



CHAIRMAN'S SPEECH
35th Annual General Meeting (January 2011 - December 2011)
Friday, 15th June 2012

*Making Travel Smooth,
every step of your journey*



Chairman's Speech for Annual General Meeting 2012

Ladies and Gentlemen,

I welcome you to this 35th 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 year 2011-2012.

The Economy

The overall slowdown in the Indian economy, further impacted by governmental policy delays and resultant pressures on the GDP, gave impetus to increasingly negative consumer sentiment. Global recessionary trends coupled with turbulent weather courtesy Greece-Euro concerns further suppressed demand, causing a challenging trading environment for the travel and tourism sector in 2011.

The Company

Set against the backdrop of deepening global recession, a cautious outlook to spends from corporates and individuals alike, natural calamities (such as the Chilean volcanic eruption to the air space of Australia-New Zealand and SW Pacific, earthquakes in New Zealand, Japan's tsunami), the management needs to be complemented for the performance of the Company. This performance, in such a challenging period, reflects the robust nature of your Company's diverse businesses and product portfolio and the management's ability to adapt and change its approach to business to meet and overcome the headwinds.

The year 2011 witnessed volatility in major global currency markets, with the Indian Rupee depreciating considerably against all major currencies, and at its life time low of ₹ 54.30 to the US Dollar. Despite sluggish market conditions, the financial services of the Company grew by 17% in volumes over 2010 with 1.6 million transactions handled in 2011.

The falling rupee resulted in corresponding increases in ticket and tour pricing due to soaring fuel and air surcharges, further impacting our outbound customer sentiment. Despite the constraints faced due to the overall price impact, your Company reported an increase in revenues by ₹ 2792 million to ₹ 3491 million. Profit before Taxation and exceptional items increased to ₹ 829 million from ₹ 532 million.

Your Company, together with its subsidiaries, reaffirmed its position as the largest integrated travel group in India with over 216 locations in 78 cities, including 179 branches, 26 airport counters in India, Sri Lanka and Mauritius, supported by a partner network of 110 branded Thomas Cook Franchisee outlets (Gold Circle Partners) and 150 PSA's across over 100 cities pan India.

We also have presence in 6 countries outside of India through our representative offices in USA (New York), Spain (Barcelona and Madrid), UK (London), Japan (Tokyo), Germany (Frankfurt) and Nepal (Kathmandu), apart from our subsidiaries in Mauritius and Branch offices in Sri Lanka.

I would like to highlight the key initiatives undertaken during 2011. Strong focus on product management ensured innovation and diversity in the Company's customer centric product-service portfolio, targeted at new customer segments and destinations and covering a range of price points. The Company also launched "Fusion Holidays", offering flexibility of individual holidays based on value pricing of group tours. In keeping with its aggressive expansion strategy into Tier II & III markets, the Company launched "Regional Tours" for its Tamil, Marathi and Gujarati customer base- with local language speaking tour managers and brochures and the comfort of home cooked food! The Company expanded its footprint via owned shops and Gold Circle Partner (GCP) outlets, countrywide. A new and radical marketing campaign "Travel Smooth" was launched- highlighting the pain points of the entire travel process and the value of Thomas Cook's expertise and umbrella of travel related services, to bring back the joy of travelling.

The Company improved its retail volumes in the foreign exchange business over 2010, which has better margins, due to improved demand, coupled with the initiatives undertaken such as network expansion, investment in marketing and visibility of products offered, product innovations, new corporate customers, etc. The Foreign Exchange business handles majority of India's foreign currency bank notes.

Your Company has partnered with State Bank of India for "MoneyGram", your Company's remittances business by establishing an appropriate legal relationship with this premiere Bank.

The Thomas Cook portal launched domestic hotels and holidays products for sale online, and received a good response. An online self booking tool was designed to target the potential SME segment. Our strong growth in the online space, of 80% year on year, is expected to further increase as we make inroads into this key online segment.

Accolades and Awards

In this financial year, your Company has been the recipient of the following highly prestigious awards/ accolades :

- Most Trusted Tour Operator – Times Travel Honours Awards 2011
 - Best Company Providing Foreign Exchange – CNBC AWAAZ Travel Award 2011- for the third year in a row
 - Specialist Tour Operator – Condé Nast Traveller Readers' Travel Awards 2011
 - Recognized as a Superbrand 2011-2012 – by the consumers for excellence in travel services
 - Brand Trust Report™, India Study, 2012, ranked Thomas Cook (India) Limited as 'The most Trusted Brand in Services'
- CRISIL has assigned A1+ and AA- rating for Thomas Cook (India) Ltd.

2012 - Looking ahead

The financial uncertainty and adverse trading conditions faced by Thomas Cook Group PLC (TCG) resulted in a two phase sale process of your Company, triggered by unsolicited bids received by TCG in late 2011. I am happy to update you that this process has successfully concluded on May 22, 2012 with the announcement of an agreement reached to sell TCG's entire stake (76.81%) in your Company to Fairbridge Capital (Mauritius) Limited (Fairbridge), a subsidiary of Fairfax Financial Holdings Limited. Completion of the sale will be conditional upon requisite shareholder and regulatory approval and is expected to complete within the current calendar year.

TCG has granted your Company the license to use the Thomas Cook brand for 12.5 years, till 2025, in India, Mauritius and Sri Lanka on the same terms and conditions as your Company has enjoyed thus far. Further, your Company will not be restrained from using the TCI brand (Travel Corporation (India) Ltd) globally.

Fairbridge is the investment arm of Fairfax Financial Holdings Ltd (Fairfax) in India. Fairfax was founded in 1985 by Mr. Prem Watsa, the present Chairman and CEO, and has over the past 25 years, built a financial conglomerate consisting of a portfolio of assets in excess of US\$30 billion invested worldwide. Fairfax has almost 20 general insurance subsidiaries and joint ventures globally, including ICICI Lombard (India). The portfolio also includes several market leading insurance companies such as Odyssey Re (USA), Crum & Forster (USA), First Capital (Singapore), Fairfax Brasil (Brazil), Gulf Insurance (Kuwait).

Fairfax is engaged in long term investments from its own resources, with a focus on delivering long term capital appreciation through a flexible and value oriented approach. Fairfax has over the past 25 years demonstrated a strong financial track record to achieve an annual appreciation in book value per share of 24.7%.

Mr. Prem Watsa, an IIT Chennai alumnus, has focussed on India as a major investment destination, and Fairfax was amongst the early registrations of FIIs with SEBI. Mr. Watsa has also served as a director on the Board of ICICI Bank from 2003-2011.

I am delighted to share with you that both Fairfax Financial Holdings Ltd and your Company share similar values. Significant also is Fairfax's intent to invest in your Company and further a joint objective of impactful growth, ensuring enhanced breadth and depth in product-service portfolio together with exceptional service delivery.

Continuum will be ensured under the existing management team led by Madhavan Menon, and it will hence continue to be "business as usual".

The announcement ushers in a vibrant new chapter in the history of the Company, and I look forward to your continued support.

Before concluding, I would like to avail of this opportunity to thank TCG and its management, for their continued support and guidance over the last several years and the trust and confidence reposed by them in the Company and its management. The Company will endeavour to continue to work with TCG in a collaborative manner to harness synergies from your Company's strength in the Indian market with TCG's global presence and expertise to build and grow business in a manner which is mutually beneficial and rewarding for both organizations.

Thank you for being here today.



Mahendra Kumar Sharma