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August 14, 2023

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Scrip Code: 500413

Fax No.: 2272 2037/39/41/61

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Fax No.: 2659 8237/38

Dear Sir/ Madam,

Subject: Transcript of the Analyst and Investor Earning Conference Call

In furtherance of our intimations dated August 1, 2023, August 9, 2023 and August 10, 2023 giving intimations on the Q1 FY24 Earning Conference Call for the Analysts and Investors and pursuant to Regulations 30 and 40(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please note that the transcript of the Earnings Conference Call held on August 10, 2023 has been uploaded on the website of the Company within the prescribed timeline and can be accessed on the following weblink: https://resources.thomascook.in/downloads/TCIL_Q1_FY_24_Investor_Earning_Call_Transcript.pdf

This is for your information and records.

Thank you.

Yours faithfully,

For **Thomas Cook (India) Limited**

Amit J. Parekh

Company Secretary and Compliance Officer

Encl: a/a

Holidays | Foreign Exchange | Business Travel | MICE | Value Added Services | Visas

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THOMAS COOK INDIA LIMITED
Q1 FY2024 Earnings Conference Call
August 10, 2023



MANAGEMENT:

MR. MADHAVAN MENON – EXECUTIVE CHAIRMAN, THOMAS COOK (INDIA) LIMITED

MR. MAHESH IYER – MANAGING DIRECTOR AND CHIEF EXECUTING OFFICER - THOMAS COOK (INDIA) LIMITED

MR. DEBASIS NANDY - GROUP CHIEF FINANCIAL OFFICER – THOMAS COOK (INDIA) LIMITED

MR. BRIJESH MODI - CHIEF FINANCIAL OFFICER - THOMAS COOK (INDIA) LIMITED

MR. VISHAL SURI – MANAGING DIRECTOR – SOTC

MR. VIKRAM LALVANI – MANAGING DIRECTOR –STERLING HOLIDAYS

MR. RAMKRISHNAN – MANAGING DIRECTOR AND CEO – DEI

MR. KRISHNA KUMAR – CHIEF FINANCIAL OFFICER - STERLING RESORTS

Moderator: Ladies and gentlemen, good day and welcome to the Thomas Cook Q1 FY2024 earnings conference call hosted by IIFL Securities Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vidit Shah from IIFL Securities Limited. Thank you and over to you Mr Shah!

Vidit Shah: Thank you, Rio. Ladies and gentlemen good afternoon and thank you for joining us on the Q1 FY2024 earnings conference call of Thomas Cook India Limited. I invite the company’s senior management team to discuss the results and business strategy. We will begin the call with opening remarks from Mr. Madhavan Menon and thereafter we will open the call for Q&A Session. I would like to now hand over the call to Mr. Menon to take the proceedings forward. Over to you Sir!

Madhavan Menon: Thank you, Vidit. Thank you, Rio. Before I start ladies and gentlemen very good afternoon to you. Let me also introduce the other participants. Mr. Mahesh Iyer, the Managing Director of Thomas Cook India Limited, Mr. Vishal Suri, Managing Director of SOTC Limited, Mr. Vikram Lalvani, Managing Director of Sterling Holiday Resorts,

Mr. Debasis Nandy, Group CFO, Mr. Brijesh Modi, CFO of Thomas Cook India Limited and Mr. Ramakrishnan, Managing Director of DEI.

Ladies and gentlemen, this has been another good quarter for us and instead of looking at it purely from a sequential point of view let me say that there are several reasons why this quarter has looked very good. The first being that historically this quarter is a quarter where all the travel businesses especially the leisure businesses both across Thomas Cook India, SOTC and Sterling have very good volumes because they execute the holiday season. The second important point is that coming out of COVID as we mentioned over the last couple of calls, we have restructured ourselves by managing our costs and as you will see that our costs are significantly down from what we were pre-COVID and we believe that we have reached a level where it could be sustainable over a period of time. If you look at the margins, if you look at the cost-to-revenue ratio, if you look at the other costs in the business you will note that the margins are much higher and they have been for nearly a year now. If you look at the costs, they are down, if you look at productivity numbers, they have improved. So, in reality I think we are sitting at a point where the productivity of the businesses has improved significantly. Again, Thomas Cook, SOTC and Sterling have led the profitability drive in this quarter and we expect that going forward something that Mahesh, Vishal and Vikram will explain. Our bookings look good.

Before I hand over, let me just make a couple of comments of the other businesses. The foreign exchange business had an exceptional quarter and Mahesh will talk about this where we have seen some record numbers. If you look at the MICE business across both Thomas Cook and SOTC they have had a very, very good quarter, they have exceeded their budgets, this year as well as in the previous year. If you look at the leisure business despite recoveries from pre-COVID still being low they have actually managed to increase their profitability significantly. Look at Sterling Holiday results as I mentioned earlier record quarter, they have record profits also. As far as DEI is concerned, we have seen from the news that the domestic markets in China are firing on all cylinders and Southeast Asia has reopened. It is a relatively low season in the Middle East where a lot of our businesses are concentrated. However, having said that I think the group as a whole has done fairly well, couple of businesses, especially the one that is TCI and Asian Trails have been a little slow in recovering because they conduct long haul business where most of their customers come in from Europe and the United States and these have been slow to take off. Having said that I expect the next couple of quarters to continue the trend that we are witnessing. I will hand over to Debasis now who will explain the numbers and hand it over to Mahesh, Vishal and the others. Thank you.

Debasis Nandy: Thank you, Madhavan. I will spend a few minutes on the balance sheet side because on the P&L side while Madhavan talked about it and will hear more about it from Mahesh, Vishal and Ram so, would like to spend some time on the consolidated balance sheet because that reflects the strength of the company. So, on the debt side

between March and June we managed to reduce our debt by Rs. 78 crores. Our current debt balance is about Rs.313 crores out of which Rs.143 crores is long-term debt, another Rs.174 crores of short term. This represents a 20% reduction of debt in a matter of three months. For reference against the Rs. 313 crores of debt that we have now, the debt position as of March 2020 when the pandemic began was Rs.508 crores so we have gone down over Rs.200 crores from our debt position that was there at the beginning of the pandemic. During the same time in the last three months our equity position improved by Rs.81 crores this is coming purely from profits. This is efficient through profit after tax so our equity position is now Rs. 1,794 crores which represent a 5% increase over what it was in March of this year.

Coming up to current assets and liabilities, on the current assets side our current assets grew by 19% during the quarter, it increased by Rs. 465 crores from Rs. 2,395 crores to Rs. 2,860 crores and largely because of two factors, one is increasing the sales by about Rs. 118 crores which represented a 21% increase which actually reflects a growing volume that the business is seen particularly on the B2B side and the cash balance about Rs. 382 crores increase came from increase in cash and investments which are in a liquid investments which are in mutual funds, etc. So, this represents a 47% increase in the cash balances. It is interesting to note that increase in cash as percentage of the total increase in current asset is 82% out of the Rs. 465 crores, Rs. 382 crores is the increase in cash balance. On the current liability side and this excludes the loan specifically, so it is just primarily the trade payables. Overall increase is about Rs. 458 crores from Rs. 2,746 crores to Rs. 3,204 crores, a 17% increase largely guided by trade payables of Rs. 425 crores which essentially reflects again just like the receivables and the cash balance reflects increase in the volume of business. I will pause here and pass this on to Mahesh so that he can take you through more on the business details particularly on the foreign exchange and the travel-related items.

Mahesh Iyer: Thank you Debasis and thank you Madhavan. As Madhavan just guided, I think it is important to mention that it is traditionally a strong travel quarter that we are in and across all matrices that we monitor internally and that the market has performed very, very well. Noteworthy to mention here income from operations grew by about 95% from about Rs. 989 crores to Rs. 1,932 crores year-on-year and on a quarter-on-quarter which is sequentially improved 68% from Rs.1,324 crores to Rs.1,932 crores. As a result, operating EBITDA improved 2.6 times from Rs.55 crores to Rs.147 crores. These are some real record numbers that we are talking about and as a group as Madhavan rightly mentioned, Thomas Cook, SOTC and Sterling had a very good quarter as recovery in volumes coupled with margins and cost prudence played to the bottomline that we reported in the current quarter.

It is also important to mention what are the key drivers as far as their businesses are concerned and I will begin with talking about foreign exchange. On the foreign exchange side, we have had a very good quarter in the current one where income from operations or revenue actually grew 91% from Rs. 47 crores to Rs. 91 crores this increase in revenue led to an improvement in profitability that PBIT from Rs.11 crores to Rs.42 crores. The noteworthy things that

led to this kind of a phenomenal growth are the growth in retail business while the recovery was close to 110% to the pre-pandemic level. While we look at the corporate business a lot of the corporate volumes that were subdued in Q4 of FY2023 came back in Q1FY2024 and we have close to about 90% recovery as far as the corporate Fx is concerned. Also, the retail business was aided by the recovery in the travel volumes as outbound travel started off that part of the business also fired very well for us. On the education segment, our volumes grew by about 22% despite the fact that this is traditionally not the seasonal quarter for education actually comes in the current quarter that we are in but despite that we had a 22% growth in volumes year-on-year. Noteworthy thing is the prepaid card volumes they grew 55% while year-on-year and as we speak, we have a flow which was about Rs.880 crores of March currently stand at about Rs.1,200 crores. During the quarter we also launched the Study Buddy programme which is focused on the students, this is a programme that on the prepaid card portfolio that we offer, there are offers for students on this and we believe we kind of set ourselves for a larger market share on this business. As you would know the education business is about \$3.5 billion and we currently do about \$150, \$160 million out of that portfolio. Our expectation is to double that over the next three years and this product that we have launched along with a set of offerings that associate along with this will actually put us into close to about 15% market share as far as the education segment is concerned. During the quarter we also collaborated with one of the largest banks in the country to manage the hard moment where there is a large traffic where we supplied currency notes across 300 plus locations of the bank and that was one of the business, we did which also aided the performance in the current quarter. Also, to mention here that we also acquired a large number of marquee clients during the quarter, both in the retail, telecom, consulting, infrastructure and manufacturing, I think all of this will add somewhere close about 15 to \$18 million of annualized volumes to the corporate foreign exchange business. It is important to mention here that when I look at the recovery to 2019, we are in this quarter saw 106% recovery in terms of volume to 2019 and on a year-on-year basis growth we are at about 60%. If I look at the digital adoption on this business, we continue to be at about 21% which is the forex contract centre as well as the digital tool that we enabled our customers to book through overall adoption is at 21% and this 21% continues to be there despite an increase in the volume. So clearly if you look at the overall business per se we have had a very strong growth and getting into the current quarter and beyond we believe the tailwinds that are supporting the business will continue to drive for us.

Moving over to the travel segment quickly to comment on the overall recovery as far as travel is concerned, we are about 78% overall recovery and as you will recollect when we guided the market previously our expectation for the full year is anywhere between 75 to 85% recovery is what we expected. At this point in time the recovery stands at 78% for the overall portfolio and if I look at the growth from a year ago the growth is at 76%. So, the point that one will initially made, we have seen some smart volumes coming back to us. The drive to travel is back both the domestic and international recovery has been strong and I think you will hear from my colleague Vikram and he speaks about the

domestic traffic too, but clearly, we have seen some smart recovery happening on the domestic and international side. As a result of this recovery income from operations on the overall travel segment improved from Rs.675 crores to Rs.1,469 crores representing 118% growth and consequently the PBIT from a loss of Rs. 17 crores moved to a profit of Rs. 50 crores. This a broad highlight as far as the travel business is concerned, we went to some of the segments within the travel and talk about corporate travel which is nothing but the B2B where we operate as travel management consultants for some of the large corporate houses in the country, we have 109% recovery to the pre-pandemic level and a quarter-on-quarter goes growth perspective is at 25%. I would like to call out here that from a unit perspective that is volume perspective we still see our ticket growth at about 12% to pre-pandemic level and from a volume point of view we are already tracking close about 25% aided by the higher ticket prices that remain till June 2023 There has been some softening of ticket rates in the month of July and hopefully in August we will see some amount of softening, but this is something that we will continue to monitor over a long period in time. It is also important to mention here that we also acquired a large number of marquee customers in the automobile sector, in apparel and manufacturing, banking and finance, and adoption rate on the corporate booking tool moved up from roughly around 35% in the previous quarter to about 48%. It is important to mention about this adoption of corporate booking tool because this is where we bring in the productivity benefits that Madhavan referred to. Increasingly more and more customers using self-serve model, reduces the number of hands that are required to process, brings in efficiency in terms of collection and that is a very important driver for the cash flow to the point that the Debasis mentioned on the balance sheet.

Moving onto the domestic holiday side of it and the international holiday, domestic holiday recovery has been better, but got subdued post May as you would remember that it was on May 3, 2023 when Go Airways announced the withdrawal of its flights that dented the demand on the domestic side because Go connected to some of the ports that used to be in the top five destination that we sold on the domestic side. So, there was a lot of cancellations that we saw roughly about 35% cancellations came in because customers did not want to travel by paying a higher price and you will appreciate that one, one airline goes down, the overall price in the industry goes up. So clearly the cost of operations for them was going up and customers chose to cancel some of those holidays that impact was there but despite the recovery on the domestic side was at 72% to the pre-pandemic level and we remain almost flat in terms of our growth compared to similar quarter of the previous year. It is important to mention here that we did a lot of initiatives in terms of the short breaks that people take which involved domestic minications, staycations, we managed large travel groups to Europe between SOTC and Thomas Cook we have roughly about 18,000 customers who travelled with us to Europe and our expectation is for the end of year will be closed about 25,000 customers. The Cherry Blossoms that we launched was a huge success we had close to about 2,000 customers who booked with us on the Cherry Blossom tour. There are new destinations that we launched during this period which included Azerbaijan, Georgia and Kazakhstan other than the domestic circuit which included Odisha, Uttar Pradesh and Gujarat. We also

had, as you would know the visa challenges continue to play the long-distance travel, the long haul as we call it. More importantly the Schengen visa and the rejection rates were close to about 7 to 8% of business tour, but despite that our international holiday volume recovered about 50% to the pre-pandemic level but as Madhavan rightly said despite this 50% recovery our overall profitability on the business grew almost equal to what we used to do pre-pandemic, so as the tailwinds on the holiday comes and support us, this will call add to our bottom-line and we expect this trend. If I look at the forward bookings in the coming quarters the holiday business is already trending at about 110% to the internal budgets that we have set for ourselves that represents roughly about 80% to the pre-pandemic levels. If I look at the MICE business, I think we have already surpassed our equal estimates for the business, but we expect the full year to close at about 20 to 25% higher than what we did for the pre-pandemic level.

Coming back to speak about some of the major events online G20 that is one of the events that we spoke about in the past we acquired, we are one of the three vendors that services the government on this, we have completed close to about 37 events for G20 and there are about four or five more events that will happen till about September 2023 and we will record some high volumes on the Government business. Apart from that 'Khelo India' an important sport even that the Government is promoting, we are one of the principal partners there and we have already done about four units of 'Khelo India' and there is one more on the anvil which we will do in the last quarter of the current calendar year. Some large movements of customers have happened close towards 6,500 people on 'Khelo India'. We had an inbound delegate group of about 325 delegates coming in. We also had large groups close to about 14,000 passengers between SOTC and Thomas Cook who travelled across the globe with us. Overall if I look at the trend the performance position looks very, very strong and we remain very optimistic of the travel business in the coming quarters. Over to you Vikram for an update on Sterling. Thank you.

Vikram Lalvani: Thanks Mahesh. Good afternoon, ladies and gentlemen. My name is Vikram Lalvani and I represent Sterling Holiday Resorts as Managing Director & Chief Executive Officer. I am joined by Mr. L. Krishna Kumar our Chief Financial Officer at Sterling Holiday Resort Limited. It is a privilege to interact with all of you once again today. Q1 as we are all aware is traditionally a strong quarter for leisure business. Post COVID years Sterling had recorded a phenomenal turnaround last year Q1 with a turnover of approximately Rs.103 crores on income and a Rs. 28 crores PBT with operating free cash flow of Rs. 33 Crores. This year Q1 of FY2024 we are delighted to announce that Sterling has recorded its highest PBT of any quarter ahead of Q1 FY2023 by 27% to close with Rs. 35.8 Crores. It was supported by a healthy growth in total income by 13% to close at Rs. 116 crores approximately. Our operating free cash flow has been the highest in any quarter of the past and we closed with Rs. 41 crores as an operating free cash flow which is a growth of 24% over Q1 of FY2023. Our EBITDA margins are healthy at 36% grown also over last year by 16%. This is the 10th consecutive profitable quarter for Sterling. This reaffirms our approach towards becoming a leading leisure hospitality player in the country. The above growth was fueled primarily by the resort business, our resort revenues grew by over

15% over Q1 of FY2023 to close at Rs. 100 crores for the first time ever this quarter. This was driven by sustained occupancy of 79% a growth of 8% on average room rates to close at a high of Rs.7,454 in average room rates and an increase in guest ratios from 55% in Q1 FY2023 to 62% in Q1 FY2024. Other critical lines of businesses like food and beverage grew healthy at 13% to close at approximately Rs. 25 crores for this quarter. We continued our trust on increasing efficiencies in the membership business with readable onsite sales going up to 68% from 44% of last year and down payments at 73% in Q1 of FY2024 when compared to 47% in Q1 FY2023. Given the trust on growing Sterling as a hospitality brand with this resort business, Sterling shall continue to focus only on short term membership products and has progressively tapered down sales of long-term membership products. In Q1 FY2024 the mix of products sold reflects this change. Despite this we have recorded the highest ever operating free cash flow as stated above on account of growth in the resort business. Our strategic approach on expansions has been primarily on the asset light model. In Q1 FY2024 we had a full quarter impact of the six new resorts that we opened in FY2023 and additionally we also launched two more resorts during this quarter taking our overall strength to 42 resorts across 40 destinations and over 2,500 rooms.

Our confirmed pipeline of new destination and new resorts being added in the remaining part of FY2024 is very healthy and we could be adding approximately 6 to 8 resorts amounting to 400 rooms this year itself. Sterling's focused commitment to customer delight has also resulted in 22 of our resorts being awarded the 'Trip Advisors Travelers' Choice awards, which is recognized as top 10% of the accommodations globally and Sterling Kanha being awarded the Trip Advisors Travelers best of the best award that is up 1% of the accommodations globally. As a responsible hospitality brand Sterling has also partnered with the Government since 2019 on skill development programmes to develop young talent for employability in the hospitality sector. We have our resorts in Munnar, Mussoorie, Puri, Ooty and Kodai. We are happy to also inform you that we have been conferred with a special recognition by THSC that is Tourism and Hospitality Skill Council of the Government towards our efforts in developing this talent pool last year. Sterling is taking steps towards strengthening its operations and building blocks for scalability through technology. Sterling continues to leverage from a proprietary distribution platform Sterling One that connects seamlessly real time with our trade, corporate and association partners for business. The business materialized this year through Sterling One for this quarter. Sterling One is approximately Rs. 23 crores which is about 4x times of what had happened in Q1 of FY2023. Backhand financial reporting has been strengthened with cloud-based single view platforms being introduced as on April of this financial year. This is scalable as and when we keep adding more and more resorts to our portfolio as well. Our front-end property management systems of resorts are undergoing a change that focuses more on the hospitality metrics, transactions with a centralized cloud-based view. We have also introduced Net Promoter Score Online platforms to help us drive customer delights across all our resorts. Sterling continues to remain upbeat given the

strong fundamentals in the domestic tourism business and growing strength of brand Sterling and we are confident of a continued sustained strong performance even in the coming quarters of this financial year. Thank you so much.

Ramakrishnan: DEI had a fairly good quarter it is a tough quarter for us in the Middle East but our Far East business has grown pretty rapidly. Like Madhavan mentioned China has literally doubled our budgeted numbers and actually been probably five times over last year's numbers in China. We have both the resorts Universal and Disney doing full monty and giving top performance numbers that have never been seen by that market ever in the past. Pre-pandemic our past operators who are operating resorts have done probably half of what we are doing, so we see a very bright future in China for us going forward. The rest of the world in the Middle East we have had a fairly good quarter. Of course, we had Ramadan and Summer, which probably is one of our lowest quarters normally in the year that had been affected, elsewhere I had a resounding numbers for the whole global business of us in the quarter. We started the balloon this quarter and it was obviously we had some teething issues, some uptime issues, all of that has got sorted as of last month we started by clocking a 35% uptime, in three months we have gone to already 90% uptime, which shows us a brighter future for the coming quarters. Revenues will start trickling in. This quarter we were affected a bit by the balloons revenue and profits being the first part and the first start, but all in all three months are fairly a reasonable time for catch up and I think we have done a good job on that. The good news is as of July month we are doing a 94% uptime, so the numbers were very good and the coming quarter will be much more exciting overall. From overall perspective we also are invested and just getting ready to launch our new platform Hummingbird which is a complete new digital platform that will deliver photos and images to people through cloud. It will be a real time online display of images and memories that one can get as soon as the images clicked. Also, it is getting some interesting features, a facial recognition, etc. This is all going to go live by the last quarter of this year, so that would definitely change both our profit margins and our operating efficiencies multifold. Overall, the future for DEI looks very strong the next two quarters definitely are key quarters, the last quarter being the largest one, when I say the last quarter, I am talking about the October to December that is one of the most important ones for DEI. We literally do more than 60% of our profits in that quarter, so we are very excited about the year by itself it will be way better than 2022 we posted a good year probably one of the best years post-COVID 2023 I think we are poised to bring that number as we go along. Other than that, on the brighter side as I said about Hummingbird, the other idea of Hummingbird putting the new platforms is also into going into non-operating models where we will be doing a SAS model of our solution. This is the first time will be entering into that zone so 2024 looks extremely exciting for us with the balloon going on full time and the SAS model for a non-operating model coming up. So, we see fairly overall a very good future for DEI if this being acquired by Thomas Cook, I think we have not had any better year than last year and going forward this year looks even better than that. The next three years are very exciting for us so we are all excited about all that. Thank you very much from my side.

Debasis Nandy: Thank you, Ram. Debasis once again. So, before we start the question and answer just spend a couple of minutes on the international travel business what we call the destination management businesses. So, I will go region-by-region instead of giving overall outlook and that will help us understand each region better. I will start off with Asia Pacific region primarily Southeast Asia as well as Australia. So, this region was one of the last to get out of the COVID-related restrictions and it started recovering. If I compare the current year sales as compared to the same quarter last year, we have seen increase in sales from \$4.4 million to \$6.9 million which is an increase of 2.4 times. Moving on to Middle East as Madhavan has said and Ram also mentioned it is a summer in Dubai in the UAE and therefore the movement of traffic is restricted. Overall, it increased its sales by about 1%. The unit that we had in Desert Adventures went up from \$20.8 million to about 20.9. Obviously as summer goes away and the gradual winter sets in this is going to do well from about October onwards in the next two quarters. East Africa, continues to do well increase its sales by about 63% from about \$1.5 million last year to about \$2.3 million. South Africa recovered fully from COVID and moved up its sales by 137% from \$1.2 million to \$2.9 million and to end with Horizon Travel USA although this is just the onset of the season it moved up its sales about 29% from \$9.7 million to \$12.5 million. As I said, in Asian sales the recovery has started and certain countries like Thailand, Indonesia, Malaysia and Vietnam are recovering very well. Some of them are actually ahead of what it did in the pre-COVID times. We have seen slower recovery in other countries notably Australia and China. China for obvious reasons, Australia because of the high airfares that are prevalent and that have reduced the traffic in that country. Of course, the political situation in places like Myanmar, etc., has restricted tourist traffic. In case of East Africa, the traffic is largely coming in from its traditional markets which is USA, UK, Germany but traffic coming in from newer places like for example Romania and Hungary and also a large number of Indians that are going in and probably this will grow with the onset of new flight connections, etc. In Desert Adventures primarily in the summer months we saw tourist coming in from the CIS countries as well as also India. US is traditionally set by European tourist. At overall level the DMS business saw a growth of 43% in turnover from about \$37.5 million last year to about \$53.5 million this year. That sort of updates our current discussion and we will open this up for question and answer. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Akshat from Flute Aura. Please go ahead.

Akshat: Thank you for taking my question. I have a couple of them. So, my first question is on the cash plan so we are sitting at around 1,400 odd crores of cash. So, what are we planning to do about it, the next question is on the tax collected at source site, so if I am not wrong it has increased from 5% to 20% so how will it impact our business and my third question is on the cost of services like it has increased substantially so any guidance on that?

Debasis Nandy: Thank you for those questions Debasis and I will try to answer your questions one-by-one. Your first question is what we do with the cash. So, the cash that we have obviously reflects operating cash as well as any cash surplus that any of the companies including Thomas Cook standalone may have. A part of the cash obviously pertains to the flow that we have on the prepaid forex card which Mahesh had talked about. In terms of any surplus and what we do with the surplus or what they do with the cash in future, so obviously our first priority is to pay up our loans. As I mentioned a few minutes ago we have been repaying our loans, we brought down our loans by Rs. 78 crores during the quarter, but is still at a level of about Rs. 300 crores. The priority is to bring down the debt to as close to zero as possible and therefore reduce our finance charges obviously to a near zero level which will obviously improve the profitability. It will take obviously take a couple of years to do that. The business has just started earning cash in terms of free cash flow, etc., so it will take us couple of years and once the cash start accumulating, we will see how to go about it. If your question indirectly pertains to whether we are looking for acquisitions, etc., I think we are not looking for acquisition at this point of time. Till such time our cash positions get much better we will then see what to do with the cash. The second question pertain to TCS, so a bit of an update out here you might have missed it but while the Government initially increase rate from 5% to 20% there have been several corrections on that later. Thanks to the industry, coming in together and representing to the Government. At the end of it, to sum up I will get into a couple of details, but to sum up there has been little or no changes as far as we are concerned. On the foreign exchange side, the rate continues to be 5% for any remittance that goes beyond 7 lakhs, this is up to 7 lakhs and for certain purpose, etc., I will not get into that much of detail, but it remains at 5% and I can send you a 1 page to just explain what are the changes. In case of travel which was a big concern for the industry and the existing rate of 5% was changed to 20, so the Government has given us a good leeway so to say, so any travel up to 7 lakhs per passenger per year we will be charged that 5% if somebody exceeds the 7 lakhs cap in a particular year the rate for the incremental amount will go to 20%. Now you can safely say that about 97% to 98% of our travel business or the customers travel with us will keep their travel expenses at less than 7 lakhs per person per year, so the business is largely unaffected, largely in the sense virtually unaffected, this 97 to 98% is within that cap. So, we do not see the increasing TCS as any threat, for us life remains where it was. The third question was about the cost of services which is basically the cost of sales for us and the cost of sales reflects the increase in volume of business, so as sales go up our cost of sales will also go up. I hope you are referring to that, so if look at overall consolidated numbers and I compared to what it was in April-June 2022 our total revenue had gone up to Rs. 1,932 crores as compared to Rs. 990 crores. Corresponding the cost of sales has gone up by Rs. 654 crores to about Rs. 1,400 crores so this purely reflects an increase in the volume of business and largely variable. What matters really is the margin at the end of the day. If you look at EBITDA margin it has gone up from 5.6% to about 7.6% in the same period. I think that is the matrices that you are more interested in.

Akshat: So, do you have DTA for FY2024 and can you give tax guidance for FY2024?

Debasis Nandy: Yes, we have DTA because we lost money during the COVID period for the year 2020-2021 and 2021-2022 we lost money and therefore we created a deferred tax asset on that. I am happy to state that the deferred tax assets we are using it right now and deferred tax assets that we have had will get certainly get wiped out by next year by FY2024-FY2025.

Akshat: Any tax guidance for the year?

Debasis Nandy: What exactly giving tax guidance is how much tax we will end up paying?

Akshat: Yes, for FY2024. T

Debasis Nandy: here are multiple countries not only India and the India constitute the larger part of the business but there are obviously the overseas tax rates and tax structures, etc. change. At an India level we will be paying little or no taxes because we will be taking advantage of the DTA that we have created with tax losses. Overseas some countries have taxes and some do not and profit situation is different, so for overseas it will be more difficult to give a guidance.

Akshat: Thank you so much. Thank you for taking my question and all the best.

Moderator: Thank you. The next question is from the line of Mithun Aswath from Kivah advisors. Please go ahead.

Mithun Aswath: My question pertains to the travel-related business despite the improvement in the topline EBIT continues to be subdued on that part, obviously forex has delivered very good numbers so just wanted to understand is it because of the mix and what sort of an EBIT can the travel-related business do once you scale back to pre-COVID topline in the travel-related business?

Mahesh Iyer: You rightly pointed to that one it is because of the mix because the travel segment that you see here getting reported has got barn holidays, domestic holidays, B2B holidays, which is MICE, corporate travel, which is the corporate management part of it that we do and we also have inbound India and DMS businesses, so all of this sits in here and if you heard the commentary from Debasis very clearly mentioned that the inbound into India and the DMS are not in the peak of the season, this is our visa shoulder months for them, so essentially we are not seeing any profitability addition from them whereas the revenue are getting calculated on the topline but their profit numbers are not there. So clearly when the tide turns and the quarter which is essentially Q3 and Q4 on FY2024 when they start showing those numbers, those margins will start looking better, but even on a comparative basis if you compare to April-June 2022 and compared to April-June 2023 our PBIT margins have improved from a negative 3% to a positive 3%,

the swing is about 6% in that sense. If you ask me for guidance, we expect that to be close to about 7 to 8% that is our indication at this point in time.

Mithun Aswath: On the travel-related business itself, EBITDA around 7 to 8%?

Mahesh Iyer: Yes, I am talking about travel and related services, which is a mix of multiple businesses that I just mentioned.

Mithun Aswath: So, you could look at EBITDA 7 to 8% from that business?

Mahesh Iyer: Yes.

Mithun Aswath: Just wanted to understand when do you think you will get back to pre-COVID, I am talking about like FY2019 sort of numbers on the travel-related business, do you think that month- on-month things are improving now or it would still take some time to get to those levels?

Mahesh Iyer: If you ask me from a volume perspective, I think most part of our business close to about 70% of our business in India are already tracking pre-COVID. It is the international holiday side of it which is slow to recover and there are challenges which are outside our control but as we guided and I mentioned this in my opening statement also our full year guidance reached to about 75 to 80% recovery in the current fiscal to pre-pandemic. We may actually end up being slightly higher than that but currently we still remain guided to that 75 to 80% recovery to the pre-pandemic in the current fiscal.

Mithun Aswath: Great, thanks and all the best Sir.

Moderator: Thank you. The next question is from the line of Abhishek Jain from Arihant Capital. Please go ahead.

Abhishek Jain: Just one question on the digi portal side we have seen EBIT margins improved sequentially and can you give some light on how can we expect this going forward?

Ramakrishnan: If I get you right you said you have seen the revenue increasing consistently and how do I see going forward am I right?

Abhishek Jain: No, the EBIT margins going forward.

Ramakrishnan: The EBIT margins will get better, do not forget the last two quarters, three quarters we have been spending on our technology development with bringing a new technology the cost levels have gone high. Our markets

are opened, China etc., so generally in our business when a market opens up the cost of labor goes higher in the beginning and they get aligned, so obviously the EBIT margins going forward in the next two quarters will be way better than this one than the last quarter if I am answered you on that front purely because of some of the cost structures and also on the fact that the business coming back to full volume. So, our business still we do not come to 80% of our numbers we do not get profit, then what we make on the 90, 100 and 110% increase of our business while we make the larger margins, so that definitely is getting better and will increase. We have aimed and targeted to make nearly about 8 to 9% of EBITDA at the end of the year and we are quite on track to do that.

Abhishek Jain: Will we able to sustain those margins?

Ramakrishnan: Yes, these are all long-term contracts so sustainability is definitely all these contents run for three to five years and as a company we have an average renewal rate from the time we started 97%, so it is sustainable in that front. In fact, it is going to get better with that technology part because this margins will get better with the new technology coming in. Our new technology is into full light by January 2024 we are implementing it in the last quarter, so are we definitely see not even sustainability but even betterment of these margins as we go ahead, so for DEI it looks pretty impressive as far as earnings goes in the coming years.

Abhishek Jain: Got it. Thank you for taking my question and all the best.

Moderator: Thank you. The next question comes from the line of Sakshee Chhabra from Svan Investment. Please go ahead.

Sakshee Chhabra: I had two questions. One was on forex side if we see our margins have shot up considerably to 47% so is that only because of the volume and is this number sustainable going forward?

Mahesh Iyer: I think we have been talking about it for some time. Our focus on this business has been on yield improvements and I think we continue to see the benefits of that coming through. Also, if you look at our prepaid card portfolio that we have been talking about this is a very sustainable business on that there are two streams of income that go through, one is the revenue that we get through the backend and other is the revenue that we get through the front end. So clearly as volumes grow on the prepaid card side and we move from currency to card, as you would appreciate that on the currency side. I only get one stream of revenue which is the margin that I can charge the customer, when I sell a card, I have two streams of revenue that comes to play with, so the more the penetration of the card the stream of revenue actually grows that is point number one. Point number two in the current quarter also as I mentioned we did transaction for the one of the largest banks in the country where we did a large movement of currency for them and that is the transaction that happens in the current quarter. It is more like wholesale B2B

transaction but the margins that we made were equivalent to a retail business so that also sits in the current thing. To your question are these margins sustainable on a sustainable basis the business operates at about 1.4 to 1.5% margin and we will guide to that margin for the rest of the year.

Sakshee Chhabra: My second question was on the DEI side. So like the China business that you spoke about and that was phenomenal, so that would have one of the reasons would have been because China just recently opened up so my one question was on that do you think that number is sustainable going forward or do you think that was like how a matter of fact that because people had not moved out and suddenly everything opened up that has what led to shot up in that revenue and second question on the DEI side was with so many new contracts that we have signed up what sort of revenue growth traction do you see in the coming year?

Ramakrishnan: On China business, China business is going to be sustainable. Yes, they have opened the internal China travel so that has helped us a lot. It is not a onetime burst you are seeing this has been consistent over the last three months and we anticipate it to be continuous because it is in alignment with the projections that both these parks had done on their attraction. Pre-pandemic what our projections are and we are sustaining the same numbers. Secondly mind you this business coming without international business into China, international payment to China is still not fully opened, so that gives us more opportunity that these numbers will not only sustainable but will get better, so as far as China goes, we are very confident that these are numbers are going to be sustainable and will get better. As far as the new contracts yes, we have been acquiring quite a few new contracts as we go along and that is from a revenue perspective, we have been posting about 20 to 30% year-on-year growth and that is again going to be continuous and sustainable because we have aligned up, we are opening Saudi Arabia soon next year that is going to be a huge, huge opening. Lot of you have known that Saudi is going to be next destination spot in the Middle East. We are very, very hopeful that Saudi will become another UAE for us in the next 3 to 5 years, so we are not only confident of being sustainable but also want to be consistent.

Sakshee Chhabra: On this Hummingbird can you just throw some more light as to what is going to be the revenue stream and how do you see that adding to our overall topline?

Ramakrishnan: Hummingbird is a name to our software and a solution that we currently have called as IMEX. Hummingbird is a game changer solution. Our current solution allows yes to take the pictures, get the pictures, transferred to them and enjoy those moments digitally post the experience. With Hummingbird coming in that is going to be more instant which means when you are on a rollercoaster and your pictures taken by the time you are out of the rollercoaster your phone receives the picture instantly. It is based on FR, so all you do is touch a button show your face in front of your phone and all those pictures that were taken across the park comes over that is not happening

currently. Currently the QR ticket given to you that you have to and scan it, sometimes it takes 5 minutes, 10 minutes, sometimes takes about two hours to get that picture downloaded. The new solution will do that instantly at the same moment. So, we see a huge opportunity in growth of revenue itself or at least an amount of people taking pictures. You do not need to pull your phone out of your pocket anymore to take it. Our full quest of making Hummingbird so easy and interesting is that eventually we look at an opportunity of us allowing against not to take his phone anymore, how to take his pictures and take all the pictures through us, which is exactly what we making and convenient too that definitely will help us in growth. Currently we capture about 4 to 5% of the total in revenue wise there is only 4 to 5% of the people who come to our park actually take pictures buy the pictures with this we see at least going to double digit. So, we are very, very optimistic, of course it is going to be a process in a time, it will take about six months to a year or full adoption and complete rollout, we are very optimistic of that.

Sakshee Chhabra: Have you decided any price point that we will be charging for this?

Ramakrishnan: It will be more; our price points in the digital data will become more competitive than what we are currently giving so that also is a benefit. Again, price is something that we play against volume so we are very careful to make sure that we play that balance right. Of course, there is a huge capital expense on building Hummingbird, which is also built, which shows you in our EBITDA and will show more as we go along. So, price point will be interesting, it will become more affordable for sure and more easier.

Sakshee Chhabra: Can you quantify the capex that would have been spent on?

Debasis Nandy: We are still in the process of spending we will probably get back to you later once we complete the project.

Sakshee Chhabra: Thank you so much Sir and all the best.

Moderator: Thank you. The next question is from the line of Pavas Pethia from Aditya Birla Mutual Fund. Please go ahead.

Pavas Pethia: So, this travel-related services margins EBIT margins you talked about close to 7% is this a steady state margin and if yes, when you plan to achieve it?

Mahesh Iyer: As I said currently we are at about 3% and this 3% does not reflect the full profitability of our DMS and the inbound business currently because we are in a non-seasonal shoulder quarter so once they start delivering those numbers, we expect this to be at 7% and I think that should be more like a steady state for us, but again it is the

seasonal impact that comes because this the segment that we operate travel has got seasonality in it, COVID has changed some patterns of seasonality for sure, but that is more relevant for the India part of the business or we still continue to be a little more seasonal and as Madhavan guided us in the initial comment he mentioned about the long haul travel coming in from the Europe I think those will continue to have that impact, but on a steady state basis we expect it to be about 7%.

Pavas Pethia: What was this number pre-COVID days on annualized basis?

Debasis Nandy: I will have to give a longer answer to that question because if we talk about the pre-COVID days it also includes the business, the DMS business that was acquired in late 2017 and if you remember we had acquired that business as a loss making business and the attempt was to turn it around over a period of three years that period got a little extended because of COVID obviously, but now the business is turning around, parts of it have started making money, if you compare what it was pre-COVID it would be more or less the same because that time the business was not making money for structural reasons, but the structural imbalances are now being evened out, the cost of structure has been completely revamped. They needed certain developments on the technological side, which has both technical or technology inputs have been provided. So, now the business is all set to sort of take wings and therefore we are more confident today as Mahesh pointed out to deliver the EBIT margin of 7%.

Pavas Pethia: In a steady state if inbound travel kind of return to normalcy can we see in FY25 itself?

Debasis Nandy: We expect so, but as Mahesh pointed out that we should be around 75 to 80% in terms of overall recovery about 75 to 80% normal volumes in the current year itself and then we know that we all see growth continuing in the travel business and therefore we should be reaching 100% level in the following year that is FY2025.

Pavas Pethia: Sure. Thanks.

Moderator: Thank you. The next question is from the line of Samir Sharma who is an Individual Investor. Please go ahead.

Samir Sharma: Question around seasonality. Your multiple businesses operate in multiple countries and the seasons are quite different can you give us a sense on the June quarter, the September quarter, how does the quarter-wise-quarter seasonality function in each of the businesses that is my one question. The second is around capital allocation with the cash accumulation you did mention there are no acquisitions around and you would reduce the debt is there a policy around dividends that you would like to bring forward and announce at any point in time and three the optionally convertible debentures that you may have that could be bought back by the shareholders?

Mahesh Iyer: From the first part on your seasonality as you know travel businesses out of India typically the strongest seasonal quarter is April, June coincides with vacations and breaks for kids, the second-best quarter that comes is October- December coincides with some part of Diwali vacations and festivities that come in along and the yearend break. So typically, there are two such quarters that come for the travel businesses April, June, typically will represent close about 55 to 60% of the overall volumes that we do in a year, October to December will do about 25% and the rest will be spent between Jan to March and July to September, so that is the broad breakup as far as outbound businesses from India are concerned. As I also mentioned, I would like to call it out here that those things are beginning to change; now holidays are becoming more like a year on activity, but again the longevity of the holiday changes. The short breaks are more like the two, three nights which are more domestic shortfalls, it is the long hauls where the ticket size is larger and that is why we as a GIT operator we get a lot of things coming from the market. If I look at inbound businesses the peak period starts in October and runs all the way till March. So, the two quarters of October, December and Jan to March is the peak for inbound into India. If I look at the DMS companies, each of the geographies have got different seasonality that they have, some coinciding with the Indian inbound like October, March and some in the July, September quarter. So, it is kind of spread between the five geographies that we operate so that is more about the seasonality. As we said these patterns are beginning to change at least that visible in the Indian businesses but as far as overseas is concerned we still have not seen that changing too dramatically, but we have to wait and watch for that.

Debasis Nandy: Yes, thank you Mahesh. I will try and answer your second question which is around on dividend and what can we expect, etc. So, as I mentioned earlier, we would like to use our cash generations we have started generating cash and would like to use the cash primarily for reducing our debt to as low levels or near 0 levels because we would also like to reduce the interest costs in the process and therefore increase our PBT. A dividend of course as the business makes profit will continue to give dividends. There is we have not kept a percentage in mind right now, but obviously we will ensure a decent return to the shareholder in terms of overall earnings, in terms of EPS as well as distribution of part of that through our dividend process. On your last question which is on the optionally convertible debenture honestly, we do not really have any instrument like that in our balance sheet. We did have an optionally convertible preference share we have issued during 2021 to the parent Fairfax or Fairbridge Mauritius which was duly converted in two installments, one in March and one in June of 2022 into equity. So then that thing has now been converted to equity, which gives Fairfax at overall level about 72% ownership. We do not have any dentures on our books.

Samir Sharma: Much appreciated. Thank you.

Moderator: Thank you very much. That was the last question in queue.

Debasis Nandy: Maybe we can just hand it over to Madhavan for his closing comments and before we all sign off.

Madhavan Menon: Ladies and gentlemen thank you very much for having heard what we have said and I trust that all the questions were answered. Just as a sign of comment I just wanted to make a slightly forward-looking comment looking at our forward bookings, looking at our cost structures, I can confidently say that with this trend will continue over the next several quarters. When I said this trend will continue is this return to pre-COVID levels in terms of our turnover, sustainable margins and sustainable cost reductions and of course if we look at our forward bookings both in the outbound business, both domestic as well as short haul and long haul for SOTC and Thomas Cook as well as forward bookings that are being received by Sita, which is our inward business in India. I expect that it will be reflected over the next couple of quarters. I think we are still in that space where we can benefit from the restructuring that we went through and in my opinion, this can continue for some time. Thank you very much.

Moderator: Thank you very much. On behalf of IIFL Securities Limited that concludes the conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.

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