“Thomas Cook (India) Limited

Capital Markets Day 2024”

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E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 23rd August, 2024 will prevail.

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Moderator: Good afternoon, and very well, very warm welcome to the Capital Markets Day 2024 of Thomas Cook India Limited. I am Rahul Agarwal from Strategic Growth Advisors. We are Investor Relations Advisors to the Company.

Today we have with us Thomas Cook Management Team. The team is represented by Mr. Madhavan Menon, Executive Chairman, Mr. Mahesh Iyer, Managing Director and Chief Executive Officer, Mr. Vishal Suri, Managing Director, SOTC Travel Limited, Mr. Dipak Deva, Managing Director, Travel Corporation India Limited, Mr. Vikram Lalvani, Managing Director and Chief Executive Officer, Sterling Holidays Resorts Limited, Mr. K. S. Ramakrishnan, President and Chief Executive Officer, DEI Holdings Limited, Mr. Debasis Nandy, President and Group CFO, Thomas Cook India Limited, and Ms. Urvashi Butani. She is Head Investor Relations. The event will start with a brief management presentation followed by Q&A, and then we will have a high tea and networking session.

I will now request Mr. Madhavan sir to please take over.

Madhavan Menon: Good afternoon to you, ladies and gentlemen. Let me just welcome you to the Capital Market Day of Thomas Cook India Group. Apologies, we have not held it for several years, obviously for obvious reasons. However, we want to get back into this in the scheme of things. Before I start, let me just introduce my colleagues. While their names and designations have been mentioned, I will just request them to stand up as I call their names so that you can identify them as we go forward.

On my left, I have Mr. Dipak Deva, Managing Director of TCI, Travel Corporation of India. I have Mr. Vishal Suri, the Managing Director of SOTC, Mr. Abraham Alapatt, who Heads up Marketing in the Group. Mr. Bhavik Bhimani, who is the Financial Controller. Mr. Brijesh Modi, who is the CFO of Thomas Cook India Limited. Mr. Farroukh Kolah, who is the CFO of SOTC. By the way, it is Mr. Kolah's birthday also, so please do wish him when you get a chance. Mr. Vikram Lalvani, who is the Managing Director of Sterling Holidays. You have got Mahesh Iyer, who is the Managing Director and CEO of Thomas Cook India Limited. Mr. Ramakrishnan, who is the Managing Director of DEI. Debasis Nandy, who is a group CFO. And of course, Urvashi, who has organized this entire event. And I am Madhavan Menon.

Ladies and gentlemen, we are going to do a slide presentation, so please bear with us, but I think the attempt is to give you as much detail as we can through this whole process and therefore give you an opportunity in the Q&A process, we can improve the quality of what you need to find out. I think I have introduced everybody, we do not need to worry about that. Let me give you an overview of the Group. So, in the Group we have 16 brands, the youngest brand is about 20 years old, the oldest brand is about 143 years old. We operate in 28 countries, which stretches across five continents and we have 858 touch points across the world.

In terms of our parentage, we are owned by the majority shareholder is the Fairfax Group, who needs no introduction.They own 63.83% and they are long-term shareholders. They are committed to this Company in the long term, as they do in all their investments. There is a track record in terms of exits that they make. In fact, in India, they have not really made an exit other than when regulators required them to reduce their holding. In terms of the portfolio setup, we have travel and travel-related services, which is essentially a B2C business and a B2B business, and covers leisure travel, travel management, MICE and the destination management business. We have financial services, which is essentially foreign exchange.

We have digital imaging solutions, which is DEI, and we have leisure hospitality and resorts, which is Sterling Resorts. If I look at the financial resilience, this is going to be covered in a fair amount of detail, so I am not going to spend too much time beyond saying that for the financial year ended '24 we have total income from operations of Rs 74.4 billion, profitability of Rs 3.5 billion, cash and cash equivalents of Rs 15.2 billion, and a return on equity of 14%.

I think what is very important on this slide, which I just want to reiterate, is the diversity that the group has, whether you look at it from a geographic point of view or whether you look at it from a business point of view. If you look across our entire portfolio, you will find that we are present in the travel and travel services space. We operate in the financial services space. We are in hospitality, and we are in the destination management business.

If you look at our diversity, you will notice that we operate in 28 countries, and we have multiple operations across the world. If I look at, for example, a DEI, operates between the Middle East and Asia, they have got 250-odd touch points where they operate. If you look at Asian Trails as a destination management company, they operate across nine countries. So, we have diversity, both geographically as well as financially. The example I will use for this is if you look at the last quarter gone by. For certain reasons, Sterling saw their income decline.

However, if you look at the whole group's operations, whether I look at it including the mark-to-market, the holdings that we hold in Quest, or we include it and look at it, one is 19%, the other was 11%. So in reality, the diversity is a method that we have used to hedge our risk. You will appreciate that we live in a very uncertain world, and you do not know where something is going to blow up or where there is going to be disruption. So, I think that is very important.

If you look at the brands which I talked about, I think what is very important on this page is that the core of the Group operates in India, across Thomas Cook, across SOTC, Travel Corporation of India and Sterling Resorts. This represents the core of the entire Group, and this does represent the major element of our income.

If you look at the integration that we have managed over the years, if you look at Thomas Cook and SOTC, they have integrated their travel services on the back end. If you look at TCI, today there are three brands that operate under their umbrella, which is essentially Travel Corporation of India, Distant Frontiers and Go Vacations. All these operate in an integrated shop.

If you look at Asian Trails, we are talking about covering nine countries, as I mentioned earlier, but it is one shop on the back end that actually handles the reservations, the IT and a lot of other activity. And lastly, Sterling, if we are talking of 50-odd resorts, and the number of resorts will grow dramatically, but Sterling's management controls it through an integrated shop that operates from their head office or through regional centres that they maintain.

DEI, I do not have to say. Their technology and their operations are centralised, and that provides us with the degree of integration we are talking about. Why I am reiterating integration is that it has brought a lot of cost benefits to us, and while some of these existed pre-pandemic, a lot of this has been tightened and become more productive post-pandemic.

If you look at the major objectives or the pillars on which our businesses rest, our focus is to strengthen our core. The pandemic allowed us an opportunity to upgrade our technology. Some of our units, as we talk, have just launched their new technology. I talk about Travel Corporation of India having just launched Travart, which is an extensive and useful software that is used by aggregators in their source markets.

If we look at DEI, they are currently in the process of rolling out what they call WeC, which is a very sophisticated software. By the way, you will see photographers taking photographs. All you need to do as you exit the room is to pick up a QR code, scan that QR code, it will take you to a website, and using facial recognition, it will throw up photographs where you are in those photographs.

This is technology that we are implementing as we talk at various touch points across the world at DEI. In terms of the organization, if I look at the Managing Directors who head up all the teams, the average experience is 34 years. Even 34 years is a lot of experience that we have built up in these organizations.

We have had a very stable Senior Management. Whichever organization I look at, we have had stability, and I think that is one of our core strengths. That is something that Fairfax requires us to implement all the time, because each of these people who are part of our senior team brings so much experience, and therefore replacing that knowledge is very difficult. Our teams are committed. They are diversified across countries, across continents. We have expertise that lies in various companies, and we can draw on these experiences as and when we need it.

A second important pillar is the enhanced customer experience. Now, I know experience is a buzzword, but the reality is I think somewhere in 2017, 2018, we recognized that younger and younger people were coming into the market and looking for experiences, and therefore the need to start creating products that met that requirement of an experience. Rather than just selling a product to someone, we actually figured out that we needed to sell experiences. In comes the pandemic. That gave us the opportunity to retool all our software towards selling experiences.

A second important element is the omnichannel platform, which essentially allows the recipient or the person who is looking at the content as well as the agent who is selling the holiday looking at the same screen. We have tried to the extent possible to have uniform screens. That facilitates the selling process, because not everybody can come and do their research online and make a decision. Very often, people need assistance when they are buying a holiday, be it short-haul or long-haul.

People need to know what experience they are buying, and therefore the need. To facilitate this, we introduced the omnichannel process. In terms of global partnerships and ecosystems, we have built a lot of partnerships across our system. I am just going to jump into the next slide for a minute and then come back. These are many of the brands that we deal with across our businesses. I am not going to get into who deals with what, but the reality is there are global organizations that we deal with.

We deal with large Indian corporations, and I think that is what is core to our strength. In this, we have partnerships, for example, with the largest leisure group out of Germany called DER, who have a joint venture in India with Travel Corporation of India. In the United States, they have a joint venture with Allied T-Pro. We have other entities where we have joint ventures, and we have close relationships. If you look at the hotel names that are sitting right here, it represents all the big hotel groups in India. Despite the fact that we have a hospitality business in-house, the objective is to try and build our relationships across the universe.

An additional factor that enhances the customer experience is to try and direct as much business, or if you call it integration, into the group itself. We try and ensure as much as business that any of these companies do, how do we go and try and route it through a group company where it is possible. Obviously, it has got to be at arm's length to fulfil regulations, but the reality is there is a degree of that also that exists. The last pillar is obviously building long-term resilience. We have a robust balance sheet, and I think each of the companies in the group have contributed to this. We have operating efficiency, and I talked earlier about the integration that we did.

Part of the objective of integration was to bring in cost efficiency. Even today, when we talk about it, if we look at our payroll, we can compare it with 2019 and proudly say that we are still below those numbers. If I look at the cost-to-revenue ratio from approximately 85% in 2019, we are at 72% today. Lastly, growth through the customer experiences. Obviously, we are a service business. It is the word of mouth that builds our reputation.

While some of the B2C businesses need to advertise, but the reality is it is word of mouth. You can go across our group. People choose us because we are trusted. That is why I emphasised right on the first slide about the average age of our brands. Therefore, people have asked me, why don't you just put them under one brand name? Legally, we are not allowed to call everything Thomas Cook, but the reality is each of these brands brings something to the table, and it is called trust and relationships.

With that, I am going to stop here and hand over to Mahesh Iyer.

Mahesh Iyer: Thank you, Madhavan. Good afternoon, everyone. I am going to walk you through one of the segments of our business that is foreign exchange. I hope I am audible. Just to give you a little background to this business, it is important for you to understand that it is a regulated business. There are entry barriers and these are highly compliant environment in which we operate.

It is also important to call out the license that we hold is a current account nature. So, we do not do all transactions that are listed under LRS. So, our transactions are more current account nature. With that backdrop, I want to give you a little sense on what we do for a business and what are some of the key strengths that we have. If you look at it, this is an industry landscape. I think there is an important element that you want to see here is the growth that we have witnessed coming out of the pandemic.

If you compare FY '23 to FY '24, the growth in the business roughly has been about 25%. If you look at the market size, we are talking about a $25 billion market of which $17 billion is travel related. That actually gives you a lens on the opportunity that we are talking about. If you look at that and within that, if you look at the growth that you are seeing, travel has remained at the same level that it was. The segments that have improved is the improvement has been on the remittance side. The improvement has been on the student side.

And what I want you to keep in mind and I will rephrase this at some point in time, is look at the growth rates. If you look at the travel growth rate, it has been a 24% growth over 2023. If you look at the student segment which is represented by education, that is a 1% growth. And if you look at the remittance business, that is a 10% growth. And I will talk about it in the subsequent slides when we talk about how we lead as an industry leader in this space. It is also important to highlight here that we are competing with banks.

We are competing with other money changers who are all in the same space that we operate. But with the banks, we are uniquely different because banks also deal with customers which is an account-based relationship and there are capital account transactions too. So, our lens is more current account and hence the lens that we need to look at the business and the growth that we capture in this business is through a current account lens.

What we do and who are we? I think we have 75 years of experience in the foreign exchange business. Madhavan spoke about the 140 plus years of legacy that we have. Half of that is in the foreign exchange space. So, we are strong established brand in this space. We are the only authorized dealer who has got its own Nostro accounts which gives us the ability to remit money on its own.

And when you look at it from a comparison to a bank or any other money changer, what it means is that you are focused on the experience. Look, foreign exchange is not as, if I have to use the word, not as dramatic and as I would say great as it would look like because it is a product that you are trying to sell. Now, how do you ensure that the experience that you bundle around it is uniform and gels with the customer?

So, clearly when you manage this variable end to end, you have your own foreign currency account, you manage your own dealing room, you bring your own network, I think it gives an end-to-end service. Unlike if you were to operate this with a bank, you will do a transaction with category A bank or category C bank and then you will have to wait for the remittance to happen, you have to wait for a confirmation to come and stuff like that. We manage this entire end to end because of the fact that we have our own foreign currency accounts, we manage our own dealing room.

Hence, we have the ability to offer finer price to the customer. We are also the first non-bank authorized dealer to launch our prepaid card. We operate actually in fact all the three platforms, we operate the MasterCard, Visa and the RuPay platforms and we were the first one in this space to bring that to the market and it is one of the most fledging platforms that we have today.

Also, our license that we have which is unique is for perpetuity. Unlike a lot of other AD IIs and FFMCswho operate in this space, they have to go for annual renewal, in some case three years renewal, our license is for perpetuity. When you get something like that from the regulator, it is also important to understand that it comes with a lot of responsibility and hence we place a lot of emphasis on compliance and customers trust us because of the compliance and the transparency that we bring to the table.

Some of the new landscape changes that is happening in this market is the recent discussion paper that RBI launched where they are looking to consolidate the entire market space. Just to give you a lens on the market, we are talking about close to 1,700 MSBs or money changers in this market and RBI is looking at to consolidate that space which means they are looking to bring this concept of FX correspondence who have to either work with an AD I or an AD II. So, there is a degree of consolidation that we believe will happen once this policy statement comes out over the next 12 to 18 months.

The other important element which now the Reserve Bank of India is looking as a policy change is to allow AD IIs to start doing capital account transaction. As I mentioned, our license currently is restricted to current account transactions. Now here is a scope for us to expand ourselves into the capital account space. Now capital account transactions will be of the nature of buying property, making investments and stuff like that. So, it is a new landscape that opens up new avenues for the company.

Just to give you a lens on how we have built leadership in this business, we do close to about 1.2 million transactions annually. Now these are retail transactions and when you look at the next point we have, we sell close to about 250,000 cards every year and these cards come with a validity of five years. Now what you are doing is building a journey with the customer for a long period of time. You are actually managing the life cycle of the customer, catching them young and then growing with them.

If you look at our card portfolio, we do an annual load of close to $800 million and it generates a free float of $170 million annually. Now that is the scale at which we operate. We have a market share of close to 26% today and that ranks much higher than some of the leading banks in the country. Now we build this scale over a period in time. As I mentioned to you, we are the first non-bank to launch our prepaid card in this space and we then come to the market with a MeToo offering. We understood the customer, we segmented them well and put offerings to the market that got them to start dealing with us and experience.

It is not about putting a product out there but understanding what the customer wants and building an entire experience around it. If you look at our transaction volumes, we have done $4.5 billion of card loads till date. We have about 150 plus physical stores and 4,000 touch points. These include agents that deal with us both physical as well as digital. We also have a model called as FX Mate and we have got 2,000 plus agents who deal with us. These are more like financial advisors, insurance agents who actually canvas business for us and at the end of the day we consummate this.

So clearly, we have a large distribution base of close to 4,000 touch points to which customers can deal with us. The products that we offer is prepaid cards, remittances and buying and selling of foreign exchange. What has changed in the landscape over the last decade or so is that digital adoption has been very high. What we have seen is that more and more customers are convenient, comfortable and find it more convenient to use digital products and that has grown in leap and bound.

If you look at the market, this market, the prepaid space is roughly about $4 billion and we do close to about $800 million. So, the growth rate in this market has been about 14-15% and we have been growing at about 20% annually. So that is the kind of growth rate that we are seeing and that is because we have segmented the market where we understand the space that we play and we continue to invest in that.

Talking about the customer segments, we actually look at the business in two lens. One we call the wholesale which is where we deal with the banks and other money changers that is called MSBs and if you look at the other side of it, we look at the retail segment and you will note here that we have specifically mentioned prepaid cards as a segment and that is really because if you look at the retail, all others are explanatory, FX for leisure, FX for students and stuff like that.

But if you look at prepaid cards, it is not really a segment but the reason why we call it as a segment is because we are trying to build that as a portfolio for people even if they are not travelling to use that as the preferred mode of payment. So that is the lens that we are building and hence we start looking at it as a separate segment which can cut across all the retail segments that we have which could be a traveller, an education consultant or stuff like that.

At the same time, we can also use it as an instrument to pay for any foreign exchange requirements and it is specifically more important to highlight here when the doors for capital account transactions will open up, this will become a very important medium to send money across. If you look at our portfolio and this lens on the FY '24 turnover, 26% of our business comes from wholesale and 74% of the business comes from retail and within retail, if you see the bigger segments that is growing is holidays and education. And what is important and if you looked at the slide number one when I gave you a perspective on how the market has grown from '23 to '24, look at the education segment, the market grew by 1% but our portfolio grew by 10%.

If you look at the travel portfolio, it grew by 24%. If you looked at that $17 billion number, that was a 24% growth. If I add up the FX leisure and the FX to corporate which are both a part of the retail, our growth rate are close to about 35%. So, we are industry leading growth. While the market is growing at a certain percentage, we are actually growing higher than the market. And that also tells you the lens on as to how we managed it because we have deep expertise in the business.

We have got larger touch points. We are very compliant and we build on trust. And I must qualify here that we are not a least cost operator here. We are not competing with the online space where people sell at IBR and we make money and every transaction that we do, it is a transactional business and we monitor every transaction. Every transaction has to make that money for us.

If you look at our touch points, I mentioned about the 4,000 plus network points that we have, 2,000 and this is the B2B agents that I was talking about and it is completely digital onboarding and digital fulfilment. There is no physical interface here. We have got 2000 plus agents and this is a new channel that we started expanding in 2020 and in 2024, we have got 2000 plus agents and growing. If you look at our physical touch points, we are about 150 plus stores, includes the airport counters also.

We are present at Tier 2, some of the Tier 1 airports, but strategically and intentionally, we do not want to be at the Tier 1 airports because the market is expanding on the Tier 2 and Tier 3 side and we want to be getting closer to the customer. Tier 1 airports are getting increasingly expensive and we do not want to be in that model where we will not make money. If you look at our touch points, we are present across all physical formats that one can think of.

We are present at the hospitals, we have got high street locations, we have got airports, we have got implants, we have got call centers. And call center plays a very important role in how we carry forward our digital journey. If you look at our digital adoption, we are sub 9% or 9% in 2019 and if you look at the journey from that point to where we are today, we are close to 22% today and our stated objective is to take that closer to about 35% over the next three years. And we are building little blocks in making that happen. And if you look at it on the right-hand side, we have spoken about FxNow. Now this is a tool where a customer can seamlessly manage his prepaid card, order for Forex and get it fulfilled.

If you look at FX on WhatsApp, we are a unique first of its kind. Typically, you will find that WhatsApp as a model is used as a servicing platform, but here we are using it as a sales platform and you will see a little demo of the same in a little while from now. TCPay, again another unique offering from Thomas Cook which allows remittances to seamlessly happen where the entire KYC is digitally done and the entire money is transferred from one point to another, giving the trackability to the customer to trace as to where the fund is at any point in time and we assure remittances in less than 24 hours on a weekday. It's a little demo on how we do that.

Mahesh Iyer: Can you just hold for a minute, Urvashi? Now, what you saw here is an entire seamless digital transaction under two minutes. This video was for two minutes and it's a live transaction, what you saw. When I say live, it's recorded live. It's under two minutes. What you saw on those panels here, what you see on the panel up there is the name of the traveller. This is the geo-tagging which is required by the regulator. What you saw, he's showing the passport, he's showing his PAN card. All of them are validated at the back end with NSDL on a real time, which means the entire process is digitally done.

The customer can place the order for his foreign exchange from the comfort of his home and the foreign exchange will be delivered. And we have a commitment and a promise to deliver foreign exchange to his home under two hours. So we call us as the India ka Forex Specialist and Gharpe Forex in two hours. So these are the two promises that we make and we deliver this promise to the customer every time. That's how we enhanced our digital journey and acquired more customers in this space. The other on the WhatsApp journey.

Here again, typically, what you see is that WhatsApp as a channel is used for service, we are using it for sales and the fulfilment happens out of a branch. So we can pick up a lead from a customer who can come, give an inquiry on WhatsApp, complete the entire process and go through the flow and the fulfilment can happen out of a branch or you can choose to get a home delivery done for the same.

Again, as I said, TC Pay, another revolutionary product that we've launched, which allows the customer, I didn't put a video out there, but it's under the beta phase at this point in time, where the customer can seamlessly remit money from the comfort of his home and get to track his money as to when it's reaching out to the end consumer.

So clearly we're building this entire digital journey for the customer, penetrating deeper and getting closer to the customer as possible. So it's an augmented, as Madhavan said, about the omni-channel experience. We have our physical footprint and we also have our digital footprint and that's growing. From under 9% in 2019, we are at about 22% and we're expanding the journey as we go along.

I'm going to drain this slide a little more and I'm going to talk about the key product that's been going well for us as in the foreign exchange business, which is the prepaid card. As I mentioned, we were the first authorized dealers to be issuing our own prepaid card in this market in association with MasterCard and later on we came with Visa and now we offer MasterCard, Visa and Rupay.. They come in two variants. We call it the multi-currency and the one-currency card, each which has got a wallet to operate. A very intelligent product, which means if you're operating a multi-currency wallet, you will never run out of money because it has intelligence built in to move from purse to purse. If you're operating a one-currency, it gives the option of carrying a single currency across the globe and denominated in U.S. dollars. Each comes with its unique set of features.

What's important here to mention is that we've understood the customer well. We didn't do what everyone else did, which was to copy and just say that we will put a bin and do this service for the customer. If you look at it, our enterprise card talks about a bit of sustainability. It talks about how a corporate consuming this card can also contribute to sustainable environment and I think that's what we brought to the market and there are other features, but I want to focus on the sustainable part of it.

If you look at the Study Buddy, a card focused on the student segment brings in a whole lot of benefits that appeals to the student, right from a free calling card when he's overseas, to a membership, to a lounge, to benefits, to an ISIC card and many other offerings on luggage, laptops and stuff like that, including air tickets, which is a part of our travel offering in any which ways. So clearly what we are doing is creating the segmentation for the customer, creating products that gets the customer across to us.

Clearly, we understand the market well. We have deep expertise in the customer segments that we operate in. We are not here to be everything to everyone, but we are specific in the segments that we operate. Hence our focus has been well defined in terms of travel segments, well defined in terms of education and remittances, which we believe are the three growth areas for us in the future.

From a customer segment point of view, this card appeals to everyone, but we are not putting the same product in the hands of every consumer, but actually segmenting that well. As we speak, we are working on a travel card, which will now come to the market somewhere in the last quarter of this fiscal and that will bring in unique benefits for the larger leisure travel audience that we are talking about.

Just some financial highlights, if you look at our growth and I would like to qualify here some base effect, but I think what is important here to see is the growth in revenue. If you look at our income from operations, grew 23%, EBIT grew substantially higher. What is important is to look at the EBIT margins that we operate.

The business currently operates at an EBIT margin of about 41%. I think the clear moat of this business lies in the efficiency that we built through technology, through people and the entire ecosystem that we built around the foreign exchange business. This is something that we built over years with tons of experience, with about 800 expert people who have an average age of about 10 years with the business and build this for the long term.

Why we win? I mentioned a lot about what we do. We are trustworthy, we are transparent and we are compliant and that is the one reason why customers choose us. There has been this question about saying why would somebody come to you and not go to a bank and go to somebody else? Yes, there are customers who go to. I am not the only market. I don’t have a 50% market share. But the customers who come to us love to come back to us and we have a repeat of close to about 30% on our transaction on the retail base and that kind of tells the story. And we are trying to increase that by getting more digital products across to them, connecting digitally with them because it is a habit.

Once you buy a product digitally, you want to continue doing that and that is the kind of journey that we are building. We keep customers at our heart, they are at the forefront. Madhavan spoke about the same thing. It is the ethos across the group. Any business that we operate, it is always the customer at the centre of it. We focused on the customer to an extent as to how Amazon thinks about the customer. We are willing to go that far and be as close to the customer as possible.

We adapt and we also adopt. When I say we adapt, we are happy to look at what the market is doing and I would like to say here we shamelessly also like to copy. We don't want to always say that I will co-create, I will create it again. If somebody is doing something great, we are more than happy to shamelessly copy because at the end of the day, this is what the consumer wants. And if we can take that to the market quickly, we are more than happy to do so.

And obviously, customer needs are changing and we want to rapidly adopt ourselves to the changing customer requirements. We are scalable. We have a large branch network. We have a digital footprint. We have technology and deep expertise. Our win to market is the segmentation with the customer and we will continue to build on that.

Just a quick outlook on how the market looks like and I am sure I spoke about some of that. The key growth segments that you will see will be travel, education and remittances. These are three big segments that we believe will see a growth about 12% to 15% over the next three to five years and that is the segment that we believe we will also keep focusing on.

It is also important to mention here that customer spendings have actually gone up from about on an average of $1,400 to $1,500 on a card that customer used to take on a trip, they have actually moved up to close to $1,800 today which means customers are willing to spend more and more on their travel and that's the trend that you are seeing because people are spending more on experiences. And my colleague Vishal will talk more about experiences when he speaks about travel.

What are we focusing on? We have a dominant position on the prepaid card space. We will build our journey around cards because we believe that is what the customer life cycle is managed well. We want to entrench and stay as close with the customer and tie them up as long as we can.

Our focus is going to be on the student and the remittance business where we believe there is a lot of growth that is going to come from and we will enhance the customer experience based on an undifferentiated product market that we operate in, we are focusing on customer segmentation that will allow us to win as we go along.

On that note, I would like to invite my colleague Vishal to talk you through the B2C holiday business.

Vishal Suri: Good afternoon, everybody, and welcome and thank you for coming in such large numbers. I am going to speak like Mahesh mentioned about the travel businesses and let me just get used to these things. So I will talk you through the travel ecosystem of Thomas Cook India Group.

The travel ecosystem in Thomas Cook India Group, before I come to that, overall at an industry level there is World Travel and Tourism Council which is very credible in a global organization that has done a study on India and actually rated India, the whole travel sector which is also dependent on the hospitality and the aviation sector, it's actually rated India as one of the key and the most attractive markets and this market is supposed to grow over a period of time.

From 2019, we are talking about $150 billion to about $410 billion which is about a 2.7x growth, so it is going to grow at about a 15% CAGR, 2.7x percent growth and these are very sizable numbers. Obviously, COVID did disrupt this market to some extent but if you see as of last financial year, we are talking about almost about an 80% recovery on an overall basis.

The spends and you will notice a shift. There is a marked shift obviously. There is an aspiration among the Indians and more and more Indians with higher disposable incomes are increasingly wanting to travel. The split which used to be one-fourth and three-fourth between the domestic and the international travel, the domestic travel being the three-fourth in 2019, I am talking pre-pandemic.

Post-pandemic, while the domestic has continued to grow, it is very, very sizable at this point in time but international is now almost about one-third and the split is now one-third and two-third and this is a split that is likely to continue and both of these are very, very attractive segments as far as that is concerned.

The number of trips are likely to go almost about 2x upwards from 2.3 billion trips to about 5 billion trips and why am I speaking about this and I will give you a context when I move to my next slide is because the space is very, very exciting but there is a lot happening in this space also. There are tailwinds. There are policy changes which are happening. There are obviously the overall growth and the positivity around the sentiments, stable political environment when the context is India.

While all these factors are there, which is actually aiding and helping the sector actually grow, there is also a mind-set shift and this is to do with the psychographics at this point in time. There is a mind-set shift. The customers are now beginning, in terms of their priority, are rating travel very, very high compared to what it used to be maybe about a decade back and that is obviously driving growth.

India had about 700, and I am just giving you a context, these are some data points, had about 700 aircrafts across multiple airlines that operate out of India. This number is likely to go up to about 1,400 so we are going to in about 2030 this is over the next five or six years we are estimating this number to double and you can look at it from the number of aircraft orders that have been placed by the Tata owned Air India or for that matter Indigo, so these numbers will go up.

What is also simultaneously happening is if you look at the number of airports and there are the policy changes under the UDAN scheme, government is also subsidizing the airlines on certain sectors so that they can fly into certain sectors and these are very little, little nuggets which are there and they are adding to the overall sentiment and the growth around the industry.

We used to have about 74-odd airports in the country in about 2014. This number, as we speak today, is closer to about 150 and is likely to go up to by in the next couple of years likely to cross about 220-odd airports and that is a sizable number that we are talking about. And if you really, and I am not even talking about the upgrades that are happening on the railway network within the country both on tracks and the coaches and stuff like that.

The road infrastructure which is improving, there is large commitments which have been made by the likes of Taj Group of Hotels which is Tata owned again or for that matter my colleague Vikram may speak about the expansion that he is looking at the Sterling site, so there are more room inventory which is coming in, the road infrastructure, the rail infrastructure, the airports that are coming in, the aspirations.

And some of the Indian airlines have already stated publicly and otherwise that they want India to be a hub and the Jewar Airport that is coming in Delhi which is the second airport, the Navi Mumbai airport, the Bangalore airport is going to have another terminal, you know all of this is essentially going to drive the growth of the sector. So this sector in the foreseeable future or on the medium term basis unless there is something, it is also a sensitive sector like it was mentioned earlier, it will continue to grow at an attractive growth rate and I am talking about double digit growth rates and my sense is and we have spoken about the World Travel Council has rated this at about 15% CAGR and my sense is we will be growing at that rate and the sector will continue to grow at that rate.

This is the travel landscape. I will just use my specs because I cannot see the screen very clearly but there are some numbers there so I might as well use my specs because I have got these numbers. The Thomas Cook India, the travel ecosystem comprises of both the retail businesses or the B2C businesses which are predominantly India businesses and the business in Hong Kong and we also have B2B businesses which are essentially and there is a mix, 26% of the business and this is the business that I am going to focus on, 26% of our revenues come from the B2C businesses which are primarily India and Hong Kong, 50% of our businesses are destination management specialists which are essentially across geographies, including India, which is Travel Corporation of India.

MICE which is a large business for us contributes about 25% of our overall revenue which is meetings & incentives and while Mahesh will speak about those at a later date but we have done events for government like G20 and the Khelo India and stuff like that but it is a large segment for us.

Business travel or corporate travel where we administer travel policy for large corporations, the number is 2% but it is essentially because as per the financial guidelines we only report the net revenue basis. It is not the sales or the top line that is reported, so on the net revenue basis. But what you will see consistently on a year on basis versus the last year, last financial year, each one of these sectors starting almost close to about 90% of growth rate and obviously there was that element of base effect because we were in '22-'23 coming out of the pandemic but obviously that was a good year for us and '23-'24 almost about 90% growth over the previous year, 38% on the Destination Management Specialist (DMS) predominantly delivered across multiple geographies.

Some geographies, obviously, did not fire. And I think to the point that Madhavan made to this whole operating across multiple segments, it is also a strategy to hedge actually because somebody or the other may not fire but the others will carry it through. The MICE business grew by about 46% obviously and these are very smart recovery rates if you really look at it across the segments. And the business travel, because the recovery was a little earlier, we saw almost a full recovery in the financial year '22-'23. So '23-'24 looks a little muted but the reality is they were already and they have surpassed their pre-pandemic numbers. So each of these segments, both the B2C businesses and the B2B businesses had a strong recovery.

Our overall income in the travel portfolio was out of the total 72 billion number that was shown earlier, 56.2 billion came out of the travel portfolio that we have as a group which also grew at about 54% over the previous year. And our EBIT in this business was INR1.92 billion which is about 21x and obviously there is a base effect in that. So there is a very smart recovery. Each segment grew significantly. And I think overall and it is reflected in the results and things like that, we also believe because of the strategies that we are laying out in each company and each businesses, we believe that this is a sustainable rate of growth and we will continue to keep -- we will be able to grow.

Now coming to the B2C business that I am going to talk a little bit in detail now. See our distribution, our stated intent, our distribution and customer engagement is omni-channel because one of the customer insights that we have and mind you we are two market leading brands with very relevant market positions, both Thomas Cook as well as SOTC, one brand with about 140-year old legacy, celebrating 75th year at this point in time.

So one of the insights that we had is the customer in India still needs the choice and the convenience of how he wants to engage with us and which is why we never followed or never got carried away by this or that. We decided to follow the strategy which is why we call ourselves the omni-channel and we continue to evolve and invest in this strategy.

We obviously layer, and there are two very important elements that I am going to speak about. One, I think Mahesh just mentioned about the experiences part and I will tell you why? And the second is obviously how we distribute our propositions and product offerings. So it is a conscious choice that we will be omni-channel.

We have two brands because we believe that the best way to consolidate in a fragmented marketplace and I am saying that travel is a very fragmented space. In a fragmented marketplace you are able to consolidate in the marketplace and gain more share because obviously you also get the benefit of a dual coverage in the market and the customer with these legacy brands that we have, 140 and 75 years, the customer has its own preferences and things like that. So we will allow the customer to make the choice with the backend integration.

So we are fully integrated and with all the volumes that we pull in together, we are able to leverage the economies of scale when it comes to supply or the negotiations with the airlines, with the hotels or for that matter the various attractions within India as well as outside of India. So that is what is helping and that is what is adding to our, let's say, expansion of margins and growth and profitability.

We have 500 plus touch points. It is a very scaled up business. It is a mature business. We have 500 plus customer touch points, out of which about close to about 400 which is 249 of our own stores as well as 145 franchises which has our own manager who manages it. This is controlled distribution and I am talking about physical distribution at this point in time. This is controlled and directly managed by us.

We also have a small value of third party distribution which means people sell our packages. These are smaller travel agencies in smaller markets which is essentially the third party distribution which gives us that huge spread. And if my number is right, we are present in close to about 85 to 90 cities and towns of India physically through our own outlets and that is a very compelling reach. And that obviously is one of the moats that we have in our business.

We obviously -- because we are omni-channel, we also sell through our websites. So we have websites which are consumer-facing websites. These are mobile ready, which are backed and supported by call center. We have 300 seats in our call center. We have layered this and the digital adoption rate last year was about 26% which means one fourth of the customers that we source were through our digital assets.

We are classically known as a legacy operator, but the reality is we caught on very, very quickly. We changed our focus. We decided to invest. And mind you, even at this point in time, as I speak to you, digital customer acquisition is extremely expensive. So we play this whole game of balancing it and each channel cross subsidizes each other in a manner that we acquire a customer and if we are unable to fulfill his needs on, let's say, on an online basis, we will take that lead offline. And I'll tell you how we do that also a little later.

40% of our customers, and I'm talking about very, very current data. This is last year's data. Almost about 40% of our customers are Gen Zs or millennials and that speaks a lot about how we've changed. Average age of our customer has come down by almost about 10 years. Over the last couple of years we've managed to actually reduce because of how we are sourcing and targeting our customers, how our propositions are targeted, how our experience are being targeted at these customers. 27% of our customers are 36 to 45 years and 34% are above 46 years.

Maybe five years back when I would have presented this slide, I would have maybe spoken about a lot of our customers were coming were 36 and above, would be 36 to 49 was our primary segment but we have managed to change that mix because of how we decided to target the customer. So we have like, I very proudly say, that 40% of our customer, Gen Z's or millennials, 2.2 million customers across the group is what we have handled last year.

We believe our sustainable competitive advantage is because of a legacy and the innovations that we bring on the table is the knowledge that we sit on which a lot of other companies don't have because some of them are start-ups and some of them are acquiring that knowledge, but it sits. It's embedded in our system.

We want to, over a period of time, empower our customers. We want to give them a reach. We want to leave the choice and the convenience to the customer to decide how and when he wants to engage with us and which mode. And we will be able to seamlessly carry his transaction. We have a tenured relationship with customer. There is a very high repeat rate of customers that we have because they've dealt with us over years and we have scaled. This business is a fully scaled up business. We have compelling scale, but it is a fragmented space like I said earlier.

We are increasingly digitizing our business. I'll tell you digitization for the sake of digitization is not what we follow. These are valuable capital allocations that we do around. These are investments that we make around digitization, one, and I will spend a little bit of time talking about how we will differentiate basis of customer experience.

We want to, one, improve the customer experience because customer experience in travel and you must understand that we are a very asset-light business. We don't own assets like hotels or aircrafts and stuff like that, but we've worked with each one of these partners very intimately to make sure that we deliver a very superior experience to the customer. Our product curation is extremely curated in a manner that customer derives the best experience.

We want to empower our customers because this is an age where the customer likes to basically customize a lot of things on his own. He wants to co-create or curate his own holiday based on his needs, his budgets and stuff like that. So we want to empower our customer to allow him to do all of -- some of these things. And at the end of it, we also want to improve our employee productivity, our operating efficiency because that's the only way we will be profitable and we'll be able to sustain this profitability.

We've launched AI powered platform and there is a little bit of a demo. There's a small demo. I will show you the demo and then I'll talk about it.

So what happens is we've layered this with an AI engine, which basically gives these suggestions to the customer. Obviously, there are a set of questions that are being asked and this is not the end of the journey. This is a journey. The tech part is a journey in itself. It allows us and our customers to personalize their trips, curate their own holidays and that's a very powerful tool because a lot of customers want to do that. That's also another insight that we have.

It allows a speed or turnaround time to a customer is far, far superior than some of the contemporaries in the industry have. So we are able to actually do that, because as we see our shrink-wrapped or the escorted packages while they'll continue to grow out of Tier 2 and Tier 3 markets, a lot of customers are increasingly personalizing or customizing their holidays.

And if we have to play that space, and the reason why I say what I say is that we want at a very mass level of customization to be and we want to empower our customers because while we want to simplify the curation of a holiday and our focus is how a customer can curate his experience, we want to simplify that process.

What we don't want to simplify and what I see in the marketplace and I'm just sharing that with you is there's a lot of simplification to commoditize this space called travel. Commoditizing travel will not allow anybody to actually, neither it will give a great experience because it's very price, as it is the category is very deal-driven.

On top of that, if you actually simplify commoditization around the market, what our endeavour as a group or as an organization and you'll see multiple -- after me also other speakers will speak about, our whole endeavour is to see how we can allow curation or customization and simplify that process for the customer because we want them to buy experience. We want to sell experiences to them so that they can keep coming back to us.

Our endeavour is not to basically sell too many components and simplify that bit and commoditize the travel and that's where we are focused on. We've just about launched a post booking self-service app which completely empowers a customer once he is booked with us, but this is a post booking app and it'll obviously over a period of time evolve into a fully loaded sales app because we want customers to be able to book it because mobile devices is the way to go forward with so many mobile devices that are there.

But in this, the customer gets everything including payments, visa status, everything customer is able to do it on his own through this self-service app so he can upload his documents for visa processing. He can download his tool documents and things like that. He knows his entire itinerary. The idea is to empower the customer as we move forward.

As we speak to you, we are also working very closely. We are actually working internally on the use of generative AI because that's the way forward to basically provide a solution around how curation of holiday can happen. We are working on, there are large language models which are available today. Generative AI itself is far more superior as a technology and these tools are available at this point in time. We want to actually let a customer conversations, how will the conversations move to conversions as far as the customer is concerned and that's the way forward.

And my sense is in about six to eight months' time, we will be ready to come up with a tool which will allow and empower the customers to that extent that they will be able to curate a holiday and the experience itself will be so seamless that the customer is going to basically get, let's say, it's almost like creating your own holiday on steroids and that kind of a thing and that's what I wanted to talk about. It will also let our people do far more productive work which means to educate the customers and do more things. It will improve our productivity; it will obviously enhance the customer experience.

So, our focus is around the experience, we don't want to commoditize travel which is why we will continue to focus on that area and which is why the next slide that I'm going to talk to you about is about, our offerings are wide. We are a mainstream travel player, we operate at a particular scale, we have two relevant brands in the marketplace. We want to, like I said, we want to simplify the buying experience and the curation of holidays so each one and customer, the motivation for every traveller today is either an occasion, it could be about going for, a building a family memory.

So, we look at customer segments, we try and understand, we have a large database of customers who are there already with us. We've understood that there are customers who travel for family holidays because they want to create family memories, there are ones who want to explore. So, for each one of them, each destination, so if it's a Ladakh, now Ladakh I can target a Ladakh holiday. I'm using that as an example, I can target the Ladakh holiday to a family person also.

And I can target it to a young person who's looking for an adventure which could be a biking trip. But the messaging to both of them, the experiences that would be bundled in together will be far, far different for each one of these. Which is why we have large set of offerings, and we have customer cohorts which we target. These are segments of customers that we target, there are lookalikes and based on the insight that we have, we obviously target our new customer acquisition also basis this.

So, we are able to attract those customers more and which is why I said once we move to this whole Generative AI piece like I showed you in the last slide, I will be able to move those conversations that we have with our customers to conversions and that's the way forward as we go. We don't want to commoditize travel, and I see, when I see the landscape, the competitive landscape, there is an endeavor to actually do that and we are staying consciously, our stated objective, our strategy is to sell experience, and we will simplify curation of those experiences rather than simplification and commoditization of the space.

So that's a very big, it's a nuanced difference, but this is a difference in our strategy and the game that we are playing and how we will invest our resources going forward. I think a lot I've said and you'll see our messaging also is talking about best experience, it's about experiences, and there is an event which has happened where people are feeling happy about. Cricket is a big religion, we decided to work with an IPL team and things like that and everything is thought of, all investments are because we want to target a younger audience and things like that, so we've done that.

And we have a plethora of services, and we have two brands in the marketplace and it's helping us consolidate in the marketplace. This is an important part, I thought I must mention this to you, we use an Oracle-based CRM, and we've invested in this because we want to manage the life cycle of a customer because a customer typically would take about three or four holidays in a year. Today in metros we are noticing a lot of customers actually making seven or eight trips.

So if you have to improve our wallet share or the share of our voice with the customer, if we can sell more experiences to them we need to have a CRM so that we can understand the customer a lot better, so we invested in CRM. We launched a rewards program where a customer can earn, so every time he makes a purchase with us he will earn points with us, he can burn the same points with us.

Obviously this is a slightly narrow rewards program, but over a period of time we will expand this rewards program but he can buy flight tickets, obviously the number of points that he will burn would be slightly lower and he'll be able to use 100% of the points if he buys a holiday with us. So we have a rewards program, we want to manage the customer life cycle over a period of time, the whole motive behind this is we want to reduce the customer acquisition cost because a sizable amount is spent in a retail business in building your brand and also acquiring new customers with a call to action.

So we want to reduce the customer acquisition cost and hence we are investing heavily on the CRM, understanding our customers, understanding their life cycle and things like that and to the same customer we are able to reach out to them on multiple occasions, it could be birthdays or anniversaries because people are now traveling for all of these reasons and that's the purpose behind this thing. We want to drive repeat sales, there is a very high level of repeat sales that we have in this business.

It's as high as about almost about 27% or 28% of our customers come back and make another purchase with us and this rewards program is also created like a tiered program, so the customer will move from a silver to a gold and stuff like that as we move forward. The landscape, I think a lot of this I have already covered, the landscape is favorable for growth of both domestic and international travel.

We have a lot of supporting developments like I mentioned earlier, each one of these supporting developments is aiding the growth of this industry. Multiple reports, there is a CRISIL report, there are reports from FICCI and stuff like that, these are industry bodies, they continue to do regular surveys and stuff like that, they are all projecting a growth rate of between 15% to 17%. There are also changes in the behaviour of the customers, customers are preferring shorter holidays, weekend trips and stuff like that and a lot of our communication is changing around that because we are getting these insights from our customers almost on a real-time basis.

We believe that in the medium-term basis, we will be able to grow at the rate that is between 15% and 20%, we will be able to grow at those growth rates in this part of a business which is the holiday business. Our positioning is very, very clear. We want to innovate and expand our portfolio, both in terms of destination and in terms of our offerings to the customer. That is what we do, we are focused, India is a big part of this thing with all of this connectivity that is happening.

There is a whole regional connectivity which is happening and proximity and connectivity drive tourism. We are clearly focused and which is why some of these emerging destinations like

Azerbaijan, the CIS countries of the past, Georgia, Vietnam and Japan, all of these destinations have actually appeared. So we will continue to innovate and expand our portfolio as we move forward.

We will use the technology because we want to empower a customer, we want to actually deliver an experience to him. The tech part is to basically empower a customer given an experience which is superior than let's say our competitive landscape and obviously improve our internal productivity. This is my last slide. I will now invite Mahesh back for the B2B part of the travel businesses. Thank you.

Mahesh Iyer: Thanks Vishal. As Vishal said, there are two parts to our travel segment. One is the B2C and Vishal covered that in great depth. I will take you through to the B2B part of it and again in the B2B there are two segments to it. I will cover the corporate travel and my side of it and I have my colleague Dipak Deva and Debasis who will take you through the international and the India DMS businesses. Just to give you a quick glance on the landscape that we see for corporate travel, I think if you see from a recovery perspective post pandemic.

India has been one of the fastest market to recover and there are enough and more reports out there including one that got published today morning which talks about this recovery rate. We are talking about something like INR143 trillion. That is the market size that was in 2024. So clearly I think as Vishal said, the B2B corporate travel side of it recovered much faster and the recovery happened in FY23 itself.

So FY24 when you look at the growth rate of 12% was on top of a recovery that we already saw in 2023. It is also important to note here that in this business, the average ticket price actually went up, input costs were much higher. So this is one business in our portfolio where not only the value grew, but also the volume actually grew and both of them are today higher than what they were pre-pandemic.

If you look at the sentiment and I think that is very important, if you look at on the right side of the slide, during the pandemic there was a lot of flutter around saying, will corporate travel ever come back? Is this that deathbed for the business because people will move to the online way of doing things, teams and Zoom calls will become the new order and all that stuff. We never believed that because we always thought that when you are in business and when you want to do transactions, you have to have that physical connect, you need to do that physical handshake and that is what is visible.

We are talking about a travel frequency for business purposes and that is as late as June of 2024 and if I focus on travel sentiment for two times and going up to more than 10 times, 70% of the audience are actually saying that I will travel at least two or more times during the year for businesses and that speaks of volumes as to how this business is scaling and what the opportunity on this business is. What we do in this business clearly, we operate.

We are like travel, I would say travel policy administrator, travel management specialist for large corporate houses. Some of the names that Madhavan spoke about on this slide, we offer corporate travel services, we offer foreign exchange services to some of the large corporates in this country. What do we offer? We offer airline tickets, we do hotel bookings, we do car bookings, we do train bookings and an added services like visa assistance and stuff like that. How do we offer them?

We have technology platforms online and offline, customer can choose models which are implant models, so we have customers choosing to have our staff at their locations and we service them. We also have booking tools and we have bots that customers can use which basically seamlessly completes the transaction end-to-end for a customer. Obviously, when we do this universe of corporate travel customer, there is a lot of cross-selling opportunity.

As you know, within the group, we have got foreign exchange services, we have got MICE and we have got holidays. So there is a lot of opportunity to cross sell. Just to give a lens of close to about 550 plus corporate customers that we have, close to about 15% of those customers also consume foreign exchange services or some other services within the group and that is the way we are kind of building this cross-selling opportunity that exists within the group.

Just a lens on our customers, 530 plus corporate customers ranging from large to mid-size to small. We are not so dominant in the SME, MSME segment and that is the business model that we want to build in and I will speak about it when we go later. Average age of our customers when I say renewal rate or contract life cycle, we are about 9 plus years and that speaks about the longevity of the relationship that we have.

25% of our customers are on a digital booking tool which means they actually do their booking themselves. It is an unassisted booking model which means the entire transaction flow is a straight through processing and 37% of our volumes get booked through that channel. Now this also speaks about productivity. This is a business which is a low margin business and unless and until you find economies and you find productivity benefits through technology intervention, it is very difficult to grow.

Unlike most of our businesses which is either B2C or forex, corporate travel is a bit of a working capital business because you got to give some credit to the customers, they have a processing time and cycle time. Hence continuing to find efficiency in this model through technology and other initiatives is a constant drive that we do. What do we do well? Obviously we have got high transaction accuracy rate and that is extremely important in this business because what you do not want is that you ask for a booking to go to Delhi and you end up in Lucknow and that is something you do not want.

You have a preference for an aisle seat and you do not want to be landing up in a middle seat. You have a preference for a certain airline and you do not want to be going for a different airline. So I think this is very important and we factor all of that into our entire booking tool that we offer to the customer. The second point where we are entrenched with the corporate customer is extremely important.

Today what we have built with the customer is not only our self-booking tool, but it also integrates with the customer's ERP, making it that much more difficult for the customer to walk away out of a relationship or a transaction. Now what it does is that not only you are booking the transaction with me, but we are generating the ticket, we are generating the invoice and the invoice is going and talking to its ERP seamlessly.

So the integration is right not only at the front end where the transaction is booked, but also at the back end where the entry gets posted into the customer's ERP, enabling better flow of capital management as well as reducing the time and effort involved at the client's side. And that also helps from a business point of view because it also helps us to stay with the customer for a longer period in time and he finds it that much more difficult to switch over.

We have the ability to integrate and implement newer technologies. So as you know this space is ever evolving. There are more technology advancements that are coming and we constantly keep ourselves abreast and ahead of what the technology game is in this space. And obviously we have got large relationships. Madhavan spoke about some of the relationships. Vishal spoke about how we leverage the common group buying and one of the buying efficiency comes out of corporate travel because we are large buyers of air tickets across multiple airlines.

We buy large hotel rooms from the chains like Marriott, Hilton and others. Now how we take those economies of scale and start using into our B2C business is also augured by the fact that we operate a large corporate travel business. Some of the dynamics on this. We expect the industry to grow at about 12% to 16% that is the kind of growth rate that we see in this business. And as I said you have seen the growth rate, we have been growing at industry rates.

I think the sweet spot in this is to start expanding your margins and one of the focus areas is to start looking at the non-air services. Air services are more like the single digit margin. Non-air services is where you have the opportunity to enhance your margins. So the hotels, the cars, the train bookings are the ones where you actually start seeing double digit margins. Our focus is to focus more on the non-air services where we believe there is a lot more opportunity for us to expand our margins.

If you look at the SME and MSME segment, that is the next segment that we want to grow. I spoke about it briefly, but clearly our strategy is to put our technology in place because you will appreciate that these are small value, small transaction, high velocity. Now for these customers unless and until you start putting a technology tool that seamlessly does it, we will not be very efficient in this model.

Hence we are building that capability today and we believe over the next 12 to 16 months we will have a new technology platform that will focus specifically on the SME, MSME segment and the customer will be able to actually book the transaction seamlessly through that model. We cannot take the current booking tool to that customer because it has got a lot of customizations that we do, but what we want to do is to put more like a vanilla product out there which any SME or MSME segment can take and it is more like a cash and carry model.

That is what we are trying to build and clearly from increasing our wallet share continues to be a part of our selling strategy. We look for new accounts to acquire. We add about close to about INR200 crores to INR250 crores worth of new volumes every year and we continue to grow at about 12% to 14% on this basis. Moving on to the other B2B segment which is MICE. MICE stands for Meetings, Incentives, Conferences and Events.

Again some part that Vishal briefly touched upon. Look here we are giving a lens on what the India MICE ecosystem is, but I think the focus for both Thomas Cook and SOTC, the two brands who operate in this space is more like the international MICE. The market size is pegged at about USD3.3 billion and if you were to peg our market share we will be close to about 8% to 9% of that market. That is the kind of scale or size that we are operating at currently today, but we believe there is a lot more for us to do in this.

Currently the focus has been more on the international side of it, but as we have been mentioning to a large part of this audience, we have been doing government businesses, we did the Khelo India, we did the G20 events and then we have kind of built some kind of scale and experience in managing the government businesses also. So that is a new avenue that we have opened. Other opportunity in this is the wedding side of it which we have currently not touched, but we believe there is a lot more that we can do.

What are some of the triggers for this industry to grow? One is if you look at the economy per se, you are looking at India's GDP growth at about 7% to 8% and corporate earnings growth at 12% to 15%. Now when you look at that kind of a growth rate, typically any B2B business will kind of trend that GDP plus corporate growth earning rate. So that is the kind of growth that we see coming in from this segment.

The other important thing is that today a lot of those companies whether it is the paint, whether it is the insurance, whether it is cement, automobiles, a lot of them are increasing their distribution and penetrating deeper into Tier 2, Tier 3 markets. This is the business that works on distribution. So those businesses that are focused on distribution need to keep their distribution channel agile, rewarded and we administer a lot of R&R programs for them and that is the other opportunity that we see.

Again, newer destinations, Vishal spoke about the CIS states, Japan, they are very attractive destinations because everyone has been down the beaten path and I think they are looking for newer experiences. This is a business where you have to give a little bit of a different experience for the customer. This is completely about creating that unique experience for the customer and every time that he travels with you, he expects something new to come from you.

Food plays a very important part of this entire event that we do and I think we pay a lot of emphasis on how we manage that for the customer end-to-end. Just some numbers that you see, we managed about 85,000 plus customers last year, 650 plus groups and group size ranging from 100 to 3,000 and we take people from minus 15 degrees in Iceland to 30 degrees plus in Maldives on a single trip.

He go up the sky, he will come down to the road and we will go under the sea and all of that on a single trip and that is the experience that we create. Just to give you a case in point, we recently managed a large group where we actually hired an entire village and created experience for a customer which he very much appreciated. So clearly, this is a business where we start creating experience and every experience is different from what we create for somebody else.

So every time it is that much more and hard selling product you have to create, you have to engage with the customer and make the process much more simpler for him. Some of the things that we do, we manage corporate events, we do experiential travel, we do weddings, we do awards ceremonies and stuff like this. So as a portfolio, it is a large portfolio for SOTC and Thomas Cook. We believe there is enough and more growth in this market. Economy growth rate will be a driver for this business and will continue to grow at the growth rates that the industry will grow at.

Well, as I mentioned to you, our positioning on this is going to be innovation. It is called the art of travel. It is not just about saying it is an end-to-end hopping on to an aircraft and going, but it is more about the art of travel and that is what the MICE business is all about. We are also trying to blend in technology because when you talk about group size ranging from 100 to 3000, it is very important that the entire process, entire mechanics of it is very seamless for the customer.

So we are trying to blend technology into it so that the experience for the customer is far more seamless and more importantly it also brings productivity benefits for us because otherwise it is a lot of hands that have to do the job. And clearly we have expertise in managing large groups and will continue to stay invested and invest in the technology platforms that we go along. On that note, I would like to invite Dipak to take you through the India DMS business.

Dipak Deva: Good afternoon. Thank you, Mahesh. I will be speaking to you about the inbound business for India and South Asia. The inbound business is purely a B2B business which is basically people travelling from overseas into India and South Asia. Since the time we restarted from COVID, it was in March 2022 only that the destination opened up fully and as such there was a delay in us coming back to the party, but India has been very quick to catch up.

The recovery has been amazing in the last 12 months and going forward, indications look very positive. Let me share with you some of the information that we will draw your interest towards this business. So in India, the Thomas Cook Group runs the inbound businesses based on various acquisitions and various brands, the old traditional brands that ran inbound, plus some new joint ventures, plus some organically built brands.

There are over 2000 network of global partners. So these are all B2B agents sitting in different parts of the world. It could be New Zealand or it could be somewhere in Argentina or up in Scandinavia. They are small to large, to the largest ones producing for India who also work with us. So there is a huge mix and we have that luxury because we have a legacy, we have various brands and we have deep penetration into the market. One of the other things that we have done is we have built, we are a service organisation.

At the end of the day, a destination management company basically delivers the service from the airport when a client arrives to when a client goes back. For that, you have to have a very high level of service otherwise you will not get repeat customers and in B2B business, the end consumer may be different, but the client is still the same. And with these 24 offices, which include a one-man office in Dharamshala and a 10-man office in Cochin, we have a setup which we have built around purely high quality services to be delivered to the overseas guests travelling through the country.

Of course, it is backed up not only with technology, but it is also backed up with a lot of training and refresher courses including training apps etc. So we have to be continuously working on improving the quality. How do we get these businesses because we cannot service 2000 plus agents sitting out of India, we have a huge network, a very solid network of sales offices and sales people around the world.

A few are on our rolls like in Japan and France and a few others are working with us on market penetration basis and success fees. But we have, in all the major markets, we have boots on the ground and this helps us a lot to not only continue servicing the customers we have, but also it gives us the opportunity to see what new is happening in the market and where we can pick up a new business. Debasis will speak more about the entire DMS business and our contribution there is 21%, but he will give you an idea of the rest of the companies.

Another interesting part is that we have been very consistent over the years in where we get our business from and the key source markets are UK, USA, France, Germany and Japan. If you look at India's key source markets and where the growth is consistent it is through these 4 or 5 markets that are there. So that's a good sign which also shows that we have been present and consistent and growing in the markets that are growing for India.

From 2019 we have already a recovery rate of about 85% this year which is an excellent indication. Like I said we only restarted our journey in 2022, before that there were zero customers and in the year ahead we are sure that 2019 would not only - we would not only recover, but we would also surpass the numbers we did in 2019. Like it was mentioned earlier, being a service organization we work with various partners across be it airlines, be it hotels or be it other service providers.

We are today the top producers for the key hotel companies Taj, Oberoi, ITC and CGH hotels in the South which gives us a competitive edge in terms of buying and it also gives us a competitive edge when it comes to getting large block allocations in these hotels. One of the things that a destination management company has to do, they have to innovate and innovation for us is product. So you have to continuously find new product and go out to your customers to keep them excited about coming back to India or expanding their portfolio because the same customer actually can give you a growth of 20% to 25% year-on-year if they are a real solid interesting customer who likes coming to India.

So we set up something called a travel lab within the office and we have a bunch of people who go out travel through the destination, find new product, come out with quirky products, come out with interesting stuff which would work for a German, a French, English or a Spanish customer and this is what is very interesting in our business. We are not creating content and product only for one nationality. We are creating content and product for different nationalities who have different needs and look at products and services very differently.

So it's a lot of tailor making and our business runs on everything that is tailor made. So the destination knowledge centre was an industry first, it's an industry standard. I am proud to say a lot of our competitors have copied us doing this which is good because they haven't been able to really color photocopy us. They kind of have a photocopy, but it's not a colour photocopy but to say the least. But yes that really was about the innovation piece. I'd then move on to how we built our business over these years as we had shown you earlier in the slide.

We've been around for a long time. So TCI is a brand that existed since 1961. Today it's the holding brand for all these other brands within the organisation and TCI is also a brand that's very well known in Japan and in Spain. So we continue using the brand there. Sita, similar to TCI, does a lot of the leisure, tailor made leisure and tailor made group business and also series business. We went out and set up a joint venture – sorry in 1994 we bought Distant Frontiers in 2015.

It was a part of - it was set up in 1994 which is basically focused on the MICE business and tailor made FITs. It does the highest number of MICE groups to India from different parts of the world and it also holds with it some of the most prestigious tailor made FIT accounts. So it's built itself up into a specialist in this area. Then we went on and did a joint venture with DER Germany. It's the second largest European tour operator and one of the most respected companies owned by the REWE Group.

They have a joint venture with us in India and we handle all their tour operator business into India and like Madhavan said, they also - after seeing the success in India, they also went out and asked us to do a joint venture with them in the United States with our company out there called Allied Tpro. We've also set up a brand recently called Vilasita. This is focused purely for the luxury business out of the US. Certain markets demand working with certain brands. At the back end you could have the same back end in an organization, but the front end, the people who go out, the brand, what it stands for, certain markets get attracted by that and work with us so we adapt accordingly.

And last, we set up a joint venture with Authenticities. Authenticities, a brand called Tropiculture in Sri Lanka. Authenticities is the number one DMC out there. We have a joint venture and this has been a very successful business from the word go. So that's how we are configured out here. Now I'll just take you through a bit of where it stands with the industry. Of course, the foreign tourist arrivals are set to grow. There's no doubt about that for next year. Government, all other indications.

But there is one very important factor which we must consider 60 million people used to go to China before the pandemic. That recovery has not happened for China. These people are traveling around in different parts of Asia. They're going to travel to different parts of Latin America. It's going to spread all over. People are going to continue to travel. They don't stop. Similar to China, it would be India, Vietnam, Sri Lanka, and Thailand. These are all, Cambodia. These are all countries that are gaining out of people not going with the same intensity to China.

India will be one of the gainers and we have already seen that. The other part is that there is a big focus on luxury and wellness now post the pandemic. India is positioned very well to consume both these demands. Very easily they can deliver to both these demands. So we have iconic hotels like the Rambagh Palace in Jaipur or the Lake Palace in Udaipur or the Amarvilas in Agra. These are all hotels that are known worldwide. So there is an element of luxury. At the same time for wellness, we have amazing hotels like the Ananda in the Himalayas or various Ayurveda hotels in Kerala.

So there is this part or this segment or this demand can be very well be taken care of in India. At the same time, like we mentioned earlier the key source markets are doing extremely well for India. So they will continue to grow, but another important factor which we all must consider is with Air India buying 460 aircrafts, there are going to be many more non-stop flights from different parts of the world to India. This is going to be one of the key drivers for increase for inbound business into India. Because people love to fly direct, non-stop and people like to fly with a national carrier.

So with Air India improving its quality of services in the next 1.5 years, 2 years, we see that in 2025-26 we should straight away see the advantage for destination India on this. Another point which I would like to bring up is sustainability. Sustainability is not just a buzzword anymore. It just cannot be put onto a slide. It has to be practiced. And for that we have set up a sustainability action plan.

And this action plan has taken us to different levels now. We have signed up for various declarations. We have made various signed up declarations stating that what we will do over the next few years. And the other thing that is happening is that a lot of our clients are demanding sustainable itineraries within India. And they are demanding certain amount of, and they are ready to pay a little premium for certain sustainable actions that are taken along the way. It has not reached its level that it should, but the journey has started a few years ago.

And now in the next 2-3 years we feel there is going to be a very strong demand for tours that you can deliver with sustainability. And for that we are in a very good position to deliver that. I would just come to our positioning to end this with, you know, for us the key is we have to innovate products. You have to deliver very high quality of service. And you have to ensure that the customer that goes through the experience in India goes back and tells other people that is how your business will grow. But with that, innovating products and delivering quality services through a strong network, which I spoke earlier of our offices, is the key for us to grow.

The second piece that I would like to touch upon is technology. We have built a piece of technology, Madhavan mentioned that in his opening remarks. We have built a piece of technology that has gone live. The second phase of which will go live by June 25. This is an end-to-end solution which takes care of the entire journey of the customer. I won't go into details, but what it will do is it will reduce turnaround time from three and a half hours to 40 minutes.

And eventually we want to take this product to our customers for them to make their own, to be able to create their own itineraries based on our platform. And then of course the journey would move to AI whereby you could just use all the data available through AI to generate amazing itineraries for

India. So that is our focus on technology, but we should be in a very strong position to deliver the turnaround time, the quality, the accuracy by June next year.

And the last piece is the, again like I had mentioned, the focus on sustainability. We have already taken two very clear actions. We have the signatories to the Glasgow Declaration which talks about net zero by 2050. And the last thing, the most important is the travel life certification which is one of the most difficult certifications to get. We are in the final stages with them. They have approved most of the journey that, most of the steps that had to be taken and I think within the next two to three weeks we should have the travel life certification.

So and that is definitely going to help us with our business especially where there is a demand for sustainability. So all in all I would just like to end that India is well priced as a destination. E-visas are in place. That is one of the key requirements for a destination. A free visa is of course always in demand but the e-visa is in place. It is very easy to get.

With Air India coming in there will be enough air liquidity with more flights coming in. So with all of this everything, all indications are that next year and the years ahead, the next two to three years are very positive for the inbound business to this part. So and with that being present in Nepal, India and Sri Lanka as well as Bhutan, we are very well positioned to make sure that we take advantage of the growth to India.

So with that I would like to thank you and I would like to invite Debasis to next.

Debasis Nandy: Good afternoon and thank you Dipak. Dipak actually has made my task a lot simpler because he already explained the nature of the destination management business. The business that we do in India is exactly similar to the business that we do abroad and so I will not get into the details of what we do abroad but I will focus on what we have done in the past few years and what is the outlook going forward.

The international business, DMS's international business consists of five different entities, Asian Trails, Desert Adventures, Allied Tpro, Private Safaris East Africa and South Africa. These are a bunch of companies or units that we acquired in 2017 from KUONI and so it has been about seven years since we acquired these businesses and it is interesting to see what has happened in these years and what do we do to make the business grow. So we started off with the technology transformation in this business.

As we took over this business we found that these are largely manual processes, very little amount of automation and therefore the cost structure was not optimal. One of the things that we did and even during the pandemic, the couple of years of pandemic that all of us faced is that we focused on the transformation of technology. We added new IT systems and not a common IT system across all entities because each entity worked in different markets and therefore the technological needs were quite different.

We transformed, I think this is the second point that we are trying to make is the transformation that we did in these units. So when we took them over from Kuoni, these were all designed to be captive units for Kuoni. So Kuoni as you all know was a large outbound operator from Europe and Kuoni largely used these units as their captive DMS or destination management units to send their passengers from Europe and other parts of the world to these destinations.

Now with the dissolution of Kuoni, these units are obviously facing some difficulties because they were used to being a captive supplier rather than anything else. So we needed a transformation from a captive unit to independent business units which the units have done very successfully over the past few years. We looked at the cost structures, we worked on the rationalization of cost just like we did in some companies in India.

We did the similar things across and therefore optimized the cost to revenue ratios and finally we worked on the synergies with the Thomas Cook and SOTC, the companies in India so that we could use them for the outbound travel that is there from India into these destinations both on the B2C as well as in the B2B front. So as a result of the transformation, you can see that the contribution to the travel segment rose from 22% which was in 2017 to almost double of 41% of the travel segment revenue now comes from these companies. When we took them over, they are all loss making units and today they have recovered very smartly in spite of the pandemic and they are all profitable.

Moving on, I think in terms of the industry outlook, if you look at I think the industry outlook is fairly similar to what Dipak has described while talking about the DMS India business. The story that you see in terms of the industry is one of growth. If you look at the visitor numbers, the current visitor arrivals as well as what is projected over the next three years or so, it talks about growth across all the territories whether it is in Asia Pacific, USA, Africa or the Middle East.

So what is our positioning on this? Our positioning is we are looking at new destinations in the territories. We are looking at new partnerships. For example, Madhavan has covered some of these. For example, Desert Adventures tied up with Kanoo for expansion into Saudi Arabia. We have tied up with DER, the name that we use in USA is New World Travel, NWT.

So our unit Allied T-Pro tied up with NWT, it is a joint venture that was set up last year and it is doing phenomenally well. In terms of technology, as I mentioned, new systems have been implemented across and what it does is that it helps the business to go online. Today in a B2B business, we are giving our customers the option to log into our systems and do their own travel bookings on our system.

This is helping us in terms of improving the productivity as well as improving on the turnaround time. Obviously, we are also expanding the touch point that we have in terms of agents or representative across the various markets and this is helping us to grow the business faster. And finally, we are working on improving the synergies.

Today about 11% of the business that these companies do come from Thomas Cook and SOTC and obviously as the business in Thomas Cook and SOTC grows, we expect the synergies to grow and reach newer heights. That is all that I had to say on the DMS international business. I would now request Vikram to come in and talk about Sterling.

Vikram Lalvani: Good evening ladies and gentlemen and my name is Vikram Lalvani. I am the MD and CEO for Sterling Holiday Resorts and before I begin my short presentation on Sterling, I just wanted to give you a quick introduction of who Vikram Lalvani is. I am a hotelier by heart but not a hotelier by education.

I started my career in about 1999 and I was the first one to start revenue management in the hotel industry which was quite unheard of at that point in time. What do you mean by dynamic pricing? So, I take credit for that and I think today it is an industry norm across not only hotels but various other sectors including airlines, wherever the products are perishable.

I became one of the youngest non-hotelier General Managers. I loved the hotel industry and that is how I came in. I have been with Sterling for the last eight years and I have been the MD CEO of Sterling for the last two and a half years and I have seen the company progress and transform from where it was in 2016 to where it is today and the promise that it holds for tomorrow.

So, with that I will just quickly give you a snapshot. As we count today we are 52 resorts, hotels and retreats and as and when I keep moving ahead there are some specific pointers I will give you and I will give you as to why I am using these pointers. Pre-COVID in '19-'20 we were about 30 to 32 resorts.

Today we are 52 resorts, hotels and retreats and counting. We crossed the first milestone of 50 resorts last month and as we keep speaking we are opening more and more resorts as we go ahead. 16 consecutive profitable quarters, again why are we placing this up front?

In my subsequent slide we will understand that. A very high EBITDA margin, 34%. This business throws up solid EBITDA margins and I would say that even amongst most of the listed brands we are far ahead of the industry average. 69% is the guest ratios. We have now over 2,000 million cash reserves, healthy cash reserves with us and what is more important we are completely debt free. Asset heavy business is completely debt free as of today

The average room rate is 6,500 or close to 6,500. Even if we have to trail back to what it was earlier it was between 3 to 4 which is why I am coming back to the portfolio of 52 over. Sterling was a typical mid to upper mid market player. Today we are only operating in the upper mid market, upscale and in the upper upscale. We are not operating in the luxury market at all. So 6,500 again a solid number to back us up.

Over 500,000 guests that we cater to on an average every year and our total RevPAR or revenue per available room has crossed 7,000. Which way the dynamics of just not selling a room matters. It is food and beverage, spa, discoveries and experiences. In a leisure business and especially in the hotel business it is just not about the room rate. It is about these components put together, how much is the customer actually paying us. It is almost INR7,000 plus.

85% of our resorts are rated 4.5 and above on Tripadvisor and that is a globally recognised platform. I am also proud to announce that our Sterling Kanha has received the best of the best for the second consecutive time in a year. That means top 1% of the resorts globally amongst 8.8 million listings on Tripadvisor. So this is where we are as of today. So what are our propositions? Again I will come back to this slide when I am speaking about it in the next slide as well.

Vacations, weddings, in fact today we also launched our wedding brand which is Navarasa. Picnics, conferences, reunions and we are pet friendly as well. So the propositions are very clearly laid out for different kinds of customers. An important slide to note and many of you who have been tracking us would know this and some of you who have not, I think this is a chance for us to put this up out in the open. We have completely transformed the business model of Sterling. Pre-COVID we were a timeshare company.

Post-COVID the results are here to see. So we completely transformed the model from a timeshare model into a hospitality model and we did that very swiftly but yet very carefully without blanking off one and trying to ramp the other one simultaneously. Now what is the difference?

The difference is typically the ratio of the revenues that come from the segments. So if about 70% of the revenues would come from timeshare sales then you are timeshare heavy. But we wanted to move more towards the non-member or the non-timeshare which is a hospitality kind of sale which is why in the previous slide the customer propositions have changed.

The propositions have changed from saying I am going to give you 25 years of great holidays at fixed prices to actually moving to vacations, experiences, weddings, conferences and etc. So that is what has happened. We have swiftly changed the model from a membership led model into a hospitality led model.

We also rejigged our entire portfolio. Today we have 52. We rejigged our portfolio. We got rid of some of the heavyweights that were loss making, high fixed leases and we actually moved more towards an asset light model. We added 16 resorts in an asset light model where we have no capex, no fixed costs. We went into that model in these two years.

On the membership side we actually got rid of all our fixed costs and converted them into variable. How did it happen? That is what we did. And the acquisitions were all through a variable cost channels. That is exactly what led to this transformation and why am I saying this because it is an important step for us to know in this transformative journey where we were and where we are today. So a lot of things have changed.

The DNA has changed. People have had to get themselves reoriented. We were fighting the marketplace. We may be the last entrance in but yet we are above industry average. We continued the strong growth. Obviously there was a nice wave that was there in the industry last year as well. So one was surviving the COVID, second was a revival and the third phase is a thriving phase. And that is the kind of phase we got into as well. We became hospitality dominant.

We sunset the acquisition of long-term memberships and that is a big change that we took. Rapid expansion now from an asset light, it is moving to an asset right. No capex or low capex involvement but an expansion on an asset right model. Occupancy rates started shifting. We are about 60% to 65% and understand 90 days in a year typically are full days because that is long weekends or they are weekends. In this business, the trick is to fill the other 270 days.

The second trick is how you are able to de-risk your portfolio so that the seasonality of business actually comes down. In 2019-20, we were very hill dominant. Ooty, Kodai, Mussoorie, Nainital etc. Very, very hill dominant. Today, our portfolio has actually expanded so that you are able to actually even out the seasonality and just not be a Q1 dependent company. Customer focus, as I mentioned, 23 resorts and the Kanha resort which is the best of the best rated resort by TripAdvisor.

So our quality focus, premiumization, expansion, building the brand and building the hospitality brand was the key focus and it will continue to be the key focus going forward. So even from a tech enablement, distribution is one of the key things. We have our own proprietary Sterling One platform where we have actually distributed to 4,000 travel points globally within India and outside.

We have also now enabled our entire systems in the company, the backend and the front-end systems from a timeshare dependent or from a timeshare kind of a model into a hospitality model. So the ERP system in the backend has completely changed. The front-end systems is a hospitality property management system that we put in place.

And as and when we keep scaling our hotels or keep adding our hotels, we do not need to add incremental costs for this. The outlook is very clear. A lot of reports have been coming out. Typically, the industry is growing at about 9% to 11%. A lot of the focus is towards the Tier 2 and the Tier 3 towns. And our focus too in terms of an expansion will be towards the Tier 2. We have anyway been working in a leisure Tier 2, Tier 3 towns. Domestic travel is big and our biggest business is domestic and India for India. We will continue to remain in India right now and we will have a dominance in the domestic market.

Positioning FY25 is clearly a year of investments. We have come out of a bad phase of COVID. We have thrived during the time when we could thrive. It is time to reinvest back because it has been almost eight years and plus with the business model change, the kind of customer requirements have also changed. We plan to add at least another 20 resorts amounting to about 1,000 to 1,200 rooms in the next 12 to 18 months, which means typically a month, every month you are opening a hotel and a half and all in an asset right model. So why 12 to 18 months is typically because many of these hotels are in the project phase, they are in brownfields or they are conversions.

And when that happens, there could be a plus or minus two months when the hotel actually tends to get ready and operational. So that is why it is 12 to 18 months. We will continue to sweat our existing assets. We have out of the 3,000 rooms approximately that we have, about 2,200 rooms are what I call the P&L rooms that impacts the P&L. And 800 rooms impacts what is known as a commission room. So they are managed hotels, which goes straight into my bottom line.

So we will continue to sweat our existing assets. For example, our hotel in Kodai Valley had 101 rooms, but we have got shelves ready for 150 rooms. We have got the entire back end ready to add on 150 rooms for the entire 150 rooms. So to add on an incremental key out there to take it from 101 to 120, we will do that progressively and we will do that every quarter because we are able to sweat those assets. Adding new resort facilities, as I said, a swimming pool in Munnar, an empty space, we get a new restaurant in Kodai Lake. We will continue to add new resort facilities for the new hospitality customer that we are catering to and do the soft refurbishments that we could not do since 2018.

Again, as I said, hospitality segments, where are we trying to grow? We have increased our strength in Rajasthan. For example, we had one hotel in Rajasthan or one resort in Rajasthan and today we have six in the last eight months and we will get another at least three or four more in Rajasthan. Karnataka is another big market that we will get into. Introducing new products like water trip, etc., which are typical circuit packages or curated packages for our customers, which are more experiential led and that is highly differentiated. We will be future ready.

The growing strength of the Sterling brand, first was to get the perception out that it was a timeshare company. Now today we are a lot more recognized as a hospitality company. 80%, 85% of our business comes from the hospitality sector.

We will continue to strengthen the Sterling brand. Leadership development as well because a lot of the change that we have undertaken requires even a rehaul of leadership. We are going to leverage a scalable distribution so that our fixed costs do not necessarily go up with every one room that we are adding or every new resort that we are adding.

This is where our presence is. We opened the Aravali Udaipur last month. This is in Dehradun. This is where we are present in the country. We have 52 today. I am ready to open another one in the next one week and our indicative list is at least 20 to 22 as of now that will open in the next 12 to 18 months. Thank you so much.

K S Ramakrishnan: Good evening ladies and gentlemen. My name is K S Ramakrishnan and I am the president and CEO of DEI. I also happen to be the founder of this company. And in a nutshell, so we are the world's single largest souvenir imaging company today. We started about two decades ago, like Madhavan said, probably the youngest in the group. Started with the first year's revenue of less than INR4 crores, crossing over INR1,000 crores in the current year of operation.

A little about ourselves, headquartered out of Dubai. We operate across multiple geographies. We started with just Dubai and today we operate in about 18 odd countries, but more than the 18 odd countries that we operate are the statistics here.

An interesting statistics is we capture over 500 million pictures every year across the world. And these pictures are captured with deploying over two and a half thousand or 2,400 plus guest associates and workers across these countries. And interestingly, I'm stating these two statements for a radical change that's about to happen going forward from here on.

Those 500 million pictures are soon going to change into many more, but about them, a sizable portion of them will change into video experiences and the two and a half thousand people are going to get into a lot of automation of moving it downwards, helping us to get better. Having said this, we operate over 265 odd individual locations across the world. There might be no one here who might not have visited any one of our attractions at some point of time in your life and probably experienced our picture-taking.

Although, when people do that, they never realize what exactly this mammothness of this business is, which is what I and my team are very proud of creating here. We work with some of the world's best attractions, the tallest tower, the largest water park, the hugest resort, to name a few, which are up here. And being blessed to be in Dubai, probably the company was born with the genesis of tallest, biggest, largest, etc.

Having said that, from there on, not only just the largest attractions, but some of the best brands in the world that we operate, whether it's a Disney, whether it's a Universal, whether it's a Burj Khalifa, or whether it's a Singapore Zoo, or whether it's a Ramoji Film City in India, we work with some of the best around in the world. And above all, we have these partners, we've had a renewal rate of over 95% from our beginning. So in other words, we have rarely ever lost less than more than 1% or 2% of the accounts that we've acquired through our years of existence.

Now, how does all happen? The company has had the genesis of operating in a category and becoming strong in it. To tell you a little more about -Souvenir Imaging, one of the easiest part, or one of the toughest part I had before, was to explain what we do, particularly when we got into the Thomas Cook Group.

So we complement the tourism business across the world, and that's the easiest way I could put it. But having said that, a simple mom-and-pop business of taking pictures, we turned that into a science of doing this business. So we took up these particular categories, and we've had a strong science put behind how this happens.

If you realize, every picture that's taken of yours, when you've gone to these attractions, might have been taken when you least realize that you're being pictured, and it is sold to you, or rather to your better half, most of the times, when you exit that location, or when you leave that place, then it's very hard for you to say no to it. That science between these categories of whether it's aquariums, toy towers, or amusement parks, change as the case may be.

We use certain methodologies like forced workflow, where you have no other choice but to be captured, and you can't say no to it because we capture right after a security gate when you enter in, or through roving photographers, male and females, who are pleasant to you and try to make you feel comfortable and capture that picture with your phone and our cameras too.

We've mastered that science across these categories, and today, that's why against any other competition, we are way far ahead for the simple reason that if we go into a new country, and if you go into an existing category of a water park, we know exactly what to do, and thereby that also helps us to get efficiencies of how we start and get profitable in the first three, six, or nine months of operation, and that's our maximum time we ever give for a break even.

From there on, a little bit about our past and how we moved up. Bootstrapped in 2005, we started the first few, I personally started the first four locations in March 2005 in Dubai. As I said, we had done less than four crores of revenue, never imagining that this business could be this large and big, but rest was history.

Building a great team, we achieved over 25 million dollars of revenue in less than three years of operations. There on, there's been, at that point of time, we were working on a software that was built by Kodak, so we were a franchise of them doing this business. Kodak is doing this business only in the Americas.

We took that business ahead and brought it out to the rest of the world, starting with Dubai. While doing that, over time, we came to a position with our rapid growth. We came to a size where we were getting bigger than what Kodak was doing itself, so in 2014, we acquired the Kodak business and built our own software solution.

That's exactly when the whole transformation happened and we grew from a small, medium to a medium-large-sized company. Going ahead from there, we came to 2019, when Thomas Cook acquired us. Fairfax, Thomas Cook acquired 51% of our shares. I still remain with the balance 49 and from that, we started looking at the opportunity of growing. Unfortunately, pandemic happened, but needless to say, we were the first to be affected, as we were also operating in China, so it's way before any other business got affected. We were the first because we had a sizable presence in China.

When we got affected in China from there on, we were the first to be affected, but we were also the first to recover, as we were operating in a sizable number of geographies. We started recovering way earlier in 2021, and in 2022, we broke off all our records of what we had done before 2019. Now, currently, as we stand, we operate in 118 countries and in 2023, we crossed a revenue of about $113 million and we were by far termed as the single largest souvenir imaging company from there on.

Again, in the souvenir imaging business, when we entered this business, this business was run or was led by people who were more than 1.5x of our size and today, we've kind of dropped all of them to less than half of our size. A bit on the financial highlights, I think, post-pandemic, we have been fairly consistent on this part. We've maintained our margins.

We've grown our margins from pre-pandemic and we've been consistent on doing that over the last two years with holding our margins to the right part. Going forward, there's a huge focus over geography expansion and balancing. Interestingly, the right side of my chart shows you the revenue split.

This is where we've created a strong balance between doing this business across various geographies. When we started, we were very strong and heavy in Dubai, in the Middle East. As you see here right now, we kind of had a good balance.

The word MISTthere is my financial guy's short acronym, but M-I-S-T stands for Malaysia, Indonesia, Singapore, and Thailand. If you see between the Middle East and the Far East, we're literally equally balanced. We have strategically kept ourselves low in Europe and the U.S. as they are high-cost markets and therefore, our focus there has been fairly calculated. Again, with our technology build, I'll bring that to that point of how we'll be looking at those markets from a non-operative opportunity. This is a bit of a heavy slide in terms of whatever, so I'll have to refer some notes out here. Here, we're focusing on getting how we're using technology to stand out from our competition due to the extensive expertise across worldwide ranges of attractions that we operate.

We are kind of looking at how we could use this technology to better our workflows, better our cost, and at the same time, enhance the guest experience. A few of the videos that will follow from here will tell you exactly how this whole souvenir photo business, we are transforming it into a more experiential imaging business. In other words, in a nutshell, this broad experience will allow us to move – allowed us with technology to move and continuously develop ourselves into being able to enter and conquer new markets with greater cost efficiency and speed.

Interestingly enough, here this part of it, we've had a very diverse portfolio, if you see among all the kind of attractions we operate. We operate the largest business in – if I say we have 265 attractions, there's an attraction that actually generates 100 times more revenue than the smallest one and that's kind of diversity is what we have on our portfolio. This allows us to give a good balance with the use of the kind of technology that we had and we are developing.

It gives us equal efficiency to deliver results on both these categories. Not only on that part, but doing all this, we also are using this towards higher productivity and efficiency that comes up at each of these levels. Net-net, it helps our market penetration.

This is a slide that exactly tells you how exactly in markets like China, in the financial year '24, we had two outlets and in ‘25, we have added 11 more. In a market like Saudi Arabia, we had four and we've added two more. Indonesia is the most interesting one. We had 20 outlets. We are operating 20 attractions in ‘24. We made it 28.

India also is fast-growing. Albeit, while India is in numbers going fairly big in numbers of attractions, the volume and the revenue is quite lowered because we Indians love spending more money on Bollywood and cricket as much as going to the attractions and buying pictures. This is where I would rather probably throw a little bit light of how we have demonstrated consistent leveraging of interest in technology to stay at forefront of the customer experience.

So from 2015, when we started this journey, we were running, in 2015, we moved from a Kodak solution to our own software solution. This software solution was added with a lot of other extra features that we went through the years of '16, '18, '20 and in '20, we got our backend integrations integrated into the software with SAP coming in. With Thomas joining us in this period, we also started getting ourselves aligned strongly towards all the value creations and that I'll tell you a little more on the coming slides.

And in 2024 is when we've now started got ready with the VC software. You guys were just photographed today when you came in at various points and post this while you, we do the meet and greet and you have some time, please feel free to go back to the kiosk that's put behind that will show you how your picture that was created, the backgrounds have been removed, how it's gone to cloud, has got converted, you've got a QR card, you have FR as a technology that you bought in, you can get all these images into your phone and you can see then and there.

This is a major change with VC coming in. The road ahead here is fairly interesting and I'll show a few of the video elements that really show the major difference from where you were taking a standard picture to what's possible here. Of course, today this venue is not very versatile to take those experiences, but this is what is live right now that we are demonstrating and doing, delivering in certain of our attractions.

K S Ramakrishnan: For all those who understood whatever I expressed so far, thank you very much and for those who didn't, probably the last video will finish the whole thing off how we see this business going forward. I also was a bit cognizant on time because we've been running a little slightly behind and my colleagues before me had warned me not to take a lot of time. I guess I made all of them hollow. I'm finishing everything in less than 10 minutes. This is the last two minutes of your patience and thereafter, I shall request Nandy to take over. Two more capture solutions.

And the final one is a two-minute video that tells you exactly what the new VC is all about. Till date, we were running software solutions of others or what we had created. This is the first time that DEI, thanks to the collaboration with Thomas Cook through pandemic with all the support, invested into a technology piece that will be a complete game changer going forward for the rest of the world on imaging. This solution is purely created from base and from scratch and above all, it's just not a software solution. It's a complete platform. This platform will further enable us to do what we're doing more efficiently and more quicker.

But above all, it will also open a whole new opportunity of going and giving this solution and a SaaS model to other attractions who would like to do it themselves to other photo operators who would probably now become a subset of ours to deliver the same thing across the world. Mind you, the overall imaging business around the world crosses over $800 billion. That's the size of the overall imaging business. So we are here at a very small way to give our impact to see how much of that share we can take going forward.

K S Ramakrishnan: Thank you very much. Debasis, over to you.

Debasis Nandy: Thank you, Ram. We're in the last phase of this presentation and I'll just take a few minutes of your time to talk about the overall financial performance and the outlook. So, this is about the year that we have gone through.

We have seen a very impressive performance, a very impressive range of growth between FY '23 and FY '24, be it in terms of revenue, be it in terms of EBIT or PBT and of course, the number that we all look for, the EPS. Obviously, some of it has happened because we are coming out of pandemic. FY '23 was more muted and FY '24 is the year that we really started spreading our wings all over again. But will this performance sustain? Obviously, we are on a very firm ground. The performance parameters will sustain.

We may not see this impressive range of growth. Obviously, we cannot have a 45% improvement in revenue year-on-year or we can't move our margins, the EBIT margins by 400 basis points year on year. You will obviously understand that, you are experienced. But what all that I am trying to say is that we are on a very firm footing. And because of the diversity that we have, which Madhavan mentioned right in the beginning, we are across four different segments. We are across about 29 countries.

So, some countries or some segments may not fire at all times, but others will and will make up for them. In terms of the balance sheet, we have a strong balance sheet. If you look at our cash and bank balance, Madhavan and Mahesh have mentioned this before, our cash and bank balance stood at about INR15 billion at the end of March and this balance has been growing over time.

We have been able to bring down our debt substantially, which stands at a meagre 2.2 billion at the end of March and it is going to progressively go down. Most of these are term loans, which will get repaid over time. And obviously, our equity is growing. In terms of ROE, we have reached a level of 14% from our 2.7 last year. 2.7 certainly is not a parameter or a benchmark, but 14% is a good level to achieve. But going forward, we expect this to grow over the next, may not be over one year, but over a period of next three years this will certainly move up to the levels that we expect it to be.

The balance sheet strength obviously helps us in terms of, giving us the capacity and the capability to drive growth. So, what is the outlook? So, in terms of the outlook, coming back to the point on the diversified model that we have, we have a number of units in India as well as overseas. And the shared ownership that we have is we are able to boost the performance at overall level. And this would accelerate the growth over a period of time. Our cost efficiencies, we have derived some cost efficiency.

The speakers before me mentioned that, that our cost to revenue ratios have improved over time. And these are, we expect these to be sustainable. Our growth obviously would happen with focusing more and more on our innovative products and the focus that we have on the customers.

And going forward, we expect our margins to step up gradually, at EBIT level margins to step up gradually. We are continuously working on the working capital optimization and the debt reduction. We are asset light model across the, I think one common thread that runs across all the four businesses that we are asset light. And therefore, the capex does not take away much from our cash flow. All this will obviously drive the return on equity and improve the shareholder value. I think that is all we have for today. We will now open up for the question and answer session over the next 30 minutes or so. Thank you.

Moderator: Anyone who wishes to ask a question can raise their hand and introduce themselves and proceed with their question.

Deepak Lalwani: Hello. Thank you team for a good presentation. See, Mahesh, my question is to you. On the B2C side, when you explained that the value of ticketing has gone up, but the revenues have sort of not come back. So can you just give some sense on what the volume drop is? And how should one view this piece of business? Because the entire sector is growing, it's back to pre-COVID volumes. So how should one view this business in the light of competition and our market share in the B2C space?

Mahesh Iyer: Sorry, maybe I missed that question. But let me try and frame an answer and hopefully it addresses the point that you are trying to get to. The B2C basically is the holiday side of the business. And on that, what we mentioned is that while the value growth has come in the volume growths are still catching up. When I say volume growth, you are talking about passenger numbers. And specifically, that growth has not caught up on the long haul side of it. And that has been specifically because of visa related challenges in some markets.

Take the example of US, where the gestation period for a visa ranges from 8 months to 12 months and 15 months. Take the example of Schengen, where we had large scale rejections last year, close to 15%. Obviously, this year we are seeing lower number of cancellations or rather rejections that are coming on the visa.

So to that extent, they are a bit lower or rather shorter in terms of their recovery cycle. But if you look at the domestic and the short haul, they have actually taken over and they are trending at much higher levels than the pre-pandemic and they will continue to grow. Is that the question that you were asking for?

Deepak Lalwani: Yes, so see, we have been following this company. So when you speak about and give out targets on a good recovery on this piece of business and although we have macro challenges, what gives you that confidence to promise a good amount of recovery? I know domestic is firing, but what are the levers which is in our hand which gives you the visibility of say a 100% recovery in that piece of business?

Mahesh Iyer: So I think you must look at the macro trend first. Look at what is happening with India. Everyone wants to travel. I mean, take your example, my example. We used to probably do two holidays before the pandemic. Today we do every holiday at every weekend. So people are looking to travel.

The second is the point that Vishal mentioned, there is better connectivity. You have got more airlines connecting you, more airports connecting you. Third, there is higher disposable income. India is going to be a $10,000 family income in the next five years. Every household, 40% of the household is going to be having a $10,000 income. That is what some of the studies say.

So effectively there is higher disposable income in the hands of people. And then other important element is that India is moving from savings to spending. People are spending on experiences. So there are multiple trips and you saw the trips are actually going to grow from 2x from about 2.5 to 5. And that is the kind of growth that we are seeing in the market. So these are good tailwinds for the industry and obviously we will trail that tailwind that we see.

Deepak Lalwani: And any thoughts on our market share in this piece of business? Are we at the pre-COVID level, have we lost something or are we, maybe as you mentioned, we don't focus on discounting today. So are we giving out some business because of the lower margins?

Mahesh Iyer: Honestly, we have not discounted our margins. If you looked at our EBITDA margins, they have actually improved, which only means that we have been more efficient and we have been getting our fair share of margins from the market. As competition intensifies and market comes to a place where we are looking at constant growth rates, we may have to revisit our pricing strategy. But I think that time is a little far away because there is so much more tailwinds that is there for this business that we don't see a need for discounting our margins or giving our fair share of revenue in any which ways.

Bhaskar: This is Bhaskar here from Arthya Investments. So I have a question on Sterling. Vikram, you mentioned that next many resorts that will come there will be on asset light model. So are these management contracts or what is the structure?

Vikram Lalvani: Okay. I actually mentioned initially it was asset light, now it is asset right. So there is a difference. One, we do management contracts, we also do soft leases and hard leases. So when we were transforming the hard lease resorts that were not profitable is something that we gave off and where we could never turn that around. So that was one of the ways in which we actually offloaded a lot of costs during the transformation phase. Now we started getting into soft, at that point in time we got a lot into management contracts. Now management contracts are very different from franchises. I don't touch franchises for various reasons. So management contracts is what we call commission rooms.

So we get a certain percentage of the top line and a certain percentage of the bottom line. Now we are actually doing a combination of sweating our existing assets because we have got about 44% of our inventory on our own. So sweating existing assets plus going in for soft leases plus going in for management contracts.

A soft lease is where I don't have to pay a fixed lease amount upfront. It is a derivative of either the top line or it is a derivative of the GOP line. So that is the model in which how it is moved from a very lease heavy model into an asset light and now into an asset right. I hope that answers your question.

Bhaskar: Yes, a lot but just to sort of clarify. So you are saying that new assets will be on soft lease which means there is a linkage to revenue and what about the other fixed cost? Are they also, that will be on the books of yours or that is also?

Vikram Lalvani: So what happens is in a management contract the P&L is in the owner's books. And I manage the entire resort so that I am managing my brand experience for the customer and I have also given him estimates of the kind of business that I am going to do with him. That is why he signed up with me and it is a very competitive world.

So if I don't deliver to him, his owner's share, he is going to get dissatisfied and I will never be able to expand in that route. So there I get the certain section of the top line, bottom line depending on how the deal structure is and that comes into my books as a managed income revenue. Only that portion comes. So what you see of the revenues is only that portion. So we earned about, last year was what, INR6 crores. So INR6crores just on that. So it goes straight into the bottom line. And this year it is going to be at least INR12 crores-INR13 crores or whatever. So that is the managed.

The second is the soft lease. The soft lease is where the P&L is in my books. He has built the asset for me. I have to operate it and the P&L is in my books. So depending on how much I earn in that resort, either in the top line or in the bottom line, it is a reverse. I give him a certain percentage - 8%, 9%.

I give it to him and the rest is in my books. It depends on the market that you want to enter. You actually start spanning it that way. One is the extent to which you need to take a risk. Second is the barriers to entry into that market. So the various options are actually decided as to which model you want to go for.

Number three, it is an important one where I say, sweat the existing asset as well because we want non-linear growths even in future. Two years has been a great year for us. But you cannot keep growing 30% every year. So you have to keep building your own assets as well. Now I said I am not going to get into a capital-intensive building of an asset like a greenfield. But I will get into those at least for the next 12-15 months.

I will get into those where I can incrementally sweat my existing assets. So as I mentioned about 120 rooms, can I take it to 140 rooms because it is all ready. My MEP is ready. My backend infrastructure is ready. My restaurants are ready. All I need to do is get the interiors done and I can light up another room. So the cost of adding another room is very low. But over a perpetuity, over a period of time, it will give me my returns.

Bhaskar: Just one last question. Out of the 52 resorts that you have, how many are on pure management contracts?

Vikram Lalvani: All right. So I will give it to you in terms of percentage of rooms. So we are approximately about 3,000 rooms. 1,400 rooms as owned. 800 are managed and the rest are on hard lease or soft lease. So as I said about 70% roughly today is on my P&L rooms and 30% is on the managed. It is always good to keep a balance of the two because some can say I have 150 hotels. But they are adding no value to the bottom end.

Bhaskar: And just a small thing, on the assets that is on the asset light model but not on management contracts, the costs which are the non-lease part, the other costs, the manpower costs, etc.

Vikram Lalvani: That is ours. Because if you see, for example, how you optimize then becomes the trick. We already have a hotel in Wayanad. I will give you an example. But if I have to take a hotel which is adjacent to Wayanad, I will use the same and optimize the same cost there. Whether it is the sales cost or whether it is the cost. I will have one GM for two places.

Bhaskar: And that is precisely when Q1, when you opened a lot of resorts, I think six of them, because of the fixed cost element, it got hit. But the hit would have been higher had it been, the lease would have been more like the earlier.

Vikram Lalvani: See what happens is when you open a hotel and that too in a new market, it takes time to ramp. Now ramp could be three months, four months. We opened Badami three weeks ago. You do not start with 100% occupancy. So we are building the base for the Badami as a destination. We are 20% occupancy, 25% occupancy today. Will it grow? Yes, it has to grow. How fast you can ramp is another thing.

In the case of Q1, as is mentioned, we had only one resort in Rajasthan last year. And for a key leisure company, you cannot not be in Rajasthan. So as a strategic importance we place Rajasthan as much as now we are placing Karnataka. Now when you open most of these hotels, five or six hotels in Rajasthan, obviously Q1 is not the peak period for Rajasthan because it is at 50 degrees. So that went against us. But you had to open it. It is partly on a hard lease, it is partly on a soft lease.

But you had to open it because otherwise you would not be able to ramp up for Q3 and Q4 which is the period for Rajasthan to ramp up. I would not be able to get the weddings in Q3, Q4 if I am not present today in the market, number one. So that was a temperature issue.

Number two and the bigger issue was, we had last year same Q1, we had 23 Saya dates, that is the wedding dates. Whereas this time, quarter one, we had only three. We were cognizant of it, not that we were not cognizant, but we had to take that call and ramp because if we don't open it now, I would start losing for Q3 and Q4. So yes, there has been a slight impact on that. They were not the Q1 hotels, they are the Q3 and Q4 hotels. As I said, balancing seasonality becomes important.

Now, in those two years of COVID, Q1 got affected and the whole company got affected. So because you are very Q1 dominant, so which is what I am trying to spread the seasonality risk across all the quarters. So which is why you need to expand in these new markets.

Bhaskar: Sorry, if I can take the liberty of one last question. Tracking the hotel industry and most of the large players, mid players, everyone was talking about lot of supply coming in. I mean, they are saying, look, the demand is great, everybody is adding supply and somehow everybody is saying, look, there is not too much of supply. So as analysts, at least I am worried and wanted your take that are we underestimating supply and if a lot of supply is coming in, can that put pressure on the ARRs?

Vikram Lalvani: So a good question and I will tell you why a lot of and I will give you my perspective to the whole thing. If you do not ramp today, you will lose out tomorrow, number one. Number two, a lot of people who wanted to open in 2019, '20, '21 their projects got stuck. Because of obviously COVID, then they could not raise capital, they could not complete the projects, it is capital work in progress, they got stuck, then things started looking up for the industry, then all the bankers started charging towards hotels, you understand that cycle, right?

So that is when they got the time and the resources to complete their projects, which is when it is coming in. So if you do not lap it up as a brand, someone else will do it. So I would think that the next one to three years is critical to also add supply as much as you are trying to optimise your own performance, number one.

Number two is, it only depends on what model you are going to use to add that supply. Number two, I think in about 2 to 3 years, a little more consolidation will then start happening. Yes, there will be pressure on ARRs in those markets where the demand is flat and the supply is growing. So there will be pressure there. But a smart brand will know how to fight that. If you see in Sterling today, our ARR is 6,500.

But if you just trail back 3 years, it was 3,500. So how you are able to manage that is one thing. Second is, look at the total RevPAR, number two. Number three is, look at the EBITDA per room and PBT per room. I think we will get all our answers for that.

Bhaskar: Sure. Thank you so much. Very helpful.

Moderator: Please introduce yourself, your name and firm name.

Manoj Shroff: Hi, sir. My name is Manoj Shroff, Kivah Advisors. I had a few questions. One was on the EBIT margins. So we've guided saying there will be flat margins for the year. Has something changed? So I think in Q3 of last year, we were 5%. And we're looking at a much optimistic sales number. So has our gross margin competitiveness, has that changed in the last quarter or something?

That's one. And also, if we can go to Slide 22. So I think that will explain to all the investors also will be very happy to see the breakup of the sales in the travel segment and any margin difference in key segments there. So that will help us. So if you see the holiday segment is 26% of sales, and in the B2B, the destination management is 50% of sales. If you can explain the margin differential there and the top line, is it a GOV value or a sales value? If you can explain that.

Debasis Nandy: Okay, let me take the first part of your question. So I think I probably misunderstood because what I meant to say is that while you have grown from 2% EBIT margin in FY '23 to a 6%, that's a 400 basis point increase in terms of, 3x actually. I just wanted to temper your expectations by saying that you can't expect a 3x improvement.

It's not that the 6% can go to 18%. That's impractical, right? So we can't go by 400 basis points of EBIT margin every year. That's all that I wanted to say. I did not for a minute say that we'll be flat at 6%. It will grow. There is operating leverage. And we are talking about EBIT margin and not talking about operating margins, right? Our operating margins will be fairly steady.

When I say operating margin, sales minus cost of sales, fairly simple. And when you come to your second question, I will talk more in detail on that. But as far as EBIT margins are concerned, given that we have a fairly good control on our fixed cost, our cost to revenue ratios are pretty strong. When I say strong, I mean very efficient.

We will see a continuous improvement in EBIT margins and this EBIT margin obviously will differ from segment to segment. The 6% is a summation of all the four segments. When I go segment by segment, it will change. For example, forex has EBIT margin. I mean just take two examples to say sort of two ends.

Sustainable EBIT margin between 40% to 45%. Travel, on the other hand, that we are somewhere around 3.94%. And if you have been following us in the past that we are given a guidance that over a period, our aim is to take it to about 5%. Now, coming back to the operating margin, which is the second part. See, we do not measure EBIT margin at every, sort of sub-segment.

I think that will, while we try, you can try and do that, it will probably confuse you more than help you, okay, which is why I try to take the EBIT margin at a travel segment level. Coming to that, what I can talk about briefly is about the operating margin, which is the sales minus cost of sales. So, if you look at the holidays business, B2C, we operate typically in the range of 14% to 15% gross margin. That is what we call operating margin as.

And to take a point from Mahesh, we have actually grown this. We were at something like 11% to 12% pre-pandemic. Today, we are at 14% to 15%. We have actually grown that margin. Can we keep on growing it? I do not think we should try to keep on growing it because we do not want to make ourselves uncompetitive in the market.

And as you know, this is a fiercely competitive market as well. If you come to the B2B, and here the margins are very different. In corporate travel, what you see is actually the margin. The 2% is actually the margin. If you look at 2% is basically the revenue that you earn from it. If I take sales and find out my revenue as percentage of that, it will work out to somewhere to 4% to 5%.

And that is what you are trying to grow by improving the non-air part because non-air works at a better percentage. But right now, the non-air percent is very small and therefore would not like to hazard a guess to what extent it will grow over the next 12 to 24 months. As far as the MICE is concerned, again, corporate business, people like you are our customers and all of you negotiate very hard.

So we do something like 8% to 9%. All the nature of the business is fairly similar to the B2C. As far as the DMS business is concerned, it is typically a land-only business without the airfares, unlike the other parts. And there we have more healthy margins, more in the nature of 16%, 17%. Depends from territory to territory. Does that answer your question?

Manoj Shroff: Yes, thank you so much. The question on margins actually was on the travel segment EBIT margins. So I think in the Q3 call also, we were more optimistic. We are talking of 5.5%, 6%. I think the CEO, in the Q1 call, also in the interview on TV also, I think Sir was saying we could have a flattish year in margins. So it was more coming from that, from the travel segment margins point of view. That has something changed versus a higher optimism a few quarters back?

Debasis Nandy: No, I think again, probably a bit of a misunderstanding. We are committed to that number. That we have moved our margins from around 3% to about 3.9% or 4%, let's say round it off. And we keep ourselves committed to the number of growing into 5% over a period of time. Obviously, the journey from, as we move up the scale, the journey becomes increasingly difficult, right? So 3 to 4 has happened over a period of a year or so. 4 to 5 may not happen in a year. But maybe in the next 18, 15 to 18 months, it would happen, maybe faster.

Manoj Shroff: Thank you.

Jaiveer: Hi, team. So I want to pick your brains, especially on the leisure potential in the country. Now, given your rich collective experience on both overseas as well as Indian. So I think I have a dilemma in terms of the leisure potential in India and overseas, and sort of cannibalizing each other. So if you see the amount of inventory that we have in the Indian market on the leisure side, I think it's highly underpenetrated as compared to even say cities like Bali or a country like Thailand, Indonesia.

But on the other hand, these countries are also opening up to the Indian passport holders in a big time given, I mean, the overall cost of staying there and doing everything is actually lesser than the cost of travel to those countries. So how do you sort of address that dilemma? And then which side of the business on the overseas leisure travel or on the domestic leisure travel are you more bullish on?

Debasis Nandy: So maybe I can ask Vishal.

Vishal Suri: So I think let me try and answer your question. You asked a question in two parts. Let me address the dilemma part. I think what I tried to cover and I think Mahesh also covered it is, in our minds, there is no dilemma because we believe there are enough tailwinds and supporting factors which will support the growth of this travel.

And there are multiple factors that I spoke about in terms of the aviation, the hospitality, in terms of the commitments they are making and these are some of them are long-term plans that people have to put through, the number of airports which are aided by the policy, some of the policies that are coming in. What is increasingly happening is also that the disposable incomes are going up.

I also mentioned briefly when I was covering the deck that there is a mind-set or there is a psychological change in way the consumers are now beginning to behave. And I think Mahesh also tried to say that. Pre-pandemic people were taking about two or three holidays. Now at least the affluent people are taking about seven to eight trips and every occasion is becoming like a trip.

It could be school reunions, it could be anniversaries and stuff like that. People are taking about seven to eight and we are seeing this insight coming from some of our customer sets from the Metro markets or the slightly more affluent markets, let me put it that way. So that is increasingly happening.

On the other hand, what is also happening because the connectivity is improved, because the quality of the propositions have improved in terms of the products that are being put out by the hospitality chains, there is an overall awareness of what can be done. Vikram somewhere mentioned about the category of properties that Sterling is in with.

There are resorts, there are retreats and stuff like that and each one of them has its own specific position. So there is an overall, everybody is addressing that inspiration or the customer's motivation essentially on why he should travel and do these things and that is obviously driving a lot of this demand, let me put it that way. So this is what is helping.

On the international side, what is really happening is there is a race to basically, because everybody has recognized that India is a very attractive source market, so there is a race for people to actually come in. Let's say the shorter haul destinations, as we put it, which are less than 5 hours of flight duration, are making it visa-free or easy visa, it's a visa on arrival or an electronic visa. Now that reduces the barriers to travel.

Obviously a lot of Indian airlines like the IndiGo and somewhere what I was trying to say, the number of aircrafts will double and things like that, because India also is aspiring and they have gone on record, they want India to be a hub, like let's say Dubai at this point in time or Abu Dhabi or Singapore for that matter, India wants to be a hub, which means there will be a lot of direct point-to-point connectivity coming out of India, which will drive and proximity and connectivity obviously aid the travel.

Then we are also talking about, so what and there is a spend which is happening from these tourism destinations, the national tourist organizations which are coming in, which is the CIS, the awareness around some of these countries, they are spending and partnering with players like us to do that. So we believe that there are enough reasons for the demand to keep coming in, people will keep getting inspired to travel and things like that. So there is no dilemma per se from that standpoint.

Coming to your question on the share, of what is our share and things like that, I think we have all said it on record that it's a very fragmented play and which kind of explains why we go and still consolidate in the marketplace as two brands and things like that because we believe there is a lot of headroom for growth and things like that.

So currently by destination, if we map and we have tried to do that exercise because there is no industry wide body which publishes this data, but what we tried to do is we started to look at our market share based on the number of seats that are available per sector and things like that and you will appreciate that some of these are also through.

So if you travel from Mumbai to Singapore, but there are a lot of people who are traveling from Mumbai to Singapore and to Tokyo or maybe even Australia. So we have tried to do multiple surrogates to figure out what our market share would be and my sense is our share is still in the region of about 3% or 4%.

So which means there is enough and more headroom for us to actually grow over a period of time and as the market expands we believe, that we will continue to grow and which is why I also said that as the whole business grows at about 15% or 20% as the multiple reports say that, we should be able to match those growth rates. I think that is what I would want to add. Mahesh, would you want to add anything on this?

Vikram Lalvani: Can I step in here for a minute? So speaking about it from a hotel point of view, we saw Ram's presentation proudly putting up saying the biggest hotels I am covering. So he showed Atlantis 2,000 rooms or 3,000 rooms. How many hotels or resorts in India have 3,000 rooms? None. 2,000? Possibly none. 1,500? Possibly none.

There is so much to be done and supply will create its own demand. I mean, when someone builds that 2,800 rooms somewhere in the middle of a desert, do they even think it is going to fill? So I think where we are talking about the leisure market, I think India is highly, deeply under penetrated in my point of view.

In one of the other forums, I was asked right when I was sitting next to a Taj MD CEO, they are entering Gangtok, aren't you worried? Now we entered Gangtok 9 years ago and at that time Gangtok, nobody knew even how to get to Gangtok, for example. Aren't you worried now they are also coming into Gangtok?

My answer was simple. I said I am very happy that they are coming into Gangtok. I am happier, for example, if more people come in. So I was asked this question, why? I said the answer is simple because I am not the only one who is promoting Gangtok. There will be others who will also chip in to promote Gangtok.

So supply also creates its own demand. So as far as leisure is concerned, we all know the middle class, aspiring middle class, they want premiumization, we all know all that. They all have money and all that. But where we also lack is scale and I think sometimes we have to think that scale will automatically create its own demand.

Jaiveer: Mr. Lalvani, just to pick on this, so if you see on the unbranded side, especially in the segments that you focus on in the mid-scale, there is almost 90% of the supply which is unbranded and which is not getting captured by any of the supply estimates, which can really come into the market at a very fast pace within a year or so.

So how are you looking to sort of address that challenge which might eventually come up over say the next 2 to 3 years, especially when the largest mid-scale operator is almost adding 10x the amount of rooms that possibly Sterling is looking to add at the moment?

Vikram Lalvani: Okay, so I do not think so that is a challenge that is an opportunity. I will tell you why. Because that gentleman who is running that unbranded hotel, is finding it difficult to sell his hotel because the landed cost of reservations, if he has to go to an OTA, I am just giving you an example, you cannot imagine the amount of money that he has to spend to get there. So the landed cost of reservations is just not possible for him to scale, even if he has 100 rooms. So what does he do?

What are the options? What is the option for us? The option for us is to go to him, say Mr. So and so, invest, get the thing to our spec and I will run it for you. That is where the opportunity is. It is not a challenge. So how much you are able to carve out of the unbranded? There was another question of are we scared of supply coming in?

The supply that is coming in is from an unorganized into an organized. But we are only seeing the organized. Now obviously it has to match to a spec of a brand, etc. The brand is able to get the distribution pull, operational efficiency, etc. So in fact it's more an opportunity rather than a threat.

Jaiveer: Thank you so much. This is Jaiveer from AMBIT.

Moderator: In the interest of time we will just take last two questions. Then if at all if anyone has any questions, then we can...

Debasis Nandy: Abhishek, I think people are patiently waiting for a while and it's our duty to answer the people at least for the next 10 minutes or so because I think three, four hands...

Ramesh Motwani: Sir, Ramesh Motwani from Mehta & Vakil. First and foremost, your presentation is all-encompassing, beautifully encapsulating all the four verticals in an extremely explicit and accurate fashion. And I would also here mention that Madam Urvashi, has done a wonderful job. At the outset you said that she has put together this whole presentation.

It is showing not only the commitment from her but the commitment from the entire top brass of the company. Sir, one last slide showed that the earning per share of FY '24 has grown to 5.57. In 2023 it was quite low. The growth is very good and the presentation has been excellent. Can I ask this question still more straightforward? An Earning per share in FY '25 of 10 or more?

Debasis Nandy: I wish. But that is the point I indirectly referred to. But now that you are asking me a direct question, let me give a more direct answer. So FY '23 is more of an aberration because that was the year when we started recovering from the pandemic. So we didn't have a full 12-month operating period, so to say. The Q1 was still substantially affected by COVID. FY '24 was a lot better. That was the year when we started spreading our wings. I think that is the term I would like to use. FY '25, we will still continue to fly…

Ramesh Motwani: My reading is you will fly in full steam and full go. No holds barred.

Debasis Nandy: If I take the simile of an airplane since it is a travel industry, when it takes off, it flies at a 45-degree angle. But it doesn't continue to fly at a 45-degree angle right through its flight path. At some point of time, it has to stabilize. It still rises from 20,000 to 30,000 and 35,000. But it is not at the same steep angle. Let me just say this.

Ramesh Motwani: Thank you and all the best.

Ankush Mahajan: So, this is Ankush Mahajan from Axis Securities. Sir, I just tried to understand your DMS business. So in the DMS business, we can see that the source countries like U.S., Europe. So can we say that business is, the growth in that business is less as compared to the other business? Because what we are seeing that the FTA data, the latest FTA data that is almost near to the pre-COVID levels now. But till 2024 the recovery in our business in the DMS business is only 85%. So can we say that this growth in this business is slightly lower than the other business?

Debasis Nandy: Dipak, would you like to answer that?

Dipak Deva: Thank you for the question. You see, when you look at FTA numbers of the government, please understand it is a mix of various things, including people crossing the border from Bangladesh. So our focus area is about 6 million tourists that come and use services from companies like ours. That also includes people who are coming to meet family, etc., who don't take services.

So let's say about 6 million tourists that are traveling, 6 to 7 million, that return of that 6 to 7 million is definitely on track. And in fact, in 2025, you will surpass 2019, both in terms of revenue and in terms of guest numbers. You see, just revenue alone is not good. It has to also be guest numbers to answer your point. Yes.

Ankush Mahajan: Thank you, sir.

Mayur: This is Mayur from Wealth Managers. A couple of questions for you, Madhavan sir. After the COVID, post 1 year, once the normalization in the global economy started coming up, we saw a good bump up in FY '22, '23 -- late '22 and then '23 and '24 has been very strong for the entire travel, tourism, hospitality, everything put together.

And now there is an expectation that I am not talking of 3, 4 years, I am talking specifically over the next 18 months or so broadly. Do you see the risks of this growth not being there and tapering off because there has been a bump up or a huge rise which has come up? And if that happens, at an overall organization level, what kind of risks does it pose for us? Because we are planning a lot of growth, we are doing a lot of, but if that comes up, where are we poised in terms of the risks or the overall level?

Madhavan Menon: So, Mayur, I think when you talk of a bump, you are talking from near zero up. So, first of all, if I look at '21, '22 and even to an extent '23, you have seen that. Demand continues, as all the gentlemen have said in their conversations, be it Mahesh, Vishal, Vikram, Dipak, all of them have talked about demand continuing.

So, I do not think demand is going to go away. I do not think demand is going to dip. But the reality is that you cannot have, as Debasis said, it cannot be just like this. It will keep growing and the incremental growth number may be less than before, but in absolute terms, it will continue growing. So, we do not anticipate a dip in demand, point number one.

Point number two, I think as far as I go back to the point I made to you that diversity of our businesses allows us to hedge against in a particular quarter if a business does not fire, the other businesses are not affected by this and therefore, it gives us the ability to sustain that growth. Third point, I think there is no risk over the next 18 months as an organization for us.

What I do see is a period of consolidation and I use this word consolidation very carefully. Please do not read it as a decline or a flattening of earnings. I know I got misquoted on the margins where I said that we wanted to steady our gross margins, it was read as flatten, margins remain flat. The reality is in a consolidation period, you will see the growth continuing, but at that incremental number may be slightly less than what you have seen in the previous years and purely because we came out of a pandemic.

Mayur: So, entire organization, all divisions, everything put together, we are poised looking at a growth and there is less risk which we are looking forward to in the next decade.

Madhavan Menon: Mayur, our responsibility is to manage risk. That is why we are all here. If there was no risk…

Mayur: No, because if you look at the global situation, many are talking about, not the consolidation what you mean, but clearly a stagnation or a kind of a fall which can possibly come in the overall global situation and especially for the travel industry because there has been a huge pent up thing which has happened in the last 2 years and now there can be some…

Madhavan Menon: Mayur that is where I differ. So, I think this word revenge has been misused and look at any study and I can quote you, for example, Rajiv Menon, head of Asia for Marriott has just said that they still see and they are the largest hotel operator in Asia where they are seeing demand continuing to grow and therefore they are expanding the number of keys that they have across Asia on a continuous basis, India included. So, I do not think there is going to be that this was just a blip.

I think it is continued because as Mahesh and Vishal indicated, the behavior of people in terms of travel has changed and this is the result of the black swan event that we saw in the form of the pandemic. We are seeing it across be it every aircraft that you see and I am sure you board aircrafts regularly. Have you noticed the mix that has changed?

It is no longer people going for work, it is actually the number of families, age profiles have changed completely. So, airlines are beginning to see that also, are seeing that on a consistent basis. Walk into any hotel and you will see that occupancy rates are far higher than what they were in the past. Vikram talked about weekends, longer weekends and weekdays, but the reality is if you start drilling down at those levels, you will also see higher occupancy.

Mayur: Second question and I know this may appear that I am looking for a forward guidance in terms of the value of your own company, but it is not like that. I will also use this analogy of consolidation, do not misquote. But still I will ask, you have been masters of acquisitions, valuations. Fairfax group is master in acquisitions. We have built the wealth based on acquisitions. Allow me just one more comment over here.

If you look at MakeMyTrip, I was talking some time back, it is a $10 billion market cap now, $10 billion of gross bookings, $1 billion of revenue. This is the take rate. We are INR10,000 crores, roughly $1.25 billion. We are roughly $1 billion of revenue. According to your sense, why is there a big, they are U.S. listed, we are Indian listed, I can understand it is possible, but where would you like long term investors of your company to guide us to understand why is there a big difference and what will help TCIL to march towards some of those gaps which are there.

Which are those areas which you would want us to look at, follow us, track it and you think where the value creation will go and this huge valuation gap which is there, it is again an Indian company from where we can, when we are looking at benchmarks. So…

Madhavan Menon: So, Mayur, first of all, we do not compare ourselves to an OTA because the very nature of their business is very different from ours. If you look at our business, if you look at the leisure business, we sell packages. They sell components.

Mayur: Sir, sorry, I am interrupting. If you look at today, only 60% of the revenues come from the air travel. They are now selling packages, they are now selling buses, redBus is part of them. If you look at the overall consolidation now, they have also gone into forex, they are also doing travel, also doing insurance and hence I am saying that and the level of disclosures which they have, I will suggest if you all can look into it, it is very different. So, I am from that point of view. I understand it is an OTA, it was an OTA predominant player but today they are doing everything…

Madhavan Menon: No, I am not disagreeing with you but the literal overlap between us and them is very limited into the domestic market, where we both sell packages. If you look at the packages that they sell in the short haul, they do sell packages and I am not denying that fact but the reality is they sell far more components. When I talk about components, I am talking about hotel rooms, like they sell aircraft.

So, I think instead of just looking at airline revenue, you need to look at component revenue and compare that and therefore we have never compared ourselves to this thing and it is like saying looking at China and India in the sense and saying when will we catch up. The reality is we are completely in two different segments and I don't think we are comparable.

Debasis Nandy: I think apart from what Mr. Menon said, one thing that we need to be cognizant of is that we are not in the business to enhance market capitalization. We are in the business of travel and travel and travel related services and I mean all the four segments. What you want to do is to do that business well.

We do not measure ourselves on market cap. None of the 67 Slides did I ever refer to market capitalization. We refer to EBIT, we refer to ROE, we refer to various KPIs but market cap, sorry to say this but it is not on the list of KPIs. It is market cap is something that is determined by you, all of you coming together here. It is for the investor to decide what you are valued at. We value ourselves, what do you want to do?

We want to increase our profitability margins represented by EBIT margins, gross margins so on and so forth. We want to improve our ROE, we want to improve the strength of our balance sheet. That is the business we are in. The result could be market cap but the result is given by examiner and in this case the examiner is you.

Vinit: Good evening sir, thank you for the detailed presentation. This is Vinit here from Karma Capital. Sir, just one question on the capital employment. So over the few years we have expanded from the travel to many other segments but now as we hold a very healthy cash balance, we have a healthy ROE. So how should we look at the capital employment going forward?

Because you do not need a large part of capex as you said in your presentation that the capex requirements are very low. So will that flow to as the dividends or buyback to the investors or how should we look at or which are the segments that you look at where you need a lot of capital going forward over the next 2 to 5 years?

Debasis Nandy: We, I think we mentioned time and again that we are asset light. So we do not think we will be investing too heavily into capex and so where do we use the cash for? Obviously one of the things that we would like to do is to first try and become debt free. Vikram mentioned that Sterling has become debt free, it is a matter of great pride. We would like the rest of the group to become debt free as well, one.

Second is that pre-COVID we had built up a cash surplus. If you had followed our company at that point of time, you know we had a lot of free cash and there was a point of time back in February of 2020 when we actually announced a buyback because we felt that the cash should return to the shareholder and we had to hurriedly take it back because COVID came and hit us.

We want to, what I am trying to say is that we would like to develop that cash surplus position so that we can be prepared against any eventualities. Over a period of time, once we have fulfilled these two commitments to ourselves or to our shareholders, if you have surplus cash obviously and we cannot find a better use for it in terms of expansion, in terms of capex etc.

Or acquisition for that matter, we would certainly like to return the cash to the shareholder. Ideal cash on the books does not improve ROE, our commitments also improve ROE and therefore at that point of time we will work out the best possible way to do it. It could be by dividends or it could be by buyback, whichever works best.

Moderator: Sorry to interrupt, we will take this as a last question. Anyone who has further questions can interact with the management while having high tea. Thank you.