



*Life is a journey.  
Travel smooth.*

**CHAIRMAN'S SPEECH**  
36th Annual General Meeting  
Thursday, 6th June, 2013



**Travel Smooth**  
[thomascook.in](http://thomascook.in)

**Toll Free: 1-800-2099-100**

## Chairman's Speech for Annual General Meeting 2013

Ladies and Gentlemen,

I welcome you to this 36th Annual General Meeting of the shareholders of Thomas Cook (India) Limited.

I am happy to report to you the sound performance of our Company for the financial year 2012.

### The Economy

While 2012 saw a continuation of the larger global economic slowdown, the Indian government battled a growing fiscal & trade deficit with a series of fiscal austerity measures and this, coupled with delayed economic policy decisions & changes decelerated the growth rate of the Indian economy to levels unseen over the past two decades. Several key indices of the state of the economy's health, including industrial production, core industrial growth, PMI and vehicle sales remained weak, FDI slowed, and the battle with inflationary pressures continued – leaving less discretionary income in the hands of most Indians. As a result of all this, consumer sentiment remained depressed with consequential delayed or reduced planned expenditure on leisure travel – especially for outbound, long haul destinations.

The year 2012 also continued to witness volatility in major global currency markets, with the Indian Rupee depreciating considerably against all major currencies (17% vs. USD, 13% vs. EURO) and to its life time low of 57.32 to the US Dollar. The depreciating Rupee resulted in an overall increase in outbound tour pricing, which when combined with repeated fare hikes, tax and air surcharges, further impacted outbound consumer sentiment.

On the global travel front, recessionary trends continued unabated, resulting in suppressed demand for inbound travel especially from traditional source markets in the UK and Europe, creating a challenging business environment for the travel and tourism sector in India during the 2012-13 period.

### The Company

Against this gloomy backdrop it is a matter of pride that I update you of your Company's strong performance, reiterating once again its market leadership and core business strength.

Despite the challenges, your Company has posted profit before tax of ₹ 737.9 million (previous year ₹ 828.8 million) and the profit after tax of ₹ 492.1 million (previous year ₹ 559.1 million). On a consolidated basis, the profit before tax stood at ₹ 770.8 million (previous year ₹ 806.4 million) and the profit after tax was ₹ 504.4 million (previous year 562.4 million).

As of December 2012 end, your Company, along with its subsidiaries, continued to be the largest integrated travel group in India with over 253 locations in 78 cities, with 158 branches and 26 airport counters across India, Mauritius and Sri Lanka, supported by 124 Gold Circle Partner outlets and 169 Preferred Sales Agents in over 100 cities, pan India.

Your Company is also present in 5 countries overseas, through branches/ representative offices in USA (New York), Spain (Barcelona & Madrid), UK (London), Japan (Tokyo) and Germany (Frankfurt), apart from subsidiaries in Mauritius and Sri Lanka.

Despite sluggish market conditions, the financial services of the Company grew by 5.7% in volumes over 2011 with over 1.6 million transactions handled in 2012.

Innovation saw strong focus in 2012, with a strategic intent to tap new and emerging segments. Your Company launched "Rock On Holidays", targeting the vibrant youth market, "48H Holidays" for the growing last minute traveler, "Travel & Learn" a unique product aimed at students, and "Trade Fairs" focused on the business segment. Your Company's aggressive expansion into Tier II & III markets dovetailed well with the launch of its "Regional Tours", including, "Vishwa Parikrama" for its Marathi audience and "Satrangi" for its Hindi speaking customer base- with local language speaking tour managers and brochures and the comfort of ethnic food!

A pioneering initiative was Leisure Outbound's commencement of DMC (Destination Management Company) operations in Europe. Direct contracting with local hotels and ground suppliers will bring benefits of superior pricing and control over operations and service delivery.

Your Company's foreign exchange business announced its 'Send Money Abroad' services making it the first non-banking entity in the country to enable users to transfer money globally to over 120 countries- directly to the beneficiary's bank account. Another first mover advantage saw your Company as the first non-bank to launch a multi currency "Borderless Prepaid Card" in association with MasterCard, and this saw impactful uptake- with over 15500 cards having being sold.

Your Corporate Travel division maintained its edge in the thought leadership sphere via its 2nd White Paper, "Convergence of Travel & Technology", launched in 3 cities in India.

Reaffirming its unrivalled position, your MICE vertical successfully managed large corporate movements, ranging in size from 800 to 1100 customers, to unique and challenging destinations like Russia, Morocco and The Czech Republic; also a ladies-only incentive group to Thailand.

In 2012, the online channel continued to be a focus area with the launch of international hotel bookings and an online forex store along with a new and improved interface. Strengthening of our core technology investments, with streamlining of processes, resulted in a marked growth in booking speed and efficiency with higher productivity levels and lowered costs of operation.

Your Company has and will continue its focused initiatives to enhance productivity and manage costs effectively: examining various options and working closely with each unit to maximize value, ensuring processes and operations are streamlined and best in class, to ensure top notch service delivery to all stakeholders.

### **Accolades and Awards**

Your Company has been the recipient of several coveted awards and accolades for 2012:

- The Most Trusted Brand in travel services by The Brand Trust Report™, India study 2012
- Favorite Specialist Tour Operator, The Condé Nast Traveler Readers' Travel Awards 2012
- Best Corporate Travel Management Company, World Travel Brands 2012
- Superbrand 2011-2012 by Superbrands™
- Centre of Learning has received IATA accreditation as one of the Top 10 South Asia IATA Authorized Training Centers, 2012
- The Government of India's recognised our Inbound business at the National Tourism Awards 2011-2012
  - Special award for endeavors in launching new tourism products and exemplary performance
  - Tour Operator Promoting Niche Segments other than Adventure and MICE
  - Award of Excellence: Best Tourism Promotion Publicity Material 'Pure India – Luxurious Escapes'

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

- CRISIL has assigned A1+ and AA- rating for Thomas Cook (India) Ltd.
- Additionally, ICRA has assigned AA- Rating for the Company's NCD programme

### **2013 - Looking ahead**

On February 5, 2013 your Company signed an investment agreement to acquire a 74% interest in IKYA Human Capital Solutions Private Limited (Ikya), India's leading human resources staffing solutions company for a consideration of ₹ 256 crore (approximately US\$ 47 million). By virtue of this investment, your Company broadens its portfolio of service-related businesses with an entry into one of the world's largest human resource markets. Your Company will explore and evaluate if Ikya can bring certain cost and manpower synergies to your Company's operations or your Company can bring synergies to Ikya's business/operations in areas of strength of your Company.

The investment in Ikya which will continue to be managed as a distinct and separate legal entity, is expected to be value accretive to your Company and thereby to you shareholders, and would also provide diversification into a new and attractive segment of business services. Given Ikya's experienced management team, their leadership role in a fast growing industry, and the strong earnings growth trajectory of Ikya, we believe that this investment will deliver substantial value in the coming years.

Your Company also successfully concluded its Institutional Placement Programme (IPP) through which your Company raised ₹ 184 crore while simultaneously reducing the promoter's stake to 75%, as required under the SEBI regulations. Despite the overall weak market sentiment, particularly in the underlying secondary market, your Company's IPP received orders worth ₹ 224 crore (for allotment of 34,379,606 shares) at ₹ 53.50. As against an issue size of ₹ 184 crore, the issue was oversubscribed by 22% to ₹ 224 crore. What was noteworthy was that against a price band of ₹ 50.50 - ₹ 53.50 per share, the issue closed at ₹ 53.50 per share – the highest in the band.

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



**Mahendra Kumar Sharma**



**Toll Free: 1-800-2099-100**

**Registered Office:**

**Thomas Cook (India) Limited**

Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai - 400 001, India. Tel.: 91 22 61603333, Fax : 91 22 22871069

---

Holidays • Business Travel • Foreign Exchange • Visas • Insurance