

CHAIRMAN'S SPEECH

37th Annual General Meeting
Friday, 30th May, 2014



Transforming today to serve tomorrow's travellers.

Thomas Cook (India) Limited



Chairman's Speech for Annual General Meeting 2014

Ladies and Gentlemen,

I welcome you to this 37th 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 financial year 2013.

The Economy

For the Travel and Tourism Industry, the year 2013 saw the Travel & Tourism industry face rough weather courtesy the combined forces of a continued economic recession, the slowest rate of growth since 2002, a GDP slide from 5.0% in 2012 to 4.5% in 2013 and inflation at an all time high (Consumer Price Index) rising from 9.3% in 2012 to 10.9% in 2013. With the added burden of spiralling airfares, fuel surcharges and taxes, customers remained cautious and this was even more pronounced in their travel and foreign exchange spends.

The volatility in the Rupee against all major global currencies, as witnessed in 2012, saw continuum in 2013, viz. 12% vs. USD, 17% vs. EURO and 15% vs. GBP, creating a further deterrent to travel and travel related businesses.

Data from Tourism Boards, showed an approximate 12% decline in Indians travelling to popular international destinations in 2013 over 2012.

On the global travel front, recessionary trends saw very 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

It is a matter of pride, that despite truly adverse trading conditions, your Company's businesses continued to display strong growth in 2013.

Your Company recorded total revenue of ₹ 3836 million and profit before tax of ₹ 703 million (previous year ₹ 737.9 million) with profit after tax being ₹ 461 million (previous year ₹ 492.1 million) for the year ended 31st December 2013. The basic earning per share of the Company is ₹ 1.96.

On a consolidated basis, the profit before tax stood at ₹ 1,022.6 million (previous year ₹ 770.8 million) and the profit after tax & Minority Interest was Rs 622.2 million (previous year ₹ 504.4 million).

Strategic focus on product innovation backed by impactful marcom and excellence in service delivery, resulted in strong delivery for your Company. Simultaneous attention towards customer acquisition via new emerging markets and untapped consumer segments, together with aggressive expansion created further impact to your Company's growth story.

To keep pace with the rapidly evolving Indian consumer and to ensure seamless delivery, your Company maintained its momentum on investment in new technology.

Your Company's Process Transformation initiative saw commencement via selection of WNS to maximise efficiency and productivity via outsourcing of non core activities.

As of December 2013 end, your Company, along with its subsidiaries, continued to be among the largest integrated travel groups in India. Your Company operates through 242 branches located in 99 cities, 165 PSAs and 134 Gold Circle Partner outlets to ensure effective access and distribution across India, Mauritius & Sri Lanka.

Your Company also has presence in 13 countries outside India through its branches/ representative offices in USA (New York), Spain (Barcelona & Madrid), UK (London), Japan (Tokyo), Germany (Frankfurt), Nepal (Kathmandu), Australia (Sydney), China (Beijing), South Korea (Seoul), Portugal (Porto), Russia (Moscow), apart from its subsidiaries in Mauritius and Sri Lanka.

The year 2013 saw overall Foreign Exchange volumes increase by 5.7% despite the uncertainty that surrounded the Rupee for most part of the year.

The year saw appreciable growth of your Company's portfolio of retail products, including the launch of "Forex on Mobile", "Easy Ways to Book" including online, phone, sms or even a tweet! Your Company's shift to becoming a Payment Solutions Provider saw strong delivery via its multi currency Borderless Prepaid Card (now the fastest selling travel card in the Indian market with over 60,000 cards sold till December 2013) and the launch of its Incredible India Card in association with Yes Bank and The Ministry of Tourism, Govt of India. This prepaid card is aimed at providing enhanced convenience and security to foreign tourists whilst travelling in India by eliminating the risks associated with carrying physical currency and can be used at all ATMs and merchant establishments that accept a MasterCard in the country, also for online transactions on Indian websites.

Your Company further strengthened its Inward Remittance business with a CAGR of 31% in volumes over the last 3 years and increased its reach with over 18,000 agent locations countrywide by year end.

Corporates remained cautious while spending on travel and foreign exchange. Your Company continued focus on acquisition of new clients and strived to provide un-paralleled customer service along with a suite of products, which led to a moderate increase of 8% in volumes.

Leisure Travel further expanded its distribution network by a combination of owned stores and franchisee outlets across the country as well as in overseas markets to tap the powerful NRI segment. An innovative "shop-in-shop" concept was launched at Lulu Mall in Kochi and at the prestigious Jaslok Hospital in Mumbai.

The Company added 24 new Gold Circle Partners in India, 2 GCPs in Nepal and Srilanka and 9 new branches in 2013.

Beyond conventional medial channels, the Company undertook roadshows, consumer holiday carnivals and on ground consumer events to promote its leisure products. Your Company saw commendable tractions from the Pan India 10 city roadshows to reach out to B2B partners, to promote its products and product differentiation, covering 1000+ travel agents.

Leisure Outbound's pioneering DMC (Destination Management Company) operations in Europe saw resultant improvements in pricing and control over operations and service delivery due to direct contracting with local hotels and ground suppliers.

New and innovative products introduced in 2013 included additions to your Company's Regional Tours (eg Durga Puja Holidays), Holy Land Tours, Trade Fairs and University Tours to capture the country's emerging student segment.

Your Company's Inbound Division further consolidated its presence with offices across 12 cities in India, 7 marketing offices overseas at USA, United Kingdom, Frankfurt, Spain, Japan and Nepal and Representatives in Portugal, Russia, China, Korea, Mexico and Australia.

Your Corporate Travel division maintained its edge in the thought leadership space with its pioneering "Travel Mind Speak", a 3 city brain-storming platform for travel decision makers that generated vibrant discussion on topics of concern to the industry.

Your Company's unerring focus on consumer research and analysis was reiterated via its 'Through the Crystal Ball' Survey that highlighted fascinating emerging trends, opportunities and needs of the evolving Indian traveller.

Despite challenges, MICE has registered a top line growth by 8% by cementing strong relationships with several respected corporate houses, tapping new markets and strong focus on domestic MICE opportunities.

eBusiness continues to be a focus area for your Company as part of comprehensive multichannel strategy. The call-center was also strengthened in 2013 and saw a phenomenal growth in bookings. Our company also strengthened its position in the agents and SME segment that uses the online booking portal to serve the customer better. Our company now has active engagement with current and potential customers through social media and other digital platforms.

Your Company's focus on innovation and technology resulted in the launch of eBrochures and an engaging android tablet app- both to aid our Holidays front line sales teams and provide our customers with a virtual walk-through of their holiday. Also included are a host of travel packages, detailed itineraries and options; vibrant images, videos, maps and backed with invaluable visa, travel tips and destination information.

Accolades and Awards

Your Company has been the recipient of several coveted awards and accolades for 2013:

- Best Tour Operator by Lonely Planet Travel Awards 2013
- Best Tour Operator - Outbound at the CNBC AWAAZ Travel Awards 2013
- Retailer of the Year - Leisure & Holidays by ET NOW 2013
- Favourite Specialist Tour Operator Condé Nast Traveller Readers Awards 2013
- Top 10 South Asia IATA Authorized Training Centers, 2013
- National Tourism Awards 2012-2013:
 - Best Tour Operator promoting Niche Segments other than Adventure & MICE
 - Award of Excellence: Best Tourism Promotion Publicity Material (Private Stakeholder) - Joint winner
 - Best Inbound Tour Operator in (Category I): Third Prize

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

- CRISIL has reaffirmed the ratings at 'CRISIL AA-/ CRISIL A1+' (pronounced CRISIL double A minus / CRISIL A one plus) on the debt instruments and bank facilities; the rating outlook is 'Stable'.
- ICRA has reaffirmed the [ICRA]AA- (pronounced ICRA double A minus) rating assigned to the ₹ 200 crore Non-Convertible Debenture Programme. The outlook on the rating is 'Stable'.

IKYA

IKYA Human Capital Solutions Limited, the company that was acquired by TCIL in May 2013, is the fastest growing HR solutions company in India, with specialized service offerings in Staffing Services, Training and Skill Development, Executive Search, Recruitment Solutions and Training and Project based RPO hiring.

Headquartered at Bengaluru, IKYA provides world class HR services through the company's owned offices across India to over 500 organizations, including leading MNCs and large Indian firms across industries.

Within this first year since the acquisition, IKYA has delivered remarkable results and robust growth. The group's revenues crossed INR 1000 Crore in the Nine Month Period Ended December 31, 2013 with a 37% increase in EBIDTA and 151% increase in the net profits over the previous year.

The Consolidated head count of the Company grew from 54,000 to 68,000 (26%) & the overall results of the Company have been in line with the estimates at the time of acquisition.

In addition, the training and skill development vertical has been awarded ten projects by the Ministry of Rural development, Government of India valued at about INR 150 Cr.

IKYA is also planning to expand its operations beyond India and to further consolidate its leadership positions in Indian Markets.

2014 - Looking ahead

On February 7, 2014 your Company announced its merger with the 27 year old vacation ownership pioneer, Sterling Holiday Resorts India Limited. The transaction is expected to close by the fourth quarter of 2014, subject to customary closing conditions and regulatory approvals as required.

The merger with Sterling Holiday Resorts brings significant synergies to your Company with access to Sterling Holiday Resorts' network of 19 resorts in 16 attractive holiday destinations across India and hence viable opportunity for both Domestic FIT and MICE segments.

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