Appendix 3

talati & talati
Chartered Accountants

To,

Board of Directors
Thomas Cook (India) Limited,
Thomas Cook Building,
Dr. D. N. Road, Fort,
Mumbai - 400001, Maharashtra.

Board of Directors
Travel Corporation (India) Limited,
324, Dr. D.N. Road, Fort,
Mumbai - 400001, Maharashtra.

Board of Directors
SOTC Travel Management Private Limited,
7th Floor, Tower A,
Urmi Estate 95, Lower Parel (West),
Mumbai – 400013, Maharashtra

Board of Directors
Quess Corp Limited
3/3/2, Bellandur Gate,
Sarjapur Main Road,
Bangalore – 560103, Karnataka

Sub: Recommendation of Share Entitlement and Share Exchange Ratio pursuant to the Composite Scheme of Arrangement and Amalgamation ("Scheme")

Dear Sir / Madam,

We refer to your appointment letter dated 9th March, 2018 and subsequent discussions with the management of Thomas Cook (India) Limited ("TCIL"), Quess Corp Limited("QCL") and their representatives whereby TCIL, QCL and their representatives (jointly referred to as "Client"/ "You") have requested Talati & Talati,Chartered accountants ("T&T"), for a Valuation report as at 31st December, 2017 (the "Valuation Date"), as necessitated under SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and recommendation of Share Exchange Ratio and Share Entitlement Ratio for the proposed group restructuring ("Proposed Restructuring") of TCIL, QCL and TCI pursuant to a Composite Scheme of Arrangement and Amalgamation under Section 230 to 232 of Companies Act, 2013 and other applicable clauses of the Companies Act, 2013 ("Scheme") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the following paragraphs, we have summarized our valuation analysis together with the description of the methodologies used and limitations on our scope of work.

T&T has been hereafter referred to as "Valuer" or "We" in this Share Entitlement Ratio and Share Exchange Ratio Report ("Report").

Scope and purpose of this report

Thomas Cook (India) Limited

- TCIL is a public limited company incorporated on October 21, 1978 under the Companies Act, 1956 with CIN L63040MH1978PLC020717 and having its registered office at Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai 400001, Maharashtra. The equity shares and debentures of TCIL are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). TCIL is currently engaged in the following broad segments either directly and/ or indirectly through its subsidiaries, joint ventures and associates:
  a) Financial services – which includes wholesale and retail purchase and sale of foreign currencies and paid documents including prepaid cards, forex cards, etc.;
  b) Travel and related services – which includes tour operations, travel management, visa services, travel insurance, destination management services, MICE and other related services;
  c) Vacation ownership and resorts business – which includes time share holiday's business, resort management, resort construction, etc.; and
  d) Human resource services – which includes staffing services for conducting tours and other businesses, talent development and training, resource management business, facilities management services, selection services, food services and engineering services.

For Thomas Cook (India) Limited
A. J. Parekh
Authorised Signatory

TALATI & TALATI CHARTERED ACCOUNTANTS AHMEDABAD

AMBICA CHAMBERS, NEAR OLD HIGH COURT, NAVRANGPURA, AHMEDABAD 380 009.
TEL. : 2754 4571 - 72, FAX : 2754 2233, 3008 4575 www.talatiandtalati.com
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MUMBAI : 9867353743 DELHI (O11) 32553900 INDORE (073) 4257344

- TCIL is promoted by Fairfax Financial Holdings Limited through its wholly-owned subsidiary, Fairbridge Capital (Mauritius) Limited ("Fairbridge") and its controlled affiliates which holds 67.66%. Fairbridge is responsible for the execution of acquisition and investment opportunities in the Indian subcontinent on behalf of the Fairfax Group of companies.

Quess Corp Limited

- QCL is a public limited company incorporated on September 19, 2007 under the Companies Act, 1956 with CIN L74140KA2007PLC043909 and having its registered office at 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore 560103, Karnataka. The equity shares of QCL are listed on BSE and NSE. QCL is India's leading integrated business services provider. It provides services across 5 (five) major verticals namely: (i) industrial asset management, (ii) integrated facility management, (iii) human resource services, (iv) global technology solutions and (v) internet business. The Company excels in helping large and emerging companies manage their non-core activities by leveraging its integrated service offerings across industries and geographies which provides significant operational efficiencies to its client.

We understand that the management of TCIL and management of QCL is contemplating a consolidated group restructuring pursuant to a Composite Scheme of Arrangement and Amalgamation:

- Demerger of the Demerged Undertaking 1 i.e. entire Inbound Business of TCI, as on the Appointed Date (i.e. 1st April 2019) including all its assets, identified investments, rights, contracts, approvals, licenses and powers and all its debts, outstanding, liabilities, duties, obligations and employees pertaining to the Inbound Business of Travel Corporation (India) Limited ("TCI") into SOTC Travel Management Private Limited ("SOTC TRAVEL") on a going concern basis;
- Subject to the demerger of the Demerged Undertaking 1, amalgamation of residual TCI, TC Travel and Services Limited ("TCTSL") and TC Forex Services Limited ("TCF") into Thomas Cook (India) Limited and consequent dissolution of TCI, TCTSL and TCF without winding up; and
- Demerger of the Demerged Undertaking 2 i.e. entire Human Resource Services Business of TCIL, as on the Appointed Date (i.e. 1st April 2019), including all its assets, investments (including investments in QCL), rights, contracts, approvals, licenses and powers and all its debts, outstanding, liabilities, duties, obligations and employees pertaining to the Human Resources Services Business of TCIL into QCL on a going concern basis.

The Proposed transaction is to be effected through the Scheme pursuant to the provisions of Sections 230 to 232 of Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015.
In this regard, T&T has been requested by TCIL and QCL to submit a valuation report as at valuation date as necessitated under SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and report recommending Share Exchange / Share Entitlement Ratio ("Report") in connection with the proposed transaction of TCIL and QCL to be placed before the Audit Committee/ Board of Directors of respective companies involved in the Scheme. The steps involved in the proposed transaction are detailed hereunder:

(i) Demerger of Inbound Business of Demerged Undertaking 1 into SOTC Travel Management Private Limited ("SOTC TRAVEL") on a going concern basis as at the Valuation Date;

(ii) Amalgamation of residual Travel Corporation (India) Limited (TCI) (i.e. post demerger of Demerged Undertaking 1) , TC Travel And Services Limited ("TCTSL") and TC Forex Services Limited ("TCF") into TCIL on a going concern basis as at the Valuation Date;

(iii) Demerger of Demerged Undertaking 2 into QCL on a going concern basis as at the Valuation Date.

- Step (i) to (iii) are jointly referred to as "the Transaction" or "Proposed Transaction".
- TCF, TCTSL and TCI are collectively referred to as "the Subsidiary Companies".

The scope of our services is to:

(i) Recommend a Share Entitlement Ratio for issue of Non-Cumulative Optionally Convertible Redeemable Preference Shares ('NCOCPS') of SOTC Travel to TCI's shareholders on a fully diluted basis under Step 1 as at valuation date;

(ii) To facilitate Transaction advisory service for the amalgamation of residual TCI (post demerger of Demerged Undertaking 1), TCTSL, TCF into TCIL and consequent dissolution of TCI, TCTSL and TCF without winding up under Step 2;

(iii) Conduct a relative (and not absolute) valuation of Demerged Undertaking 2 and recommend Consideration for issue of equity shares of QCL to the equity shareholders of TCIL on a fully diluted basis under Step 3 as at valuation date.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Background Information of the Business/Undertaking being valued

Thomas Cook (India) Limited (TCIL)

- TCIL is a public limited company incorporated on October 21, 1978 under the Companies Act, 1956 with CIN L63040MH1978PLC020717 and having its registered office at Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai 400001, Maharashtra. The equity shares and debentures of TCIL are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). TCIL is currently engaged in the following broad segments either directly and/ or indirectly through its subsidiaries, joint ventures and associates:
  a) Financial services – which includes wholesale and retail purchase and sale of foreign currencies and paid documents including prepaid cards, forex cards, etc.;
  b) Travel and related services – which includes tour operations, travel management, visa services, travel insurance, destination management services, MICE and other related services;
  c) Vacation ownership and resorts business – which includes time share holiday's business, resort management, resort construction, etc.; and
  d) Human resource services – which includes staffing services for conducting tours and other businesses, talent development and training, resource management business, facilities management services, selection services, food services and engineering services.
- TCIL is promoted by Fairfax Financial Holdings Limited through its wholly-owned subsidiary, Fairbridge Capital (Mauritius) Limited and its controlled affiliates which holds 67.66%. Fairbridge is responsible for the execution of acquisition and investment opportunities in the Indian subcontinent on behalf of the Fairfax Group of companies.
- The issued and subscribed equity share capital of TCIL as on 31 December, 2017 is INR 36,70,39,802/- consisting of 36,70,39,802 equity shares of face value of INR 1/- each.

Travel Corporation (India) Limited (TCI)

- TCI is a public limited company incorporated on July 19, 1961 under the Companies Act, 1956 with CIN U63040MH1961PLC012067 and having its registered office at 324, Dr. D. N. Road, Fort, Mumbai, Maharashtra 400001. TCI is in engaged in the business of (i) inward foreign tourist activity, (ii) tourist agents and (iii) contractors. The main objects of TCI are to carry on the business of handling inward foreign tourist activity in India including independent and conducted tours, safaris, expeditions, conferences, meetings and other group movements and also to handle similar foreign tourist activity in other parts of the world through its own offices and agents and correspondents. TCI is a wholly owned subsidiary of TCIL.

- The issued and subscribed equity share capital of TCI as on 31 December, 2017 is INR 1,64,99,310/- consisting of 16,49,931 equity shares of face value of INR 10/- each.

TC Travel and Services Limited (TCTSL)

- TCTSL is a public limited company incorporated on October 15, 2008 under the Companies Act, 1956 with CIN U63040MH2008PLC187559 and having its registered office at 324, Dr. D.N. Road, Fort, Mumbai, Maharashtra 400001. TCTSL is engaged in the business of travel and ticketing business. TC Travel offers a wide range of services including Airline ticketing, Booking Hotel accommodation, Visa and Passport facilitation, Travel insurance etc. TCTSL is wholly owned subsidiary of TCIL.
- The issued and subscribed equity share capital of TCTSL as on 31 December, 2017 is INR 25,00,00,000/-

TC Forex Services Limited (TCF)

- TCF is a public limited company incorporated on November 7, 2006 under the Companies Act, 1956 with CIN U65921MH2006PLC238745 and having its registered office at 324, Dr. D. N. Road, Fort, Mumbai, Maharashtra 400001. TCF is engaged in offering a complete range of travel related foreign exchange products. The wide range of products provided by TCF includes currency notes, travel cards and traveler's cheques etc. TCF is registered with the Reserve Bank of India as Full Fledged Money Changer and deals in buying, selling and conversion of all types of foreign currencies. TCF is a wholly owned subsidiary of TCIL.
- The issued and subscribed equity share capital of TCF as on 31 December, 2017 is INR 11,84,51,330/-

SOTC Travel Management Private Limited (SOTC Travel)

- SOTC TRAVEL is a private limited company incorporated on April 20, 2001 under the Companies Act, 1956 with CIN U63040MH2001PTC131693 and having its registered office at 7th Floor, Tower A, Urmi Estate 95, Ganpatrao Kadam Marg, Lower Parel (W) Mumbai 400013. SOTC TRAVEL is in the business of travel agents and tour operators and booking and reserving accommodation, seats berths for passenger, persons, for carriage by air, sea, lands, waterways and work as agents for airliners, shipping, tour operators, railways, travel agencies, and cruises within India or outside India. SOTC TRAVEL is a wholly owned subsidiary of TCIL.
- The issued and subscribed equity share capital of SOTC Travel as on 31 December, 2017 is INR 1,00,000/-.

Quess Corp Limited (QCL)

- QCL is a public limited company incorporated on September 19, 2007 under the Companies Act, 1956 with CIN L74140KA2007PLC043909 and having its registered office at 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore 560103, Karnataka. The equity shares of QCL are listed on BSE and NSE. QCL is India's leading integrated business services provider. It provides services across 5 (five) major verticals namely: (i) industrial asset management, (ii) integrated facility management, (iii) human resource services, (iv) global technology solutions and (v) internet business. The Company excels in helping large and emerging companies manage their non-core activities by leveraging its integrated service offerings across industries and geographies which provides significant operational efficiencies to its client.
- The issued and subscribed equity share capital of QCL as on 31 December, 2017 is INR 145,48,41,780/- consisting of 14,54,84,178 equity shares of face value of INR 10/- each.

Human Resource Services Business
Human Resource Services Business means business of staffing / human resource services for conducting tours and other businesses, talent development and training, resource management, facilities management services, selection services, food services and engineering services carried on by TCIL.

Demerged Undertaking 1
Demerged Undertaking 1 means the entire Inbound Business, as a going concern as of the Appointed Date, including all its assets, contracts, identified investments, rights, approvals, licenses and powers and all its debts, out standings, liabilities, duties, obligations and employees pertaining to the Inbound Business.

Demerged Undertaking 2
Demerged Undertaking 2 means the entire Human Resource Services Business of TCIL, as a going concern as of the Appointed Date, including all its assets, investments (including investments in QCL) , rights, contracts, approvals, licenses and powers and all its debts, out standings, liabilities, duties, obligations and employees pertaining to the Human Resources Services Business.

Sources of information

- Annual Report of TCIL For 12 months ended at December 2012 & December 2013, 15 months ended at March 2015 and 12 months ended at March 2016 and March 2017
- Unaudited Financial statements of TCIL,QCL for nine months ended December 2017
- Financial Projections of QCL upto 2022-23.
- Income tax return of TCIL for FY 16-17
- Outstanding ESOP as at the date of report for TCIL
- Confirmation of management regarding contingent liability & Pending suits for Human Resource Services business
- Financial projections of Human Resource Services Business upto FY 2021-22 and TCI Inbound business upto FY 2022 - 23
- Annual report of QCL for the period 31st march 2015 to 31st march 2017 and 9 months ended at December 2013
- Details of fixed deposit , Debt & Finance charge and Mutual fund as on 31.12.2017 for QCL
- Details of operating locations of QCL
- Shareholding pattern of TCIL as at December 2017
- Transaction note depicting the structure of the demerger arrangement
- Draft Composite Scheme of Arrangement and Amalgamation
- Audited financial statement of TC Tours Limited for FY 2017
- Audited Financials statement of Sita World Travel (Nepal) Pvt Ltd for FY 2015-16 & FY 2016-17
- Financial projections of Sita World Travel (Nepal) Pvt Ltd and TC Visa Services (India) Ltd upto FY 2022-23
- Audited financial statement for FY 2014-15 to 2016-17 for TC Visa Services(India) Ltd
- Financial projection of TCI (for inbound & non inbound businesses) upto FY 2022-23
- Details of immovable property for TCI
- Details of investments held by TCI as on 31.12.2017
- Share certificate of preference shares of TCI issued to TCIL
- Certificate of incorporation of TCI-Go Vacation India Private Limited, Horizon Travel Services LLC, USA and Travel Circle International (Mauritius) Limited

Approach to valuation engagement and valuation methods followed

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Discussion with the Company and relevant Subsidiary Companies to :
  - o Understand the business and fundamental factors that affect its earning-generating capability including strengths, weakness, opportunity and threats analysis and historical financial performance.
  - o Enquire about the business plans and future performance estimates.

- Undertook Industry Analysis:
  - o Research publically available market data including economic factors and industry trends that may impact the valuation.
  - o Analysis of key trends and valuation multiples of comparable companies using:
    - Valuers Internal transactions database
    - Proprietary database subscribed by the Valuer's

- Other publicly available information
- Analysis of information
- Selection of appropriate internationally accepted valuation methodology/(ies)after deliberations
- Arriving at Share Exchange Ratio/Share Entitlement Ratio whichever is applicable.

Scope Limitations, Assumptions, Qualifications, Exclusions and Disclaimers

- Our valuation report is subject to the scope limitations detailed hereinafter. As such the valuation report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to in this valuation report.
- We have relied upon the data and documents provided by the client for the purpose of forecasting the free cash flows. For the purpose of calculating the systematic risk of various organizations involved we have relied on the data available publicly i.e. on website of BSE India and NSE India. Also for non-listed entities we have relied on the information of competitors and data submitted to us and validated by the management of respective companies.
- In the course of the valuation, we were provided with both written and verbal information, including market, technical, financial and operating data, TCIL high level market assessment and development of financial model and financial projections till March 31, 2023, for project prepared and made available to us for the purpose of valuation by TCIL and validated by us.
- Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/tax due diligence, consulting or tax related services that may otherwise be provided by us.
- This report and its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this report; and (iii) the latest available financial statements of the companies and their subsidiaries and other information provided by the client or taken from public sources till the date of this Report.
- An analysis of this nature is based on the prevailing stock market, financial, economic, and other conditions in general and industry trends in particular as in effect on, and the information made available to us at the date thereof. Events and transactions occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report, unless required by regulatory authorities.
- The ultimate analysis will have to be tempered by the exercise of judicious discretion by the Valuers and judgment taking into the accounts all the relevant factors. There may be several factors, e.g. Management capability, present and prospective competition, yield on comparable securities, exorbitant increase in income and expenditure due to capital or investment decisions. Market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon said in Gold Coast Selection Trust Limited v/s Humphrey reported in

30TC 209 (House of lords) and quoted with approval by the supreme court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the arrangement but a number of other factor, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar share for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of shares gives control of the company. If the asset is difficult to value, but is nonetheless of money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible."

- We have not audited the figures which were certified by the management or auditor of the companies or the group and thereby expressing no opinions thereon.
- The recommendations rendered in this report only represent our recommendations based upon information furnished by the companies and other sources and the said recommendations shall be considered to be in the nature of binding advice. (Our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).
- The determination of share exchange ratio is not a precise science and the conclusions arrived at in many case will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore no single share exchange ratio. While we have provided our recommendation of the share exchange ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of share exchange/entitlement ratio at which the proposed transaction shall take place will be with the Board of Directors who should take into account other factors such as their own assessment to the proposed transaction and input of other advisors.
- In accordance with the terms of our engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicity available and formed a substantial basis for this Report and (ii) the accuracy of the information made available to us by the companies. In accordance with our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the companies. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to the explanations and information sought from the companies, we have been provided to understand, by the management of the companies that no relevant and material facts about the company is omitted. Our conclusions are based on the assumptions and information given by and on behalf of the companies and reliance on public information. The management of the companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results.
- While carrying out this engagement, we have relied extensively on historical information made available to us by the management of the companies/available in public domain. We did not carry out any due diligence with respect to the information provided/extracted or carry out any verification of the asset save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.
- Accordingly, we assume no responsibility for any errors in the information furnished by the companies or obtained from public domain and their impact on the report. Nothing has come to our attention to indicate that the information provided was materially misstated/incorrect, wrongly projected or would not afford reasonable grounds upon which to base the Report.
- The Report assumes that the companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the companies will be managed in a competent and responsible manner .Further , except as specifically stated to the contrary ,this valuation report has given no consideration to matters of a legal nature ,including

issues of legal title and compliance with local laws ,and litigation and other contingent liabilities that are not recorded in the audited/unaudited financial statements of the companies .

- We owe responsibility to only the boards of directors of the companies that has appointed us under the terms of our engagement letters and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken. Omissions of or advice given by any other advisor to the companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentation or willful default on part of the companies, their directors, employees or agents. Unless specifically agreed, in no circumstances shall the liability of a Valuer, its partners or employees, relating to the services provided in connections with the engagement set out in this report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.
- We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion on the Valuation of Equity. This Report is not a substitute for the third party's own due diligence/appraisal /enquiries/independent advice that the third party should undertake for his purpose.
- This Valuation Report is subject to the laws of India. Neither the valuation Report nor its contents may be referred to or quoted in any registration statement, Prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to the third parties other than in connection with any proposed scheme without our prior written consent except for disclosures to be made to relevant regulatory authorities including stock exchanges and SEBI.
- All figures have been rounded off to nearest million.
- This report does not in any manner address the prices at which equity shares of the companies will trade the following announcement of the transaction and we express no opinion or recommendation as to how the shareholders of either company should vote at any shareholders' meeting(s) to be held in connection with the transaction.

  This report does not look into the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the transaction as compared with any other alternative business transaction or other alternatives or whether or not such alternatives could be achieved or are available.

Approach & methodology of share exchange / entitlement ratio

It should be understood that valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control in performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purposes, it cannot be too strongly emphasized that a Valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment and bona fide manner based on our previous experience of assignments of a similar nature.

The following are commonly used and accepted methods for determining the value of the equity shares of a company/business:

1. Market Approach- Market Price Method
2. Income Approach - Discounted Cash Flows method
3. Asset Approach - Net Asset Value (NAV) Method

Market Approach

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares,

In the present case, Market Price Method has been used for QCL, QCL being a listed entity. However, this method is not applicable to TCIL's subsidiaries as none of the subsidiaries of TCIL under valuation are listed on any stock exchange.

Income Approach

Discounted Cash Flows method

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital — both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital.'

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

Asset Approach

Net Asset Value (NAV) Method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. Generally, the Schemes of Arrangements would normally be proceeded with, on the assumption that the companies being part of the demerger merger process are going concerns and an actual realization of their operating assets is not contemplated. Hence, this method has not been used.

The valuation arrived at under the above-mentioned methods could fluctuate with lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.

Recommendation of Ratio of Exchange of shares for the proposed composite scheme of arrangement and amalgamation as at valuation date

After taking into consideration the principles of valuation as propounded by various authorities, that one would have to consider the value of the business. The present valuation exercise would have to proceed on a going concern basis and hence has to lay emphasis on the earning capacity i.e. what the business is capable of earning in the future.

Based on our understanding of the transactions involved and based on management certified forecasted figures, our recommendations are as under:

Step 1: Demerger of Demerged Undertaking 1 on a going concern basis.

As per the proposed scheme, Demerged Undertaking 1 shall be transferred to and vested in SOTC Travel on a going concern basis. SOTC Travel to issue its NCOCPS to TCI's shareholders in consideration of the demerged assets and NCOCPS received from TCI in demat form on the basis of entitlement ratio of shares.

On the basis of foregoing and on consideration of all the relevant factors and circumstances as discussed and outlined herein above, the share entitlement ratio in consideration of transfer and vesting of Demerged Undertaking 1 into SOTC Travel to be as follows:

Fully paid NCOCPS of Face Value of INR 10 /- each of SOTC Travel to TCI's shareholders for a total value of INR 1985.3 Million. (Details as Per Annexure A)

We believe that the share entitlement ratio as stated below is fair and reasonable considering that the shareholders of TCI will upon demerger be the preference shareholders of SOTC Travel in the said ratio:

- **75 NCOCPS of SOTC Travel for 100 equity shares in TCI**
- **75 NCOCPS of SOTC Travel for 100 Existing NCOCPS (defined hereinafter) in TCI**

Existing NCOCPS – Existing 0.01% Non-Cumulative Optionally Convertible Redeemable Preference Shares of TCI held by TCIL.

Step 2: Amalgamation of residual TCI (post demerger of Demerged Undertaking 1), TC Travel and Services Limited ("TCTSL") and TC Forex Services Limited ("TCF") into Thomas Cook (India) Limited ("TCIL")

As per the proposed scheme of Arrangement, TCI, TCTSL and TCF are wholly owned subsidiaries of TCIL. In consideration of the amalgamation of TCI, TCTSL and TCF into TCIL, there shall be no issue of shares by TCIL and all the shares held by TCIL in TCI, TCTSL and TCF shall stand cancelled, extinguished and annulled.

Step 3: Demerger of Demerged Undertaking 2 into QCL on a going concern basis;

As per the proposed scheme, Demerged Undertaking 2 shall be transferred to and vested in QCL on a going concern basis.

As per the proposed Scheme, in consideration of the transfer and vesting of Demerged Undertaking 2, QCL to issue equity shares to shareholders of TCIL.

On the basis of foregoing and on consideration of all the relevant factors and circumstances as discussed and outlined herein above, the share entitlement ratio in consideration of transfer and vesting of Demerged Undertaking 2 to be as follows:

- <u>For Demerger of Undertaking 2 in QCL:</u>

1889 fully paid equity shares of INR 10 each of QCL for every 10,000 fully paid equity shares of INR 1 each of TCIL to Shareholders of TCIL.
(Details as per Annexure B)

We believe that the above share entitlement ratio is fair and reasonable.

For Talati &Talati
Chartered Accountants
(Firm Regn No: 110758W)

Anand Sharma
(Partner)
Mem No: 129033

Place: Ahmedabad
Date: 19/04/2018

Annexures
PART A:
Valuation of Demerged Undertaking 1 as at valuation date

(INR in Millions)

Income Approach

1. Free Cash Flow to Firm (FCFF):

Particulars		Projection period						Terminal Value at FY 2023 (Perpetuity)
		Q4 FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
Revenue		2,794.0	6,614.1	6,898.0	7,242.9	7,605.1	7,985.3	8,384.6
EBIT		327.6	374.8	318.9	298.1	276.6	252.9	265.5
Less: Income Taxes		89.0	133.1	116.2	110.1	102.6	93.4	92.8
EBIT Less Tax		238.7	241.6	202.7	188.0	174.0	159.5	172.7
Add: Depreciation		16.8	43.4	42.8	41.0	37.3	31.8	100.0
Less: Capital Expenditure		485.5	(41.5)	(23.2)	(32.9)	(18.9)	(18.1)	(100.0)
Add / (Less): Changes in Working Capital		(677.1)	(128.4)	(110.5)	(226.9)	96.8	65.7	69.0
Free Cashflows		63.8	115.0	111.8	(30.8)	289.3	238.9	241.8
Time to Midpoint		0.12	0.75	1.75	2.75	3.75	4.75	
Discount Rate	17.65%	0.98	0.89	0.75	0.64	0.54	0.46	
Discounted Cash Flow		62.6	101.9	84.2	(19.7)	157.4	110.5	1,911.7

Present value of FCFF of the projection period	496.7
Present value of perpetuity	884.0

Enterprise Value	1,380.7
Add: Cash & Bank Balances	118.7
Add: Surplus Investment in Mutual funds	424.3
Add: Fair Value of Investment held	61.6
Equity Value	1,985.3

Valuation of Residual TCI (Post Demerger of Demerged Undertaking 1) as at valuation date

Valuation of Residual Business

(INR in Million)

Sr No.	Particulars		Amount
A	Fair Value of Investment Properties (Net)		378.6
B	Fair Value of Investment in Companies		3,238.4
i	Horizon Travel Services Llc	62.9	
ii	Travel Circle International Mauritius Limited	447.7	
iii	Jardin Travel Solutions	10.0	
iv	TC Visa Services (India) Limited.	320.6	
v	Luxe Asia Travel China Ltd.	1,383.8	
vi	SITA Lanka	13.5	
vii	Preference Shares issued by SOTC	1,000.0	
	Fair Value of Brands		670.5
i	Brand - DFT	170.3	
ii	Brand - TCI	356.3	
iii	Brand - SITA	143.9	
iv	Brand - SOTC	NA	
	Total		4,287.6

PART B:

Entitlement ratio for Demerger of Demerged Undertaking 2 into QCL as at valuation date:

No. of Shares	QCL 145,484,178		TCIL 377,765,371	
Method	Value per Share	Weights	Value per Share	Weights
A) QCL - Prefer allotment guidelines	1088.733	100.00%		
B) Demerged Undertaking 2- DCF and Pref Allotment Guidelines			205.76	100.00%
Weighted Average price	1088.733	100.00%	205.76	100.00%
Share Entitlement Ratio	10000		1889	
For every 10,000 shares in TCIL 1889 shares shall be allotted as a consideration towards Demerged Undertaking 2				

Valuation of Demerged Undertaking 2 as at valuation date

Income Approach *(INR in Millions)*

1. Free Cash Flow to Firm (FCFF):

Particulars		Projection period: 3M ended FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Terminal Value
Revenue		13.3	79.6	87.5	96.3	105.9	109.1
EBIT		(0.1)	9.0	10.1	11.3	12.6	12.9
Less: Income Taxes	34.94%	-	3.1	3.5	3.9	4.4	4.5
EBIT Less Tax		(0.1)	5.8	6.6	7.4	8.2	8.4
Add: Depreciation		0.3	1.4	1.3	1.3	1.2	-
Less: Capital Expenditure		(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-
Add / (Less): Changes in Working Capital		0.0	(0.2)	0.0	0.0	0.0	0.0
Free Cashflows		0.3	7.0	7.9	8.6	9.4	8.5
Time to Midpoint		0.12	0.75	1.75	2.75	3.75	
Discount Rate	19.65%	0.98	0.87	0.73	0.61	0.51	
Discounted Cash Flow		**0.3**	**6.1**	**5.8**	**5.3**	**4.8**	**50.8**

(INR in Millions)

Present value of FCFF of the projection period	**22.3**
Present value of perpetuity	**25.9**

Enterprise Value	**48.2**
Add: Cash & cash equivalents	0.5
Add: Fair value of investments in Quess Corp Limited	77,652.2
Equity Value	**77,700.9**

THOMAS COOK (INDIA) LIMITED

TALATI & TALATI CHARTERED ACCOUNTANTS AHMEDABAD

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Chartered Accountants

Strictly Private and Confidential

Valuation of shares of QCL as at valuation date

Pref Allotment Guidelines
As on 31 December 2017
2 weeks - Close

Dates	Average	High	Low	Average
29-Dec-17	1151.5	1151.5	1087.5	1119.5
28-Dec-17	1131			
27-Dec-17	1088.7			
26-Dec-17	1087.5			
22-Dec-17	1079.2	1079.2	1036.8	1058.0
21-Dec-17	1074.9			
20-Dec-17	1064.6			
19-Dec-17	1051.1			
18-Dec-17	1036.8			
Average of weekly high and low of the VWAP over 2 weeks				1088.7

TALATI & TALATI AHMEDABAD CHARTERED ACCOUNTANTS

For Thomas Cook (India) Limited

A. J. Parekh

Authorised Signatory