

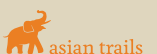


A FAIRFAX Company

# Creating memories. Together.



KUONI | 勝景遊



TC TRAVEL

TC FOREX



DEI



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## FY19 in numbers

### TOTAL INCOME

₹67,187 mn

### EBITDA

₹1,975 mn

### PROFIT BEFORE TAX\*

₹573 mn

### TRAVEL PACKAGES BOOKED ONLINE

30%

### RETAIL OUTLETS ADDED

71

### GROWTH IN ANNUAL WEBSITE VISITS

31%

\*Excluding the share of profits of associates and joint venture

## About this report

This is the first Integrated Report of Thomas Cook India Group, prepared in accordance with the guiding principles and content elements outlined in the International Integrated Reporting Framework, published by the International Integrated Reporting Council (IIRC). The objective of this report is to improve the quality of information available to stakeholders.

The Report has been used as a medium to represent our performance and priorities using a multi-capital approach. Reflective of our integrated thinking, this Report is also expected to give a well-rounded view of the organisation, its operations, strategy, opportunity landscape and risk mitigation plan to readers.

### Reporting boundary and scope

This Report covers information on Thomas Cook India Group, comprising the standalone entity, Thomas Cook (India) Limited (TCIL), and its Indian and global subsidiaries and

key investments. The Group's business model, along with strategic focus areas and associated risks, have been elucidated through the report to offer a holistic view of its long-term sustainability.

### Reporting period

This Integrated Report is an annual publication and provides material information regarding organisational developments between April 1, 2018 to March 31, 2019 (FY19).

### Non-financial reporting

The Report extends beyond financial reporting and includes non-financial performance, opportunities, risks & risk management strategy and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value.

### Financial statements

This Integrated Report should be read in conjunction with the financial statements (given from pages 147 to 310) to gain a

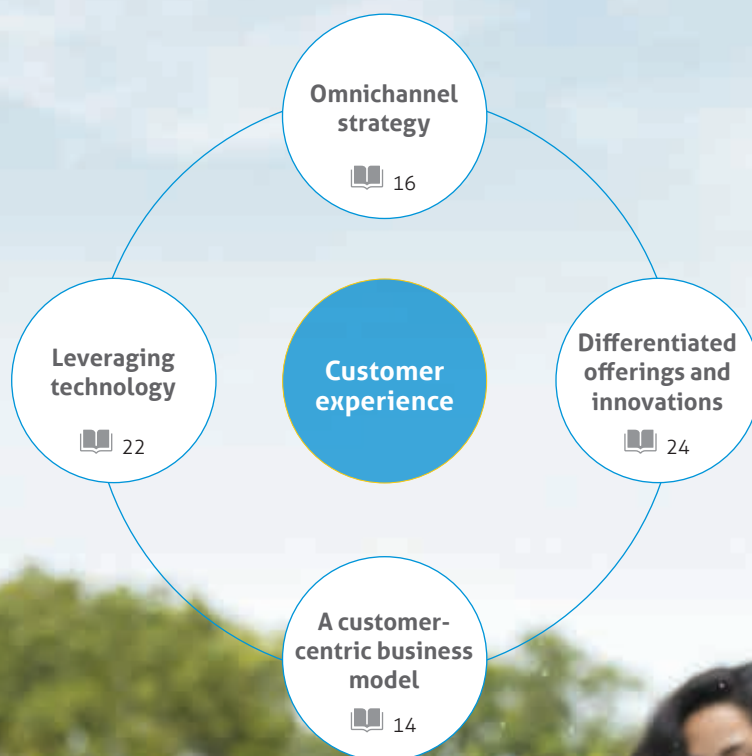
complete picture of the Group's performance. The consolidated and standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies Rules, 2015 (as amended from time to time), and were independently audited. The Independent Auditor's Report for both consolidated and standalone financials can be found on pages 217 and 147, respectively.

### Board and management assurance

The Board of Directors and our Management acknowledge the responsibility to ensure the integrity of this Integrated Report. They believe that the Report addresses all material issues and presents the integrated performance of our Group and its impact in a fair manner. The report has, therefore, been authorised for release on May 27, 2019. All numbers published in this Report are as on May 27, 2019.

At Thomas Cook India Group our customer-first approach fuels growth. Providing our customers an unforgettable experience has always been our top priority. Over the years, we continue to excel at the art of delighting travellers and have been successful in curating memorable experiences for them. Our unwavering focus on customer centricity has made us a preferred travel partner for our discerning patrons. As we take new strides in the world of travel, we will continue to do what we are best at –

**Creating everlasting memories.**





# About Thomas Cook (India) Limited

## Visit our world of *Customer-ised* travel

**Thomas Cook (India) Limited is a leading integrated travel and travel-related services company with operations in 29 countries, across five continents through its Indian and global subsidiaries and key investments.**

**At Thomas Cook India Group, we understand that travel and holidays are strongly reflective of one's personal choices and interests. Therefore, we specialise in offering curated, end-to-end travel solutions to our wide spectrum of customers and brand patrons, and catering to them with an expansive omnichannel reach.**

Promoted by Fairfax Financial Holdings Limited, through its wholly-owned subsidiary, Fairbridge Capital (Mauritius) Limited holding 66.94%, Thomas Cook India is focused on creating enduring stakeholder value since its incorporation in 1978.

Over the decades, we have grown by pursuing both organic and inorganic opportunities and currently own and operate an array of well-known travel service labels both in India and around the world, serving both B2B and B2C customers. We have three major business segments, namely Travel and Related Services, Financial Services and Strategic and Portfolio Investments.

TRANSACTIONS IN TRAVEL &  
FINANCIAL SERVICES RELATED

3.4 mn+

RETAIL TOUCHPOINTS

660+

AIRPORT COUNTERS

25

MOBILE APP DOWNLOADS

181,000+

LEGACY OF OPERATING IN INDIA

138 years

NUMBER OF EMPLOYEES

9,700+

NUMBER OF BRANDS

19

NETWORK ACROSS

29 COUNTRIES

5 CONTINENTS



# Reaching out farther

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Map not to scale

## TRAVEL AND RELATED SERVICES



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- Corporate travel
- MICE



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- Destination Management Specialists:
- India inbound
- International inbound



- Visa



## FINANCIAL SERVICES



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- Foreign exchange
- Value added services



## INVESTMENTS



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### Strategic

- Souvenir imaging
- Travel consulting



### Portfolio

- Hospitality
- Integrated business services



## Chairman's statement

"We believe travel helps make life's journey richer and more fulfilling than perhaps anything else; and we will continue to ensure that our brand patrons are the protagonists of their own unique travel stories."



Dear Stakeholders,

I am delighted to present to you the maiden Integrated Annual Report of Thomas Cook (India) Limited. In line with our ethos and that of our parent, Fairfax Holdings, annual stakeholder communication and round-the-year engagements have always been a priority for us. This year, however, we have taken a decisive step forward through Integrated Reporting that relies on a multiple-capital-centric approach, where capitals as inputs, influence the outputs and outcomes derived across every facet of the business. It is my belief that our efforts will help you and our shareholders evaluate our performance for FY19 and overall group strategy in a holistic and transparent manner.

FY19 was a dynamic and promising year as we executed several initiatives centred around - Customer Experience, Technological Investments and enhancing our

portfolio of offerings - all of which are pivotal to our position as a leading integrated player in the Asia Pacific travel industry. We truly believe that our employees across the globe are an important asset for the realization of our Group's true potential, hence it continues to be our endeavour to continually focus on the development of human capital.

We are cognisant that success comes when we listen to our customers, understand what they value and then with a single-minded focus deliver in line with their aspirations. In our journey to constantly delight customers, among several other developments, we launched our Customer Experience Improvement (CX) programme, 'Project Udaan', which spans across a wide range of end-to-end initiatives, from upskilling our teams to augmenting processes, technology, engaging better with our customers, and so on.

In FY19, we performed well across all our lines of businesses, witnessed a progressive turnaround of our international Destination Management entities and explored new growth frontiers by acquiring stake in both DEI Holdings Limited (DEI) and Ithaka. A detailed review of each segment has been presented in the report from page 25 to page 39. I will take this opportunity to also discuss the broad operating context within which we performed.

### Economic perspective

The global economy in FY19 was characterised by ongoing volatility and uncertainty, fuelled largely by geopolitical developments, regional conflicts and potential disruption to the global trade regime. Several instances, such as the US-China trade friction and its sizable global economic consequences, trade related uncertainties in China, weakening global demand for

**Our omnichannel approach, combined with a clear strategy, and a proven business model empowers us to deliver consistent customer delight and create exceptional value for all our stakeholders.**

automobiles, Italian fiscal concerns, backlash from French reforms, German politics across the Euro area, and Brexit uncertainties in the British economy, engulfed the global markets.

On the other hand, the US economy saw encouraging growth, supported by fiscal stimulus. To help spur growth, the US Federal Reserve and the European Central Bank have ruled out rate hikes in 2019, adopting a largely accommodative monetary policy.

In FY19, India's GDP at 6.8% (Source: CSO) is reflective of the sluggish economic environment led by a slowdown in demand driven by dampening purchasing power, drop in employment rate and inactivity and liquidity crisis in the NBFC sector. The situation was accentuated by the crisis in the aviation industry as well. Going forward, GDP performance, according to International Monetary Fund (IMF) in its World Economic Outlook report, is projected at 7.3% in FY20 and 7.5% in FY21, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy.

### Overview of travel and tourism

In 2018, global international tourist arrivals crossed the 1.4-bn mark, surpassing the UNWTO's target for 2020. During CY18, tourism added US\$8.8 trillion to the global economy and for the seventh consecutive year, its growth rate surpassed global growth figures (3.9% vs 3.6%).

Travel and tourism sector in India, continued as one of the top 10 contributors to global travel and tourism GDP. In India, the industry plays a significant role in economic and social aspects, generating US\$247.3 bn in 2018 growing by 6.7% and contributed 9.2% to the country's economy. It has also earned foreign exchange to the tune of US\$28.9 bn, accounting for 5.4% of total national exports.

India's travel and tourism landscape is experiencing a sea change, with travel being considered an integral part of one's annual calendar. A recent Google and Bain & Company report indicated that Indian travellers took approximately two billion domestic and international trips in 2018. Online access to travel is creating additional demand and is increasing the market size. Within the travel sector, it is expected that nearly US\$24 billion incremental travel bookings will be clocked online by 2021, which translates to 35% of all travel bookings being made online during the year.

The Government of India along with the State governments are also playing a key role in enabling the travel and tourism ecosystem. Strategic initiatives including relaxed FDI policies, revamping of the 'Incredible India' campaign, the UDAN (Ude Desh Ka Aam Nagrik), PRASAD (Pilgrimage Rejuvenation and Spirituality Augmentation Drive), National Heritage City Development, Augmentation Yojana (HRIDAY) schemes, and extension of e-visa to 166 countries have helped expand the nation's travel and tourism scenario. Foreign tourist arrivals (FTAs) in 2018 stood at 10.56 million compared to 10.04 million in 2017.

Amid such opportunities, the year also witnessed events, which negatively impacted the world of travel and tourism. One was the ominous terrorist attacks in New Zealand, Pulwama (India) and Sri Lanka which significantly impacted travel demands. Additionally, closer home, the turmoil in the Indian aviation sector has had a direct impact on the travel cost and prices. The collateral damage caused by the downfall of a long-established airline with significant seat capacity on both domestic and international routes, has triggered players in the travel and tourism industry to proactively identify systemic risks and plan mitigation actions for the same.

### Our encouraging performance

The Thomas Cook India Group today has truly emerged as a global service provider, with presence in five continents and 29 countries, as we expand both organically and inorganically. Our operations span across nine business segments within travel and travel related financial services. Our 9,700+ employees across 55 nationalities,



## During the year, we have successfully completed over 3.4 million transactions related to travel and financial services

we believe, are true embodiment of our business, values and ethics.

Our performance in FY19 is underpinned by sound fundamentals across operations, despite the disruption in the aviation sector led by higher air fares and supply constraints. During the year, we have successfully completed over 3.4 million transactions related to travel and financial services. In the domestic industry, we are further committed to our leadership across our business segments with an expansive retail presence of more than 660 touch points combined with our online presence. FY19 income from operations increased by 18% at a consolidated level from ₹ 56 bn to ₹ 66 bn. Our profit before tax grew by 985% to ₹ 573 mn from ₹ 53 mn (post exclusion of Quess Corp Limited). Let me also take this opportunity to report that during the fiscal, our standalone entity, Thomas Cook (India) Limited, has become effectively debt free on account of pre-payment of our debenture obligations. This has been made possible using the stable and strong cash flows that the Company has accrued and focused on generating year over year. As of March 31, 2019, our cash and bank deposits stand at ₹ 10,588 mn.

Income from operations of the travel segment showcased growth of 19% y-o-y, whereas EBIT performance improved 34% y-o-y. This was driven by sustainability in profitability across key segments- Outbound, India DMS and MICE, alongside successful turnaround of the acquired entities (International DMS), supported by the negative

working capital cycle of most of our travel businesses. Our progress in the non-banking forex space has remained strong. While revenues increased by 4% to ₹ 2,764 mn in the financial services segment, our concerted drive towards the retail segment, led to a sharp increase of 19% at the EBIT level. Our Thomas Cook Borderless Prepaid card sales registered a growth of 12% y-o-y. The total load volume on the card stands at US\$1.8 bn since inception.

**Acquisitions:** Your Company, whilst exploring opportunities to expand its portfolio, remained steadfast in its acquisition discipline and continued to seek attractive opportunities. In FY19 we made prudent investments to further our capabilities and sustainability.

### **DEI Holdings Limited (DEI):**

While adding on to our existing capabilities, we have also ventured into an exciting new business space, adjacent to our core travel services portfolio with a majority (51%) stake acquisition in DEI. DEI, through its operating company Digiphotography, is a global market leader providing digital souvenir imaging solutions. The company is both PAT and free cash accretive and will definitely add value to our overall performance, going ahead. One of the largest in the world, with offices across Orlando, Kuala Lumpur, Singapore, Bali, Hong Kong and Mumbai - DEI employs a team of over 1,800 professionals, in 14 Countries, with 120+ Partners across 250 of the most visited tourist attractions in the world. It has also successfully launched KlassAkt, in the field of school photography.

**Ithaka:** in our pursuit of agile solutions for our new age customers, we have partnered with Traveljunkie's Ithaka with a 24% strategic stake. Ithaka operates in the travel-tech space with a chat-based platform through its network of experienced travel influencers. It aims at servicing the Indian millennial traveller by creating the most personalised travel planning experience. It has successfully powered over 50,000+ travellers across 20 destinations. We are seeing visible synergistic benefits from this association, given our extensive scale and their cutting-edge technology.

Both acquisitions significantly add to our portfolio of end-to-end travel offerings, enabled by technology and delivered by people.

During the year, we have progressed on corporate restructuring exercise aimed at simplifying the overall holding structure of our Group including Quess Corp Limited.

### **Interplay of customer experience and technology**

Our technological advancements and aim to provide the best customer experience within our industry have enabled us to transcend from being just a travel solutions company to an experience provider. Through the various initiatives that we have embarked on, our Group has transformed its focus - from a product-centric to a customer experience driven organization. As a result, we are increasingly

- using analytics to better understand preferences, and provide customised products/ services



## Our Group aims to work responsibly to achieve the balance between the economic, social and environmental aspects of our business

- adopting technology that empowers our customer with information, and reduces human touch points, enhancing customer intimacy

We continue to build on our omnichannel approach to address customer needs and enhance operational efficiency, as customers today choose their preferred mode of interaction and expect customization on the go. As we take cognisance of such developments, we are committed to augmenting state-of-the-art, end-to-end, digital capacities and full-fledged call centres, in addition to our physical touchpoints. Today we are actively using Robotics and Artificial Intelligence (AI) for a gamut of functions, right from creating a robust recommendation engine, building dynamic packaging capabilities, reducing our turnaround time for better customer service to even fraud risk management within Forex operations. Very recently, we have launched TeeCee – Thomas Cook India's Travel Chat Bot, which is a first of its kind in the industry, with the aim to provide prompt and efficient assistance for all travel and forex related needs of our customers.

### Driving synergies with shared services

With the objective of driving cost efficiency through standardisation and automation across common support functions of our Group's entities, we instituted our Shared Services Centre (SSC) in FY18, based out of India. Within just over a year of its introduction, the SSC has helped improve group-level synergies, drive efficiencies and standardisation.

### Growing inclusively

Our Group aims to work responsibly to achieve the balance between the economic, social and environmental aspects of our business. Our initiative, Project Dialysis, along with Fairfax India Charitable Foundation (FICF) are dedicated towards addressing one of the significant and dire issues plaguing our society- limited dialysis infrastructure. FICF is associated with the Pradhan Mantri National Dialysis Programme (PMNDP) under a Public Private Partnership (PPP) scheme. The programme is aimed at enhancing sustainable, free/affordable dialysis access in remote areas of the country for renal patients. Till date, the programme reached 15 Indian states with 370 total dialysis machine installations, free to use at 70 dialysis centres, offering 99,041 free/affordable dialysis sessions to rural poor population. We plan to support the initiative with a total of 1,000 machines in the coming years.

### Reaching beyond with optimism

We believe travel helps make life richer and more fulfilling than perhaps anything else, and we will continue to ensure that our brand patrons remain the happy protagonists of their own travel stories.

The long-term growth and sustainability of the business lies in elevating customer experiences, every step of the way. We continue to learn more about our customers to make their travel experiences richer and more rewarding. Our omnichannel approach, combined with a clear strategy and a proven business model, empowers us to

deliver consistent customer delight and create exceptional value for all our stakeholders.

Our agility and strength are manifested through our employee strength, who are our true brand ambassadors. The talent and constant dedication of our people are the foundation for a stronger Thomas Cook India Group. Together, we are focused on providing our customers with elevated experience, including best-in-class solutions for their ever-changing requirements.

I take this opportunity to thank them for their ideas, hard work and commitment. On behalf of the Board and the entire leadership team, I convey my gratitude to all our customers, colleagues, business partners, the Government of India, shareholders and the wider community.

Best regards,

### Madhavan Menon

Chairman and Managing Director  
Thomas Cook (India) Limited

# Capitals and Key Performance Indicators

## Creating lasting impact

### Financial capital

Our sound, balanced and profitable growth is driven by the investments we make to create enriching customer experiences and stakeholder value.



#### REVENUE\*

₹ MILLION

FY19

Total revenue	66,032.5
Travel services	60,624.1
Financial Services	2,763.8
Vacation Ownership and Resorts	2,611.1
Human Resources Services	33.5

#### SEGMENT WISE PERFORMANCE – EBIT

₹ MILLION

FY19

Travel Services	1,817.5
Financial Services	835.5
Vacation Ownership and Resorts	(445.3)
Human Resources Services	13.3
Total	2,221.0

#### CONSOLIDATED EBIT

₹1,302.7 mn

\*From March 2018 Quesst Corp has been reclassified as an associate.

### Physical infrastructure

Our expansive, customer-facing retail presence comprising of branches, airport outlets, corporate and backend offices supports uninterrupted customer service.



#### RETAIL NETWORK^^

(AS ON MARCH 31, 2019)

##### TOTAL TOUCHPOINTS

660+

##### BRANCHES OPERATED BY THE COMPANY

313

##### FRANCHISEES

199

##### PREFERRED SALES AGENTS

150+

##### AIRPORT COUNTERS

25

^^ Excludes Sterling Holiday Resorts Ltd.

### Intellectual capital

Our expertise and innovative offerings help us to constantly enrich customers' experience. In addition, technology investments and other intellectual property strengthen our competitive advantage.



#### TOTAL INVESTMENT IN TECHNOLOGY#

₹954 mn

New innovations introduced include Holiday saving account, Holiday Basket, Travel quest, Borderless prepaid card, Thomas Cook Travel and Holiday Gift Card, Darshans, Thomas Cook Explore

#### NUMBER OF BRANDS

19

# Computer Software