark India) in a space of 9 months.

### **Sterling Holiday Resorts Limited:**

India's leading Vacation Ownership & Leisure Hospitality Company declared Profit after Tax (PAT) of ` 5 million on Total Operating Income of Rs 1, 869 million for financial year ended March 31, 2015. EBITDA was reported at Rs 152 million, as compared to Rs 71 million in FY14. The results are an indication of the growing market confidence in the Sterling brand. Income from Sales of Vacation Ownership Plans rose to Rs 943 million, an increase of 49% over the previous year. The company added 5481 vacation ownership members during the year, an increase of 50% over the previous year. The sales infrastructure was strengthened with the addition of three new sales offices in India (Jaipur, Surat, Thane) and Sterling's first international foray- Dubai. Nainital and Sariska were added to the resort destination network taking the total number of resorts to 20.

All of the company's resorts are being upgraded to meet best in class standards and FY15 saw an increase of 7% in resort occupancy and an increase of 19% in the average room revenue over the previous year. Sterling has begun FY16 on a strong, confident note by opening 4 new resorts in one go at Corbett, Daman, Shirdi and Dindi. With the addition of 4 new resorts, Sterling is now in a position to offer varying holiday experiences - from hillside and riverside to heritage, beach and wildlife – with a total inventory of 1767 rooms in 24 resorts across India.

### Accolades and Awards

Your Company has been the recipient of several coveted awards and accolades for 2014-15:

Best Tour Operator Outbound - CNBC AWAAZ Travel Awards 2014

Best Company providing Foreign Exchange CNBC AWAAZ Travel Awards 2014

Favourite Outbound Tour Operator - Outlook Traveller Awards 2015

Favourite Tour Operator – CondeNast Traveller India Readers Award 2014

India's Leading Tour Operator - World Travel Awards 2014

Consumer Superbrand 2013 - 2014

IATA accreditation for Top 10 performing South Asia IATA Authorized Training Centers 2015

### In recognition of your Company's strong credit and financial strength:

ICRA has upgraded the long term rating of Thomas Cook (India) Limited's non convertible debenture programme to 'ICRA AA/ Stable'. CRISIL has assigned long term rating of CRISIL AA-/ stable outlook to the non convertible debenture programme and long term banking facilities and short term rating of CRISIL A1 + to TCIL's banking facilities.

### 2015 - Looking ahead

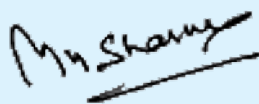
On July 30, 2015 your Company announced its acquisition of Luxe Asia, a Destination Management Company based in Sri Lanka, focused primarily on inbound tourism. This gives your Company significant presence in Sri Lanka with destination management capabilities in Sri Lanka and the Indian Ocean Region, while offering synergies with its key business lines of outbound, inbound and MICE.

Subsequently, on August 7, 2015 your Company signed a definitive agreement to acquire the travel businesses of Kuoni Travel (India) Pvt. Ltd. in India and Kuoni Travel (China) Limited in Hong Kong, Kuoni's travel businesses in India brings significant synergies to your Company across its Inbound, Outbound, Corporate Travel and MICE segments. The acquisition of Kuoni Hong Kong, positioned at the doorstep of China, holds potential opportunity and also highlights your Company's keen interest in the Asia region. Company will adopt measures to build on these synergies and enhance economic benefits to all shareholders.

Both transactions are subject to customary closing conditions and regulatory approvals as required.

The future of travel augurs well with India's travel and tourism economy poised to grow 7.5% in 2015 over last year, exceeding the 6.9% growth that WTTC has predicted for the South Asian region.

Before concluding, on behalf of the Board of TCIL, I would like to thank you for being here today and for your continuing support.



**Mahendra Kumar Sharma**  
Chairman (DIN: 00327684)