

CREATING A WORLD OF INFINITE TRAVEL POSSIBILITIES.

ANNUAL REPORT 2017 - 2018



Contents

01-27

Corporate Overview

- 01 Board of Directors
- 02 Leadership Team
- 04 Thomas Cook India Group at a Glance
- 06 Message from the Chairman's Desk
- 09 Consolidated Financial Highlights
- 10 Creating a World of Infinite Travel Possibilities
- 26 Creating Endless Possibilities for Community Service
- 27 Project Dialysis National Footprint

28-112

Statutory Reports

- 28 Directors' Report
- 64 Management Discussion and Analysis
- 73 Report on Corporate Governance
- 103 Business Responsibility Report

113-277

Financial Statements

Standalone

- 113 Independent Auditors' Report
- 118 Balance Sheet
- 119 Statement of Profit and Loss
- 120 Statement of Cash Flow
- 122 Statement of Changes in Equity
- 124 Notes to the Financial Statements

Consolidated

- 173 Independent Auditors' Report
- 180 Balance Sheet
- 181 Statement of Profit and Loss
- 182 Statement of Cash Flow
- 184 Statement of Changes in Equity
- 186 Notes to the Financial Statements
- 273 Information regarding subsidiaries and associates

Corporate Information

Chief Financial Officer

Brijesh Modi

Company Secretary & Compliance Officer

Amit J. Parekh

Auditors

B S R & Co. LLP

Principal Bankers

(in alphabetical order)

Axis Bank Limited
Bank of America
HDFC Bank Limited
ICICI Bank Limited
IDFC Bank Limited
IndusInd Bank Limited
Kotak Mahindra Bank Limited
RBL Bank
State Bank of India
Yes Bank

Registrars & Share Transfer Agents

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Indl. Estate
20, Dr. E Moses Road, Mahalakshmi,
Mumbai - 400 011.
Tel: +91 22 6656 8484
Fax: +91 22 6656 8494
Email Id: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

Registered Office

Thomas Cook (India) Limited
CIN: L63040MH1978PLC020717
Thomas Cook Building,
Dr. D. N. Road, Fort,
Mumbai - 400 001
Tel: +91 22 4242 7000
Fax: +91 22 2302 2864
Email id: sharedept@in.thomascook.com
Website: www.thomascook.in



To view or download this report, please log on to
www.thomascook.in

Board of Directors



Sitting Left to Right

Chandran Ratnaswami
Non-Executive Director

Madhavan Menon
Chairman and Managing Director

Kishori Udeshi
Non-Executive Director – Independent

Standing Left to Right

Sunil Mathur
Non-Executive Director – Independent

Harsha Raghavan
Non-Executive Director
(resigned w.e.f. 24 May, 2018)

Nilesch Vikamsey
Non-Executive Director – Independent

Pravir Kumar Vohra
Non-Executive Director – Independent

Not in the Above Picture



Mahesh Iyer
Executive Director and Chief Executive Officer
(appointed w.e.f. 29 May, 2018)

Leadership Team

Thomas Cook India Group



Madhavan Menon
*Chairman & Managing Director,
Thomas Cook (India) Ltd.*



Mahesh Iyer
*Executive Director and
Chief Executive Officer,
Thomas Cook (India) Ltd.*



Vishal Suri
*Managing Director,
SOTC Travel Ltd.*



Dipak Deva
*Managing Director,
Travel Corporation (India) Ltd.*



Laurent Kuenzle
*Managing Director,
Asian Trails Holding Ltd.,
Thailand*



Monika Iuel
*Managing Director,
Kuoni Private Safaris (Pty)
Ltd., (South Africa)*



Maria Ng
*Managing Director,
Travel Circle International Ltd.,
Hong Kong*



Chaminda Dias
*Managing Director,
Luxe Asia (Pvt) Ltd., Sri Lanka*



Mohinder Dyall
*Chief Operating Officer,
Thomas Cook (Mauritius)
Operations Co. Ltd.*



Alexander Spiro
Managing Director,
Private Safaris (East Africa)
Ltd., Kenya



Peter Payet
Managing Director,
Desert Adventures Tourism
LLC, Dubai



Mark Morello
Managing Director,
Horizon Travel Services
LLC, USA



Debasis Nandy
President & Group CFO
Thomas Cook (India) Ltd.

Portfolio Investments



Ajit Isaac
Chairman &
Managing Director,
Qess Corp Ltd.



Ramesh Ramanathan
Managing Director,
Sterling Holiday Resorts Ltd.

Thomas Cook India Group at a Glance

Thomas Cook (India) Limited (TCIL) is the leading integrated travel and travel related financial services Company in the country offering a broad spectrum of services that include Foreign Exchange, Corporate Travel, MICE, Leisure Travel, Insurance, Visa & Passport Services and E-Business. The Company set up its first office in India in 1881.

The Thomas Cook India Group today spans 24 countries across 4 continents, with a team of over 6,600 and 59 nationalities, a combined revenue in excess of Rs. 114.12 Bn (over USD 1.75 Bn), and operates leading B2C and B2B brands including, Thomas Cook (India) Limited, SOTC, TCI, SITA, Asian Trails, Allied T Pro, ATM, Desert Adventures, Kuoni, Private Safaris. The Group is today one of the largest travel service provider networks headquartered in the Asia-Pacific region.

The Company is promoted by Fairfax Financial Holdings Limited through its wholly-owned subsidiary, Fairbridge Capital (Mauritius) Limited, and its controlled affiliates holding 67%. Fairfax Financial Holdings Limited, through Thomas Cook (India) Ltd., owns 49% of Qess Corp Limited, a provider of integrated business services, and 100% of Sterling Holiday Resorts Limited, a company engaged in vacation ownership and resort business.

The Journey of the Thomas Cook India Group Since 2006

An exciting portfolio of B2B and B2C brands makes the Group one of the largest travel service provider networks headquartered in the Asia-Pacific region.



Rs. **104.70** BnMarket cap
As of 31 March, 2018Rs. **114.12** BnTotal revenue
for FY 2017-18Rs. **3.98** BnEBIT for
FY 2017-18Rs. **60.74** BnEBT for FY 2017-18 after
exceptional items

Business Structure

Thomas Cook India Group

Travel and Related Services
(Outbound, Corporate Travel
& MICE and Domestic Travel)

Financial Services
(Foreign Exchange and
Other Financial Services)

Destination Management
Specialist Companies
(Inbound)

Portfolio Investments
(Qess Corp, Sterling
Holiday Resorts)

Our Growing Global Network



Map not to scale. For illustrative purposes only.

Message from the Chairman's Desk



Dear Shareholders,

The Financial Year ended March 31, 2018 has been a special year for your Company. In line with our ambition of being a one-stop shop catering to all the needs of the Indian Traveller, we have embarked on a strategy to use technology as an enabler to fulfil their aspirations and ambitions. We hope to make the experience content rich and seamless. This strategy will help us in meeting the clear opportunity of the strong expected growth in retail demand and the aspirations of younger, Gen Y customers, while addressing the expectations of our existing customer base.

Economic overview

India's economy grew at its fastest in seven quarters in the January-March 2018 period, pointing to a persistent revival trend. Gross domestic product rose 7.7% in the fourth quarter, retaining India's ranking as the world's fastest-growing major economy, outpacing China by nearly a percentage point. This despite the teething challenges of GST implementation.

The price per barrel of Brent Crude rose from USD 46.37 in June 2017 to USD 76.98 in May 2018. A combination of elevated crude oil prices and a weak Indian rupee, which was trading at a 5-year low in 2018, could adversely impact India's current account position, and inflation rates.

We are also witnessing growing tensions and trade wars in the global economy that could potentially impact the Indian economy as well, causing increased volatility in global markets in the near term.

Despite the initial teething problems relating to the GST rollout, we

remain bullish about the long-term positive impact that it will offer your Company and the organised travel sector at large.

Industry overview

These positive trends in the global and Indian economy also manifested in the Travel and Tourism Industry. Globally, for the 6th year in a row, the travel industry outpaced global economic growth in 2017.

According to a 2018 economic impact report by the World Travel & Tourism Council (WTTC), India is likely to become the third-largest tourism economy in the next 10 years.

The total contribution by the Travel and Tourism Industry to India's GDP is expected to increase from Rs. 1,524 Lakh Crore (USD 234.03 Bn) in 2017 to Rs. 3,205 Lakh Crore (USD 492.21 Bn) in 2028.

The Government's decision to allow 100% FDI in the sector under the automatic route, is expected to contribute to the sustained growth in tourism in the long-term as it will attract investment in the Hospitality

sector and related infrastructure areas like airports, roads etc.

Improved regional air connectivity has further spurred the growth momentum of the industry. Strategic tourism initiatives such as the Pilgrimage Rejuvenation and Spirituality Augmentation Drive (PRASAD) also create exciting opportunities on the Domestic tourism front.

This Government's contribution to the development of Tourism has been unparalleled in the history of Independent India. Its consistent moves to ease entry visa restrictions for many other nationalities resulted in similar easing of visa restrictions for Indian travellers by many other Governments across the world.

Company overview

The prevailing macro environment has opened up new vistas of growth for our Company, with our four distinct verticals namely: Travel Services, Travel Related Foreign Exchange, Destination Management Services (DMS) and Portfolio Investments such as Sterling Holiday Resorts Ltd. -

structured to maximise potential across these large and growing opportunities.

Highlights:

Acquisitions & Expansion

To further strengthen your Company's ability to scale growth in the dynamically evolving travel landscape, we embarked on a series of acquisitions during the year. These were the acquisitions of Kuoni's Global Destination Management network across 17 countries and Tata Capital's erstwhile Travel and Forex businesses in India, which were then rebranded as TC Travel & TC Forex respectively.

The acquisition of Kuoni's Global Destination Management network marked an important milestone in our journey, creating a now significant global footprint for our Group, across 24 countries & 4 continents. We now are a team of over 6,600 travel professionals from 59 nationalities, operating from offices across 24 countries, making your Company one of the largest travel service provider networks headquartered in the Asia-Pacific region.

In India, we are the leading Integrated Travel Services with a network of over 540 service locations across 104 locations in India and the largest player across Outbound, Inbound, Business Travel, MICE and Foreign Exchange Services.

Through our acquisition strategy we have diversified our business across multiple businesses, but also across multiple regions of the world. Your Company has become the only Multinational Travel company in India.

Your Company continues to be open to new investment opportunities in related and adjacent areas and will evaluate these as and when they arise.

Technology and Customer focus

With more than 65% of customers starting their travel researching online and expecting real/near real-time fulfilment, your Company is focussing on enhancing our digital capabilities in line with the expectations of younger, digital native customers. Our thrust on innovation & technology saw increased investments in both customer-facing and back-end technology to improve customer experience.

We launched a unique FIT technology platform called Voyager – to equip our sales team to build and book customised holidays that are bookable on the go. We expect this platform to reduce the turnaround time for an FIT enquiry to make it quick and seamless.

Our advanced web technology platform Astra was deployed across thomascok.in and sotc.in. Astra offers enhanced features and functionalities for both these integrated e-commerce portals, across our lines of business and is designed to work seamlessly across both mobile and desktop devices.

In line with our Customer First focus – your Company launched a unique self service module on the thomascok.in mobile app as well as a dedicated Customer service app - Engage - for SOTC. These apps will empower customers, enabling them to track their booking status, get updates, make changes in their bookings etc. in real time. Similar self service capabilities were launched for Business Travel clients as well as our Borderless Prepaid Card customers.

Your Company is also actively engaged in deploying technology enhancements using robotics, & machine learning to drive volumes and improve business efficiencies. Similar efforts are being invested in

45%

Group PBT growth over FY 2016-17 on comparable basis

Rs. 5.38 Bn

Standalone PBT for FY 2017-18



The acquisition of Kuoni's Global Destination Management network marked an important milestone in our journey, creating a now significant global footprint for our Group, across 24 countries and 4 continents.



Our thrust on innovation and technology saw increased investments in both back-end and customer-facing technology to improve customer experience.



the areas of analytics and customer experience to improve marketing effectiveness and improved customer satisfaction

Initiatives to drive efficiency

The year under review also saw your Company undertake several initiatives to boost process efficiencies.

One such critical initiative was the Shared Services Centre – a unique initiative aimed at improving productivity and cost saving via a common resource pool to deliver standardised and automated processes for all our group companies, across key functions including Finance, IT, HR and Admin.

Two other initiatives that your Company undertook to make growth and profitability sustainable, were Zero-Based Budgeting (ZBB) for cost optimisation and Zero-Based Organisation (ZBO) for employee productivity optimisation. These have delivered significant learning and benefits for the enterprise.

Another initiative that your Company embarked on during the year was a Sales Analytics project that assists us in targeting customers more effectively and to improve our sales and marketing efficiency. I am pleased to report that we have already started seeing the benefits of this programme in our sales numbers.

Financial overview

All of the initiatives and measures described have enabled your Company to deliver strong financial performance for the year:

The Company declared a Profit Before Tax of Rs. 5.38 Bn at a standalone basis for FY 2017-18. This included a net gain of Rs. 5.35 Bn, largely arising out of the stake sale of 5.42% in Qess Corp. Ltd, which has been de-consolidated effective March 1, 2018.

What is notable, however, is that even excluding the One-time Offer for Sale (OFS) gain and on a comparable basis, the PBT of the Group, grew by 45% in FY 2017-18 over FY 2016-17.

The Board of the Company, had at its meeting held on 23 April, 2018 approved a corporate restructuring exercise aimed at simplifying the structure of the holdings, streamlining businesses and resources, ensuring focussed management, consolidating real estate and brands acquired through inorganic growth and eliminating cross holdings. Pursuant to the composite scheme, Thomas Cook (India) Limited shareholders will be the beneficiaries of Qess Shares. This exercise is expected to conclude by March 2019 subject to regulatory approvals.

Responsible growth

Your Company was instrumental in setting up the Fairfax India Charitable Foundation (FICF) and has embarked on a Dialysis Initiative aimed at enhancing sustainable, affordable dialysis access in remote areas of the country. FICF is now proud to be associated with the Pradhan Mantri National Dialysis Program (PMNDP) reaching under a Public Private Partnership (PPP) scheme.

Under PMNDP, FICF has as of March 31st, 2018, donated 90 dialysis machines across Nagaland, Arunachal Pradesh, Odisha, Jammu & Kashmir & Chhattisgarh. I am also glad to report that cumulatively, as of end July 2018, FICF has installed 172 dialysis machines across 15 states, enabled over 25,000 dialysis sessions.

Going forward, FICF is committed to installing 1,000 dialysis machines across 200+ dialysis centres, together capable of offering 9,00,000+ dialysis annually. These will be focussed on

serving India's poor and located in remote areas, with no/limited dialysis infrastructure.

We believe that the Ayushman Bharat scheme covers the area of Dialysis and facilitate greater penetration for the dialysis centres that will have the machines installed by us.

Future outlook

Against the backdrop of the enormous opportunity that the travel & tourism sector represents in the coming years, the leadership of your Company is focussed on two broad areas going forward:

- 1) Unparalleled Customer Delight across a seamless Omni channel model
- 2) Sustainable growth and profitability via state-of-the-art technology, efficiencies of scale & best-in-class processes.

I take this opportunity to thank the Board of Directors, leadership teams across the Group, as well as every customer, employee, partner, investor and stakeholder for your unstinting support.

I am confident that we shall continue to enjoy this going forward and together ensure strong and sustainable growth in the years to come.

Thank you,

Madhavan Menon

*Chairman & Managing Director,
Thomas Cook (India) Ltd.*