

CONTENTS

Board of Directors	1
Directors' Report	2-4
Auditors' Report	5-7
Balance Sheet	8
Profit & Loss Account	9
Schedules	10
Cash Flow Statement	21
Information regarding Subsidiaries	22
Subsidiaries :	
• Hindustan Cargo Ltd.	23
• India Alive Tours Ltd.	36
• Thomas Cook Tours Ltd.	37
• Indian Horizon Travel & Tours Ltd.	38
Ten Financial Years Performance	39

BOARD OF DIRECTORS

P. P. MADHAVJI Chairman

M. L. APTE

H. S. BILLIMORIA

J. McEWAN

B. PARANJAPE

M. R. RAMESH

U. ZIERKE

L. PORTER (Alternate to Mr. U. Zierke)

A. M. KAKKAR CEO & Managing Director

I. G. SHAHANI Executive Director

J. D. KETKAR Executive Director &
Company Secretary

Auditors

Lovelock & Lewes

Solicitors

Crawford Bayley & Co.

Principal Bankers

The Hongkong & Shanghai Banking Corporation Ltd.

ANZ Grindlays Bank plc.

State Bank of Bikaner & Jaipur

State Bank of India

Registered Office

Thomas Cook Building

Dr. Dadabhai Naoroji Road

Mumbai - 400 001

Registrar and Share Transfer Agents

Tata Share Registry Ltd.

Army Navy Building

148, M. G. Road

Fort, Mumbai - 400 001

DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting the Twenty-first Annual Report, together with the Balance Sheet and Profit and Loss Account for the year ended 31st December, 1997.

The Company has produced consistent results during the year ending 31st December, 1997, despite keen competition affecting all the areas of the Company's activities and overall gloomy economic & political conditions.

	Jan./Dec. (1997)	Jan./Dec. (1996)
	(Rupees in lakhs)	
Profit before Taxation	2158.46	2499.22
Provision for Taxation	750.00	1100.00
Excess provision for Taxation for earlier years written back	40.00	—
Profit after Taxation	1448.46	1364.56
Transferred to Reserve U/S 80 HHD of the Income Tax Act, 1961	125.00	150.00
Transferred to General Reserve	1000.00	1000.00
Proposed Dividend (Previous year's Subject to Tax)	393.75	288.75

All the core activities of the Company fared well during the period. The liberalisation policies continued to have a favourable impact on the Company's business. However, the activities of the licensed Full-Fledged Money Changers have increased the level of competition, thereby

affecting the Company's overall foreign exchange operations.

At present your Company is operating through its 40 locations in 13 cities of India.

Your Company has won the prestigious National Tourism Award for 'Excellence in Conference Tourism — 1996-97' instituted by the Department of Tourism, Government of India. This award establishes your Company as the largest conference organiser in India.

Your Company has also won two awards at the Association of Business Communicators of India for the 1995 Annual Report (Legs, Wheels, Sails & Wings) and 1996 holiday brochure titled "Excitement & Leisure".

Your Company has been appointed by the world's largest holiday resort, Club Med as their selling agent in all over India. This is a significant step in providing quality holiday products to leisure travellers in the country.

CAPITALISATION OF RESERVE:

Pursuant to Resolution passed at the last Annual General Meeting, your Directors have allotted the bonus shares in the ratio of 2:3 on the 12th September, 1997, to the shareholders whose names appeared on the Register of Members on 28th August, 1997, being the record date.

As per request made by the shareholders at the last Annual General Meeting, the resolution to

issue Bonus Shares was amended for issue of Fractional Certificates.

The Allotment of Bonus Shares against consolidation of Fractional Certificates was done on 15th December, 1997. The members who were not able to collect three fractional certificates to convert into one equity share, their unconsolidated fractional certificates were consolidated and allotted to Mr. P. P. Madhavji, Chairman of the Company as a Trustee. These shares were sold in the market and sale proceeds are being distributed to the entitled members.

DIVIDEND:

Your Directors are pleased to recommend a dividend of 45%. The dividend absorbs Rs. 3,93,75,000/-.

GENERAL RESERVE:

Your Directors have resolved to transfer Rs. 10,00,00,000/- to General Reserve out of the profits of the Company. In view of the transfers, the total reserves are at Rs. 49,74,15,676/- as at 31st December, 1997.

DIRECTORS:

Mr. M. G. Bhide ceased to be the Director of the Company effective 15th May, 1997 and in his place Mr. O. P. Setia was appointed on 15th May, 1997, as Nominee of State Bank of India and was designated as

Deputy Chairman of the Company. **Mr. Setia** ceased to be the Director of the Company effective 24th October, 1997 and now in his place **Mr. M. R. Ramesh** has been appointed as nominee of State Bank of India effective 24th October, 1997.

Mr. John McEwan was appointed as an Additional Director of the Company under Article 118 of the Articles of Association of the Company effective 24th October, 1997. He will hold office upto the date of forthcoming Annual General Meeting and is eligible for re-appointment. The Company has received notices in writing under Section 257 of the Companies Act, 1956, proposing the candidature of **Mr. John** McEwan as Director of the Company.

The Board of Directors have appointed **Mr. Ashwini** Kakkar as Additional Director of the Company and he has been also appointed as 'Chief Executive Officer & Managing Director' of the Company for a period of three years effective 16th June, 1997 to 15th June, 2000, by **Thomas** Cook Overseas Ltd. under Article 140(a) of the Articles of Association of the Company and by Board of Directors, subject to the consent of the Company in General Meeting.

At the last Annual General Meeting held on 15th May, 1997, **Mr. I. G. Shahani** was re-appointed for a further period of one year effective 1st June, 1997 and **Mr. P. P. Madhavji** was re-appointed for a period of 3

years effective 1st January, 1998 to 31st December, 2000. At the Board Meeting held on 18th March, 1998, the term of **Mr. I. G. Shahani** has been extended for a further period of 7 months effective 1st June, 1998 subject to the approval of the Shareholders in the forthcoming Annual General Meeting.

In accordance with Article 131 of the Articles of Association of the Company, **Mr. B. Paranjape**, **Mr. H. S. Billimoria** and **Mr. U. Zierke** retire by rotation and being eligible, offer themselves for re-election.

FOREIGN EXCHANGE EARNINGS/EXPENDITURE:

The foreign exchange earnings during the year amounts to Rs. 17.84 crores.

During the year, the Company has incurred expenditure in foreign currencies towards interest and bank charges as well as travelling for promotional activities, subscriptions, etc., as disclosed as per Schedule "L", Note 7.

NOTES TO ACCOUNTS:

Your Directors have been advised considering the on going proceedings relating to FERA Notices that it would not have any significant impact on the operations of the Company and hence, notes to the Accounts as appearing in the earlier years have been modified and the current situation is now disclosed as

per Schedule "L", Note 2.

AUDITORS:

M/s Lovelock & Lewes, Chartered Accountants, Auditors of the Company will retire at the Meeting and are eligible for re-appointment.

SUBSIDIARY COMPANIES:

The audited Statement of Accounts along with the Directors' Report of **Thomas** Cook Tours Ltd., **India** Alive Tours Ltd., **Indian** Horizon Travel & Tours Ltd. and **Hindustan** Cargo Ltd. for the year ended 31st December, 1997, are separately attached as required under the provisions of Section 212 of the Companies Act, 1956.

EMPLOYEES:

Relations with the employees continued to be cordial throughout the year. Your Directors place on record the appreciation of the effort and dedication of the employees in producing consistent results during the year under review. Keeping in line with the Company's Policy, it continues to place great emphasis on training programmes for all round development of the Staff at all levels. Your Company has been actively concentrating on development of human resources, which is a prime asset for its substantial growth.

**INFORMATION
PURSUANT TO
SECTION 217 OF THE
COMPANIES ACT,
1956:**

The particulars required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per Section 219(1) (b) (iv) of the Companies Act, 1956, the

Report and Accounts is being sent to all shareholders of the Company excluding the above Statement. Any shareholder interested in obtaining a copy of the said Statement may write to the Secretary at the Registered Office of the Company.

The matter specified in Section 217 of the Companies Act, 1956, to the extent to which they are applicable

to our Company, are incorporated in this Report.

BY ORDER OF THE BOARD
P. P. MADHAVJI A. M. KAKKAR
Chairman CEO &
Managing Director

Mumbai
Dated : 18th March, 1998

THOMAS COOK (INDIA) LIMITED

AUDITORS' REPORT

To the Members of Thomas Cook (India) Limited

1. We have audited the attached balance sheet of Thomas Cook (India) Limited as at 31st December, 1997 and the annexed profit and loss account for the year ended on that date, which are in agreement with the books of account.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, and on the basis of such checks of books and records as we considered appropriate and the information and explanations given to us during the course of our audit, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

3. Further to our comments in the Annexure referred to in paragraph 2 above :

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
- (iii) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the

Companies Act, 1956 in the manner so required and give a true and fair view;

- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31st December, 1997;

and

- (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date.

For Lovelock & Lewes
Chartered Accountants

SANJAY HEGDE
Partner

Mumbai
Dated : 18th March, 1998

THOMAS COOK (INDIA) LIMITED

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 2 of the Auditors' Report to the Members of Thomas Cook (India) Limited on the Accounts for the year ended 31st December, 1997

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets are physically verified by the management once in a year which in our opinion is reasonable and no material discrepancies were noticed on such verification carried out during the year.
2. None of the fixed assets have been revalued during the year.
3. The terms and conditions of unsecured loan taken by the Company from a company listed in the register maintained under Section 301 and Section 370 (1B) of the Companies Act, 1956, are not prejudicial to the interest of the Company. The Company has not taken any loans from firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
5. In respect of loans or advances in the nature of loans given by the Company, the principal amounts and interest where applicable have been recovered as stipulated, except for the interest free loans and advances to a subsidiary company where no stipulations have been made for the recovery of the principal amounts. This amount stands recovered.
6. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of equipment and other assets.
7. There are no sales of services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
8. The Company has not accepted any deposits from the public to which the provisions of Section 58A of the Companies Act, 1956 or the rules framed thereunder would apply.
9. The Company has an internal audit system commensurate with the size and the nature of its business.
10. The Company has been regular in depositing the Provident Fund and Employees' State Insurance dues with the appropriate authorities.
11. No undisputed amounts payable in respect of income-tax, wealth tax, sales tax, and customs duty were outstanding as at 31st December, 1997 for a period of more than six months from the date they became payable.
12. No personal expenses of employees or directors have been charged to revenue

THOMAS COOK (INDIA) LIMITED

- account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
13. The service activities of the Company are such that the question of recording receipts, issues and consumption of materials and stores and allocation of materials and man-hours consumed to the relative job does not arise. Consequently, the authorisation and control on the issue of
- stores and allocation of stores and labour to jobs are not applicable.
14. The Company is not a Sick Industrial Company within the meaning of Clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
15. As per the information and explanations given to us and taking into consideration the nature of the business of the Company, clauses (iii), (iv), (v),
- (vi), (xii), (xiv) and (xvi) of paragraph 4(A), clauses (i) and (ii) of paragraph 4(C), clauses (i), (ii), (iii) and (iv) of paragraph 4(D) are not applicable to the Company for the current year.
- For Lovelock & Lewes
Chartered Accountants
- SANJAY HEGDE
Partner
- Mumbai
Dated : 18th March, 1998

THOMAS COOK (INDIA) LIMITED

Balance Sheet as at 31st December, 1997

	Schedule	As at 31st December, 1997 Rs.	As at 31st December, 1996 Rs.
I. SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Share capital	A	8,75,00,000	5,25,00,000
Reserves and surplus	B	49,74,15,676	43,08,82,636
		<u>58,49,15,676</u>	<u>48,33,82,636</u>
LOAN FUNDS :			
Secured loans	C	16,05,55,775	14,37,58,709
Unsecured loans	D	18,69,68,246	8,68,38,672
		<u>34,75,24,021</u>	<u>23,05,97,381</u>
TOTAL :		<u>93,24,39,697</u>	<u>71,39,80,017</u>
II. APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross block	E	43,29,51,830	32,07,40,139
Less : Depreciation		8,38,59,133	6,13,74,294
Net block		<u>34,90,92,697</u>	<u>25,93,65,845</u>
Advances for capital expenditure		36,04,912	78,14,794
		<u>35,26,97,609</u>	<u>26,71,80,639</u>
INVESTMENTS	F	<u>25,00,090</u>	<u>25,00,090</u>
CURRENT ASSETS, LOANS AND ADVANCES :			
Sundry debtors	G1	19,39,64,134	17,02,45,778
Cash and bank balances	G2	77,95,23,596	55,18,83,984
Loans and advances	G3	14,01,07,989	8,87,10,900
		<u>1,11,35,95,719</u>	<u>81,08,40,662</u>
LESS : CURRENT LIABILITIES AND PROVISIONS :			
Current liabilities	H1	49,30,41,221	33,76,66,374
Provisions	H2	4,33,12,500	2,88,75,000
		<u>53,63,53,721</u>	<u>36,65,41,374</u>
NET CURRENT ASSETS		<u>57,72,41,998</u>	<u>44,42,99,288</u>
TOTAL :		<u>93,24,39,697</u>	<u>71,39,80,017</u>

Notes to the accounts

L

Schedules "A" to "H2" and "L" referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

For Lovelock & Lewes

P. P. MADHAVJI

— CHAIRMAN

Chartered Accountants

A. M. KAKKAR

— CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR

I. G. SHAHANI

— EXECUTIVE DIRECTOR

SANJAY HEGDE

J. D. KETKAR

— EXECUTIVE DIRECTOR &
COMPANY SECRETARY

Partner

THOMAS COOK (INDIA) LIMITED

Profit and Loss Account for the year ended 31st December, 1997

	Schedule	Year ended 31st December, 1997 Rs.	Year ended 31st December, 1996 Rs.
INCOME :			
Turnover		54,54,41,275	52,47,09,596
Other income	I	2,14,64,504	1,71,40,751
TOTAL :		56,69,05,779	54,18,50,347
EXPENDITURE :			
Personnel expenses	J	11,43,10,270	8,80,02,516
Other expenses	K	21,09,96,023	18,75,76,849
Depreciation	E	2,57,53,946	1,63,48,567
TOTAL :		35,10,60,239	29,19,27,932
Profit before taxation and earlier year adjustments		21,58,45,540	24,99,22,415
Less : — Reversal of incentive commission on travellers cheques in respect of an earlier year		—	19,96,352
— Gratuity contribution in respect of earlier years		—	14,66,106
Net profit before taxation		21,58,45,540	24,64,59,957
Provision for taxation		7,50,00,000	11,00,00,000
Add : Excess provision for taxation for earlier years written back		40,00,000	—
Profit after taxation		14,48,45,540	13,64,59,957
Transferred to reserve (Net) as required under section 80HHD of the Income-tax Act, 1961		65,00,000	1,08,00,000
		13,83,45,540	12,56,59,957
Balance brought forward from last year		1,89,96,657	2,22,11,700
Amount available for appropriations		15,73,42,197	14,78,71,657
Less : appropriations			
Proposed dividend (previous year subject to tax)		3,93,75,000	2,88,75,000
Corporate dividend tax		39,37,500	—
Transferred to general reserve		10,00,00,000	10,00,00,000
Balance carried to balance sheet		1,40,29,697	1,89,96,657
Notes to the accounts			
Schedules "E", "I" to "K" and "L" referred to above form an integral part of the Profit and Loss Account			
This is the Profit and Loss Account referred to in our report of even date			
For Lovelock & Lewes	P. P. MADHAVJI	—	CHAIRMAN
Chartered Accountants	A. M. KAKKAR	—	CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR
	I. G. SHAHANI	—	EXECUTIVE DIRECTOR
SANJAY HEGDE	J. D. KETKAR	—	EXECUTIVE DIRECTOR & COMPANY SECRETARY
Partner			

THOMAS COOK (INDIA) LIMITED

Schedules forming part of the balance sheet as at 31st December, 1997

	Rs.	As at 31st December, 1997 Rs.	As at 31st December, 1996 Rs.
SCHEDULE "A" : SHARE CAPITAL :			
Authorised :			
2,00,00,000 Equity shares of Rs.10/- each		20,00,00,000	20,00,00,000
Issued and subscribed :			
87,50,000 (Previous year: 52,50,000)			
Equity shares of Rs.10/- each fully paid-up		8,75,00,000	5,25,00,000
1) of the above, 2,79,993 Equity shares of Rs.10/- each, fully paid-up, have been allotted to Thomas Cook Overseas Limited, U.K. for consideration other than cash			
2) includes 80,50,000 (Previous year : 45,50,000) Equity shares issued as fully paid-up bonus shares by capitalisation of general reserve and capital reserve			
SCHEDULE "B" : RESERVES AND SURPLUS :			
Reserve as required under Section 80HHD of the Income-tax Act, 1961 :			
Balance as per last balance sheet	9,80,00,000		8,72,00,000
Add : transferred from profit and loss account	1,25,00,000		1,50,00,000
	11,05,00,000		10,22,00,000
Less : transferred to profit and loss account	60,00,000		42,00,000
		10,45,00,000	9,80,00,000
General reserve :			
Balance as per last balance sheet	31,38,85,979		21,38,85,979
Less: capitalised for issue of bonus shares	3,50,00,000		—
	27,88,85,979		21,38,85,979
Add: transferred from profit and loss account	10,00,00,000		10,00,00,000
		37,88,85,979	31,38,85,979
Balance in profit and loss account		1,40,29,697	1,89,96,657
		49,74,15,676	43,08,82,636
SCHEDULE "C" : SECURED LOANS :			
Overdraft from banks		16,05,55,775	14,37,58,709
(Secured by hypothecation of book debts, stock of currencies and paid documents)			
SCHEDULE "D" : UNSECURED LOANS :			
Overdraft from banks		7,58,42,293	7,21,06,378
Foreign Currency Loan from others		9,83,25,000	—
(payable within one year Rs.3,93,30,000 previous year Nil)			
From Deutsche Bank AG, Frankfurt, Germany		47,16,183	1,00,53,900
(temporary overdraft in normal course of business)			
From Bank of New York, USA		74,31,609	—
(temporary overdraft in normal course of business)			
From First Chicago International Bank, USA		6,53,161	35,23,135
(temporary overdraft in normal course of business)			
From Credit Suisse, Zurich		—	11,55,259
(temporary overdraft in normal course of business)			
		18,69,68,246	8,68,38,672

THOMAS COOK (INDIA) LIMITED

Schedule forming part of the balance sheet as at 31st December, 1997

SCHEDULE "E" : FIXED ASSETS										
Details	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost as at 31st December, 1996 Rs.	Additions during the year Rs.	Disposal/ Adjust-ments Rs.	Cost as at 31st December, 1997 Rs.	Upto 31st December, 1996 Rs.	For the year Rs.	On Deduc-tions Rs.	Upto 31st December, 1997 Rs.	As at 31st December, 1997 Rs.	As at 31st December, 1996 Rs.
Leasehold properties	16,09,187	1,27,21,600	—	1,43,30,787	8,39,453	21,28,705	—	29,68,158	1,13,62,629	7,69,734
Freehold premises #	17,86,02,871	5,05,26,736	—	22,91,29,607	47,23,947	34,62,605	—	81,86,552	22,09,43,055	17,38,78,924
Strong room	4,43,252	—	—	4,43,252	2,91,831	28,058	—	3,19,889	1,23,363	1,51,421
Furniture and fixtures	3,92,45,599	2,35,54,479	25,13,341	6,02,86,737	1,18,73,144	40,14,015	14,72,997	1,44,14,162	4,58,72,575	2,73,72,455
Computers	5,06,93,685	1,86,03,014	4,62,351	6,88,34,348	3,13,14,097	1,11,35,991	3,85,415	4,20,64,673	2,67,69,675	1,93,79,588
Office equipment	3,28,58,652	63,61,392	15,94,430	3,76,25,614	81,38,821	18,79,000	7,59,049	92,58,772	2,83,66,842	2,47,19,831
Vehicles	1,72,86,893	58,51,244	8,36,652	2,23,01,485	41,93,001	31,05,572	6,51,646	66,46,927	1,56,54,558	1,30,93,892
GRAND TOTAL	32,07,40,139	11,76,18,465	54,06,774	43,29,51,830	6,13,74,294	2,57,53,946	32,69,107	8,38,59,133	34,90,92,697	25,93,65,845
Previous year	17,07,71,757	15,68,28,569	68,60,187	32,07,40,139	4,98,55,031	1,63,48,567	48,29,304	6,13,74,294	25,93,65,845	

NOTE : # Cost of Freehold Premises includes:

- 45 unquoted fully paid shares in various co-operative societies amounting to Rs.2,500/-.
- Cost of premises amounting to Rs. 4,15,44,985/- where the Company is yet to be admitted as a member of the co-operative society.
- Rs.2,540/- towards share application money to various co-operative societies.
- Rs.33,33,218/- for premises on freehold land where the Company is yet to be registered as the owner of a proportionate share in land.
- Rs.13,45,11,670/- for premises where the co-operative society is yet to be formed.

THOMAS COOK (INDIA) LIMITED

Schedules forming part of the balance sheet as at 31st December, 1997

	Rs.	As at 31st December, 1997 Rs.	As at 31st December, 1996 Rs.
SCHEDULE "F" : INVESTMENTS (Long-term) :			
Investments in subsidiary companies at cost (unquoted) :			
India Alive Tours Limited			
3 Equity shares of Rs.10/- each fully paid-up		30	30
Indian Horizon Travel and Tours Limited			
3 Equity shares of Rs.10/- each fully paid-up		30	30
Thomas Cook Tours Limited			
3 Equity shares of Rs.10/- each fully paid-up		30	30
Hindustan Cargo Limited			
2,50,000 Equity shares of Rs.10/- each fully paid-up		25,00,000	25,00,000
		<u>25,00,090</u>	<u>25,00,090</u>
SCHEDULE "G1": SUNDRY DEBTORS :			
Unsecured Considered good*			
Outstanding exceeding six months	64,40,065		1,43,30,674
Others	<u>18,75,24,069</u>		<u>15,59,15,104</u>
		19,39,64,134	17,02,45,778
Unsecured Considered doubtful			
Outstanding exceeding six months	85,84,600		54,59,875
Others	<u>—</u>		<u>3,86,374</u>
		85,84,600	58,46,249
		<u>20,25,48,734</u>	<u>17,60,92,027</u>
Less : Provision for doubtful debts		85,84,600	58,46,249
TOTAL DEBTORS		<u><u>19,39,64,134</u></u>	<u><u>17,02,45,778</u></u>
*(refer Schedule "L", note 10)			

THOMAS COOK (INDIA) LIMITED

Schedules forming part of the balance sheet as at 31st December, 1997

	Rs.	As at 31st December, 1997 Rs.	As at 31st December, 1996 Rs.
SCHEDULE "G2" : CASH AND BANK BALANCES :			
Cash and cheques on hand		20,31,86,863	15,19,21,841
(including foreign currencies-notes and paid documents)			
Remittances in transit:			
Foreign currencies - Notes and paid documents	51,79,14,546		24,26,18,364
Less : provision for lost remittances	3,17,000		—
		51,75,97,546	24,26,18,364
 Balances with scheduled banks :			
On current account		1,91,03,718	7,28,58,869
On fixed deposit		3,69,96,033	5,00,000
Balances with non-scheduled banks			
On current account with			
— First Chicago International Bank, USA		—	—
[maximum balance during the year Rs.18,54,549			
(previous year Rs.25,30,38,309)]			
— Bank of New York, USA		—	8,39,84,910
[maximum balance during the year Rs.16,71,05,845			
(previous year Rs.14,95,69,901)]			
— Credit Suisse, Zurich		26,39,436	—
[maximum balance during the year Rs.49,16,308			
(previous year Rs.83,16,301)]			
		77,95,23,596	55,18,83,984
 SCHEDULE "G3" : LOANS AND ADVANCES :			
(unsecured considered good)			
Advances recoverable in cash or in kind or for value			
to be received (refer Schedule "L"; note 11)		11,75,49,889	7,20,53,391
Loans & Advances to a subsidiary company		—	73,000
Tax payments less provisions		2,25,58,100	1,65,84,509
		14,01,07,989	8,87,10,900
 SCHEDULE "H1" : CURRENT LIABILITIES :			
Sundry creditors		46,79,86,956	30,95,36,674
Advance payment from customers for which value			
is still to be given (including travellers cheques,			
drafts and transfers unpaid)		2,41,02,239	2,73,77,350
Balance in share application money and fractional			
entitlement on bonus shares refund accounts		1,46,163	1,54,676
Unclaimed dividends		8,05,863	5,97,674
		49,30,41,221	33,76,66,374
 SCHEDULE "H2" : PROVISIONS :			
Proposed dividend		3,93,75,000	2,88,75,000
Corporate dividend tax		39,37,500	—
		4,33,12,500	2,88,75,000

THOMAS COOK (INDIA) LIMITED

Schedules forming part of the profit and loss account for the year ended 31st December, 1997

	Year ended 31st December, 1997 Rs.	Year ended 31st December, 1996 Rs.
SCHEDULE "I" : OTHER INCOME :		
Interest on :		
Bank accounts	23,84,396	5,30,519
Refund of tax	47,82,565	—
Others	16,343	11,271
Dividend on long-term investments - from a subsidiary company (gross) (tax deducted at source Rs. 6,93,375; previous year Rs. 9,89,000)	30,00,000	40,00,000
Rent	1,39,509	1,46,008
Profit on sale of fixed assets	1,24,494	3,65,733
Exchange differences (net) other than in normal course of business as foreign exchange authorised dealers	43,46,353	68,35,781
Miscellaneous income	66,70,844	52,51,439
	<u>2,14,64,504</u>	<u>1,71,40,751</u>
SCHEDULE "J" : PERSONNEL EXPENSES :		
Salaries, wages and bonus	8,13,67,343	6,13,23,341
Contribution to provident and other funds	89,78,105	55,30,175
Premium on gratuity-cum-life assurance policy	15,76,397	7,08,331
Staff welfare	1,35,83,152	1,13,32,609
Staff training, recruitment & other cost	37,39,084	16,13,091
Commission to staff and directors	50,66,189	74,94,969
	<u>11,43,10,270</u>	<u>8,80,02,516</u>

THOMAS COOK (INDIA) LIMITED

Schedule forming part of the profit and loss account for the year ended 31st December, 1997

	Rs.	Year ended 31st December, 1997 Rs.	Year ended 31st December, 1996 Rs.
SCHEDULE "K" : OTHER EXPENSES :			
Electricity		73,32,589	59,37,492
Rent		1,53,36,245	1,09,87,469
Rates and taxes		22,12,431	9,41,646
Insurance		27,21,429	19,35,164
Repairs to building		—	6,97,791
Other repairs and maintenance		1,15,17,191	1,51,82,757
Printing and stationery		1,14,88,250	87,71,728
Postage, telegrams, telex and telephones		3,12,96,326	2,86,32,876
Legal and professional fees		54,25,276	68,31,267
Interest :			
on bank overdraft	1,12,90,460		83,56,498
on term loan	42,70,386		—
others	2,58,432		1,94,695
		1,58,19,278	85,51,193
Auditors' remuneration :			
Audit fees	3,75,000		3,75,000
Taxation matters	—		1,22,000
Reports under various sections of Income-tax Act, 1961	7,78,250		8,73,000
Management services	—		17,00,000
Miscellaneous Reports	2,76,250		87,000
Reimbursement of out-of-pocket expenses	10,000		10,858
		14,39,500	31,67,858
Bank charges including handling charges on remittances		1,02,09,406	99,23,480
Travelling and subsistence		2,47,41,693	1,95,42,145
Advertising and business promotional expenses		2,24,64,469	1,71,06,558
Brokerage and incentives		2,79,70,036	3,13,34,474
Directors' fees		94,000	1,10,000
Security services		33,09,235	25,22,270
Motor car running expenses		46,23,369	40,42,633
Miscellaneous expenses		64,96,445	76,88,589
Provision for bad and doubtful debts:			
Provision made during the year	56,08,939		34,53,876
Less: written back no longer required	11,20,944		5,54,063
		44,87,995	28,99,813
Provision for remittances lost in transit		3,17,000	—
Loss on fixed assets sold/scrapped		16,93,860	7,69,646
		21,09,96,023	18,75,76,849

THOMAS COOK (INDIA) LIMITED

Notes annexed to and forming part of the balance sheet as at 31st December, 1997 and the profit and loss account for the year ended on that date

SCHEDULE "L"

1. SIGNIFICANT ACCOUNTING POLICIES

- a) The financial statements have been prepared on accrual and historical cost convention basis.
- b) Fixed assets and depreciation:
 - i) The gross block of fixed assets is stated in the accounts at the purchase price of acquisition of such fixed assets (adjusted for increase in exchange fluctuations) including any attributable cost of bringing the asset to its working condition for its intended use.
 - ii) Depreciation on all fixed assets is provided on the Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except that in respect of computers and vehicles of cost of more than Rs.5,000 each, the depreciation rates applied are 25 percent and 15 percent respectively. Depreciation on additions to fixed assets due to exchange fluctuations is provided over the remaining life of the assets.
 - iii) Leasehold properties are amortised over the period of the lease.
- c) Accounting for foreign currency transactions:

The Company is valuing all the monetary items denominated in foreign currency at the closing rate and the exchange differences (other than those relating to acquisition of fixed assets) arising out of settlement/conversion at the closing rate are recognised in the Profit and Loss Account, and the gains and losses in respect of forward exchange contracts as income or expense over the life of the contract. Exchange difference relating to purchase of fixed assets are adjusted to carrying cost of fixed assets.

As per consistent practice, the "closing rate" is considered to be the lowest market buying rate for debit balances and the highest market selling rate for credit balances quoted by the Company for its transactions as at the year end.
- d) Investments:

Investments are stated at cost.
- e) Retirements Benefits:

Contributions towards gratuity and superannuation schemes are based on the premium contributions called for by the Life Insurance Corporation of India (LIC) with whom the Company has entered into an arrangement. Per the terms of its scheme with LIC, LIC settles the claim for the full value of the gratuity paid by the Company to its employees, as and when such a payment is made.
- f) Turnover:

Turnover comprises of travellers cheques commissions and margins on foreign exchange transactions in the normal course of business as authorised dealers, net commissions earned on Travel Management, service agency charges including profit or loss in respect of tour activities. In line with established international practice, the income arising from the buying and selling of foreign currencies has been included on the basis of margins achieved, since inclusion on their gross value would not be meaningful and potentially misleading for use as an indicator of the level of the Company's business.

All of the Company's activities are considered to be one inter related business.
2. With regard to a Show Cause Notice dated 12th November, 1986 and two Show Cause Notices SCN II and SCN III date 12th June, 1987 issued by the Enforcement Directorate under the Foreign Exchange Regulation Act, 1973, till date, there is no adjudication and determination, hence there is no determinable liability.

With respect to SCN II and SCN III dated 4th April, 1995, these have been adjudicated and charges dropped in respect of SCN III and upheld in case of SCN II and against which the Company has preferred an appeal before the Foreign Exchange Appellate Board.

The Company has received legal advise from its Advocates and Solicitors, who are of the opinion that the ongoing proceedings will not have any significant adverse impact on the operations of the Company.

Given the Company's current financial position, the penalty, if any, is not likely to be material.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, Rs.83,71,872 (previous year; Rs.5,88,27,712).
4. Disputed Income-tax demand Rs.86,67,620 (previous year; Rs.86,67,620).
5. Expenses of distribution centre for distributing travellers cheques for Thomas Cook Travellers Cheques Limited, U.K. incurred by the Company during the year amounting to Rs.1,95,65,462 (previous year; Rs.2,22,00,285) are not shown in the profit and loss account as these are reimbursable by and have therefore been charged to the current account of Thomas Cook Travellers Cheques Limited, U.K.

THOMAS COOK (INDIA) LIMITED

**Notes annexed to and forming part of the balance sheet as at
31st December, 1997 and the profit and loss account for the year ended
on that date**

		Year ended 31st December, 1997	Year ended 31st December, 1996
		Rs.	Rs.
SCHEDULE "L" (contd.)			
8.	Remittances in foreign currencies : (other than in normal course of the business as foreign exchange authorised dealers)		
	On account of dividend :		
	Net amount remitted to a non-resident shareholder – Thomas Cook Overseas Limited		
	No. of shares held	Dividend for the year ended	
	21,00,000	31st December, 1996	1,15,50,000
	21,00,000	31st December, 1995	—
			89,25,000
9.	Earnings in foreign exchange (excluding reimbursement of expenses):		
	Interest	7,37,505	5,30,519
	Communication charges	8,15,012	9,29,936
	Receipts from independent tours and travel	16,97,13,940	15,94,34,050
	Incentive commission on travellers cheques	71,61,939	41,59,116
10.	Sundry debtors include dues from Bodies Corporate under the same management :		
	Thomas Cook Travel Services (HK) Ltd.	2,26,297	1,83,084
	The Thomas Cook Group Ltd.	7,19,136	5,64,842
	Thomas Cook Overseas Limited, Sri Lanka	280	2,58,349
	Thomas Cook – New Zealand	23,440	—
	Thomas Cook Group (Canada) Ltd.	—	45,300
	Thomas Cook Travellers Cheques Ltd., Germany	—	51,578
	Thomas Cook Travellers Cheques Ltd., U.K.	73,00,735	56,25,222
11.	Advance recoverable in cash or in kind or for value to be received include dues from Bodies Corporate under the same management:		
	Thomas Cook Travellers Cheques Limited	1,21,85,563	99,18,384
	Maximum amount due during the year	1,21,85,563	1,40,46,490
	Thomas Cook Bankers France S.A.	18,75,078	14,93,428
	Maximum amount due during the year	41,15,713	24,30,032
	Thomas Cook Travel Services (S) Pte. Limited	—	14,69,155
	Maximum amount due during the year	15,70,069	24,90,371
	Thomas Cook Australia Pty. Limited	—	—
	Maximum amount due during the year	17,66,344	51,86,067
	Thomas Cook Group Limited	—	—
	Maximum amount due during the year	66,83,653	2,98,12,777
	Thomas Cook Suisse S.A.	—	—
	Maximum amount due during the year	—	18,04,831
	Thomas Cook Travel Services (HK) Limited	73,513	68,152
	Maximum amount due during the year	73,513	68,152

THOMAS COOK (INDIA) LIMITED

Notes annexed to and forming part of the balance sheet as at
31st December, 1997 and the profit and loss account for the year ended
on that date

		Year ended 31st December, 1997	Year ended 31st December, 1996
		Rs.	Rs.
SCHEDULE "L" (contd.)			
8. Remittances in foreign currencies : (other than in normal course of the business as foreign exchange authorised dealers)			
On account of dividend :			
Net amount remitted to a non-resident shareholder – Thomas Cook Overseas Limited			
No. of shares held	Dividend for the year ended		
21,00,000	31st December, 1996	1,15,50,000	—
21,00,000	31st December, 1995	—	89,25,000
9. Earnings in foreign exchange (excluding reimbursement of expenses):			
Interest		7,37,505	5,30,519
Communication charges		8,15,012	9,29,936
Receipts from independent tours and travel		16,97,13,940	15,94,34,050
Incentive commission on travellers cheques		71,61,939	41,59,116
10. Sundry debtors include dues from Bodies Corporate under the same management :			
Thomas Cook Travel Services (HK) Ltd.		2,26,297	1,83,084
The Thomas Cook Group Ltd.		7,19,136	5,64,842
Thomas Cook Overseas Limited, Sri Lanka		280	2,58,349
Thomas Cook – New Zealand		23,440	—
Thomas Cook Group (Canada) Ltd.		—	45,300
Thomas Cook Travellers Cheques Ltd., Germany		—	51,578
Thomas Cook Travellers Cheques Ltd., U.K.		73,00,735	56,25,222
11. Advance recoverable in cash or in kind or for value to be received include dues from Bodies Corporate under the same management:			
Thomas Cook Travellers Cheques Limited		1,21,85,563	99,18,384
Maximum amount due during the year		1,21,85,563	1,40,46,490
Thomas Cook Bankers France S.A.		18,75,078	14,93,428
Maximum amount due during the year		41,15,713	24,30,032
Thomas Cook Travel Services (S) Pte. Limited		—	14,69,155
Maximum amount due during the year		15,70,069	24,90,371
Thomas Cook Australia Pty. Limited		—	—
Maximum amount due during the year		17,66,344	51,86,067
Thomas Cook Group Limited		—	—
Maximum amount due during the year		66,83,653	2,98,12,777
Thomas Cook Suisse S.A.		—	—
Maximum amount due during the year		—	18,04,831
Thomas Cook Travel Services (HK) Limited		73,513	68,152
Maximum amount due during the year		73,513	68,152

THOMAS COOK (INDIA) LIMITED

Notes annexed to and forming part of the balance sheet as at
31st December, 1997 and the profit and loss account for the year ended
on that date

SCHEDULE "L" (contd.)

12. The balance sheet abstract and Company's general business profile as required by Part IV to Schedule VI to the Companies Act, 1956 are given below:

I. Registration Details

Registration No.

2	0	7	1	7	/	T	A
---	---	---	---	---	---	---	---

State Code

1	1
---	---

Balance Sheet Date

3	1
---	---

1	2
---	---

9	7
---	---

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

Rights Issue

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

Bonus Issue

-	-	-	-	3	5	0	0	0
---	---	---	---	---	---	---	---	---

Private Placement

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities*

-	-	1	4	6	8	7	9	3
---	---	---	---	---	---	---	---	---

* includes current liabilities

Total Assets*

-	-	1	4	6	8	7	9	3
---	---	---	---	---	---	---	---	---

* includes current assets

Sources of Funds

Paid-up Capital

-	-	-	-	8	7	5	0	0
---	---	---	---	---	---	---	---	---

Reserves & Surplus

-	-	-	4	9	7	4	1	6
---	---	---	---	---	---	---	---	---

Secured Loans

-	-	-	1	6	0	5	5	6
---	---	---	---	---	---	---	---	---

Unsecured Loans

-	-	-	1	8	6	9	6	8
---	---	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

-	-	-	3	5	2	6	9	8
---	---	---	---	---	---	---	---	---

Investments

-	-	-	-	-	2	5	0	0
---	---	---	---	---	---	---	---	---

Net Current Assets

-	-	-	5	7	7	2	4	2
---	---	---	---	---	---	---	---	---

Miscellaneous Expenditure

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

Accumulated Losses

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

THOMAS COOK (INDIA) LIMITED

Notes annexed to and forming part of the balance sheet as at 31st December, 1997 and the profit and loss account for the year ended on that date

SCHEDULE "L" (contd.)

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
- - - 5 6 6 9 0 6	- - - 3 5 1 0 6 0
Profit / Loss before tax	Profit / Loss after tax
+ - - - 2 1 5 8 4 6	+ - - - 1 4 4 8 4 6
(+ for Profit, — for Loss)	
Earning per Share in Rs.	Dividend rate %
- - - - - 2 3	4 5

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	N O T A P P L I C A B L E
Product Description	A U T H O R I S E D F O R E I G N - - E X C H A N G E D E A L E R S -
Item Code No. (ITC Code)	N O T A P P L I C A B L E
Product Description	T R A V E L A G E N T S -
Item Code No. (ITC Code)	N O T A P P L I C A B L E
Product Description	T O U R O P E R A T O R S -

13. Previous year's figures have been regrouped wherever necessary.

Signature to Schedules A to L

P. P. MADHAVJI — CHAIRMAN
A. M. KAKKAR — CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR
I. G. SHAHANI — EXECUTIVE DIRECTOR
J. D. KETKAR — EXECUTIVE DIRECTOR &
COMPANY SECRETARY

Mumbai
Dated : 18th March, 1998.

THOMAS COOK (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 1997 (Pursuant to the Listing Agreement with Stock Exchanges)

	Rs.	1997 Rs.	Rs.	1996 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS		21,58,45,540		24,64,59,957
Adjustments for:				
Depreciation	2,57,53,946		1,63,48,567	
Interest on tax refunds	(47,82,565)			
Interest income	(24,00,739)		(5,41,790)	
Exchange fluctuation	(9,64,390)		(11,54,569)	
Dividend income	(30,00,000)		(40,00,000)	
Profit on sale of fixed assets	(1,24,494)		(3,65,733)	
Loss on sale of fixed assets	16,93,860		7,69,646	
Interest expenses	1,58,19,278		85,51,193	
		3,19,94,896		1,96,07,314
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		24,78,40,436		26,60,67,271
Adjustments for:				
Trade and other receivables	(6,39,89,142)		(3,49,86,934)	
Trade payables/provisions	15,64,71,837		5,54,30,270	
		9,24,82,695		2,04,43,336
CASH GENERATED FROM OPERATIONS		34,03,23,131		28,65,10,607
Interest paid	(1,69,16,268)		(93,95,907)	
Interest received on tax refunds	9,50,037		—	
Interest received	20,44,945		15,27,963	
Direct taxes paid—net refund	(7,69,73,591)		(12,18,76,471)	
		(9,08,94,877)		(12,97,44,415)
NET CASH FROM OPERATING ACTIVITIES		24,94,28,254		15,67,66,192
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of fixed assets		(10,47,58,583)		(16,06,94,555)
Sale of fixed assets		5,68,301		16,26,970
Dividend received		30,00,000		40,00,000
NET CASH USED IN INVESTING ACTIVITIES		(10,11,90,282)		(15,50,67,585)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase in borrowings		10,82,76,640		1,20,15,065
Dividend paid		(2,88,75,000)		(2,62,50,000)
NET CASH USED IN FINANCING ACTIVITIES		7,94,01,640		(1,42,34,935)
NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENT (A+B+C)		22,76,39,612		(1,25,36,328)
CASH AND CASH EQUIVALENT AS AT THE COMMENCEMENT OF THE YEAR		55,18,83,984		56,44,20,312
CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR		77,95,23,596		55,18,83,984
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE		22,76,39,612		(1,25,36,328)

For and on behalf of the Board of Directors

Mumbai
Dated : 18th March, 1998

A. M. KAKKAR
CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

AUDITORS' CERTIFICATE

We have examined the above cash flow statement of Thomas Cook (India) Limited for the year ended 31st December, 1997. The statement has been prepared by the Company in accordance with the requirements of the listing agreement with Mumbai Stock Exchange and is based on and derived from the audited accounts of the Company for the years ended 31st December, 1996 and 31st December, 1997.

Mumbai
Dated : 18th March, 1998

For Lovelock & Lewes
Chartered Accountants
SANJAY HEGDE
Partner

THOMAS COOK (INDIA) LIMITED

Information Regarding Subsidiary Companies Pursuant to Section 212(1)(e) of the Companies Act, 1956

(a) Subsidiary Companies	Hindustan Cargo Limited	Thomas Cook Tours Limited	India Alive Tours Limited	Indian Horizon Travel & Tours Limited
(b) Holding Company's Interest	Holding Company along with a nominee holds 2,50,000 shares of Rs.10 each fully paid-up	Holding Company along with a nominee holds 3 shares of Rs.10 each fully paid-up	Holding Company along with a nominee holds 3 shares of Rs.10 each fully paid-up	Holding Company along with a nominee holds 3 shares of Rs.10 each fully paid-up
(c) Net aggregate amount of the Subsidiary Company's profit/(loss) not dealt with in the Company's accounts:				
i) For the Subsidiary Company's financial year ended 31st December, 1997	Rs.2,595,546	—	—	—
ii) For the Subsidiary Company's previous financial years	Rs.818,774	—	—	—
(d) Net aggregate amount of the Subsidiary Company's profit dealt with in the Company's accounts:				
i) For the Subsidiary Company's financial year ended 31st December, 1997	—	—	—	—
ii) For the Subsidiary Company's previous financial years	—	—	—	—

P. P. MADHAVJI — CHAIRMAN
 A. M. KAKKAR — CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR
 I. G. SHAHANI — EXECUTIVE DIRECTOR
 J. D. KETKAR — EXECUTIVE DIRECTOR & COMPANY SECRETARY

Mumbai
 Dated : 18th March, 1998

HINDUSTAN CARGO LIMITED

DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting the Fifth Annual Report, together with the Balance Sheet and Profit and Loss Account for the year ended 31st December, 1997.

FINANCIAL RESULTS:

The Company has produced consistent results during the year ending on 31st December, 1997, despite keen competition affecting some of the areas of the Company's activities.

	Jan./Dec. (1997)	Jan./Dec. (1996)
(Amount in Rupees)		
Profit before Taxation	40,10,546	60,22,997
Provision for Taxation	14,15,000	27,00,000
Profit after Taxation	25,95,546	33,22,997
Transferred to General Reserve	—	3,32,299
Proposed Dividend (Previous Year's Subject to Tax)	—	30,00,000

At present your Company operates through its 6 branches at Mumbai, Bangalore, New Delhi, Hyderabad, Pune & Chennai as Cargo Agents offering a wide range of clearing and forwarding services in air and sea export, import, consolidation and break bulk service and wherever required door to door.

DIVIDEND:

Your Directors have decided to retain the Net Profit in the Profit and Loss Account for the future expansion of the Company.

GENERAL RESERVE:

Your Directors have decided to retain the profits of the Company

in the Profit and Loss Account. In view of this, the reserves and surplus have increased to Rs.34,14,320/- as at 31st December, 1997.

DIRECTORS:

Mr. Ashwini Kakkar and Mr. M. V. Lakshminarayanan were appointed as Additional Directors of the Company under Article 117 of the Articles of Association of the Company effective 25th July, 1997. They will hold office upto the date of forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received notices in writing under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Kakkar & Mr. Lakshminarayanan.

The Board of Directors have appointed Mr. R. Sridhar as Additional Director of the Company and he has been also appointed as 'Managing Director' of the Company for a period of three years effective 1st August, 1997 to 31st July, 2000, subject to the consent of the Company in General Meeting.

In accordance with Article 131 of the Articles of Association of the Company, Mr. P. P. Madhavji & Mr. I. G. Shahani retire by rotation and being eligible, offer themselves for re-election.

FOREIGN EXCHANGE EARNINGS / EXPENDITURE:

The foreign exchange earnings during the year amounts to Rs.11.79 Lacs.

During the year, the Company has incurred expenditure in foreign currency towards travelling, subscription and others as disclosed as per Schedule 'K' Note 5.

AUDITORS:

M/s. Lovelock & Lewes, Chartered Accountants, Auditors of the

Company will retire at the Meeting and are eligible for re-appointment.

EMPLOYEES:

Relations with the employees continued to be cordial throughout the year. Your Directors place on record the appreciation of the effort and dedication of the employees in producing encouraging results during the year under review.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956:

The particulars required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts is being sent to all shareholders of the Company excluding the above Statement. Any shareholder interested in obtaining a copy of the said Statement may write to the Secretary at the Registered Office of the Company.

The matters specified in Section 217 of the Companies Act, 1956, to the extent to which they are applicable to our Company, are incorporated in this Report.

BY ORDER OF THE BOARD

P. P. MADHAVJI R. SRIDHAR
Chairman Managing Director

Mumbai
Dated: 17th March, 1998

HINDUSTAN CARGO LIMITED

AUDITORS' REPORT

To the Members of Hindustan Cargo Limited

We have audited the attached balance sheet of Hindustan Cargo Limited as at 31st December, 1997 and the annexed profit and loss account for the year ended on that date, which are in agreement with the books of account.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, and on the basis of such checks of the books and records of the Company as we considered appropriate and information and explanations given to us during the course of our audit, we annex hereto a statement of the matters specified in paragraphs 4 and 5 of the above said Order.

2. Attention is invited to the matter referred to in note 3 of Schedule "K".

3. Further to the above, we report that :

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. In our opinion and to the best of our information and according

to the explanations given to us, the said accounts read in conjunction with Schedules "A" to "K" give the information required by the Companies Act, 1956 in the manner so required and the Balance Sheet gives a true and fair view of the state of the Company's affairs as at 31st December, 1997 and the Profit and Loss Account gives a true and fair view of the profit for the financial year ended on that date.

For Lovelock & Lewes
Chartered Accountants

B. R. VAITHISWARAN
Partner

Chennai

Dated: 17th March, 1998

HINDUSTAN CARGO LIMITED

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of the Report of the Auditors' to the Members of Hindustan Cargo Limited on the Accounts for the year ended 31st December, 1997

- A. (i) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company have been physically verified by the management during the year and the results of the verification have been reconciled with the book records. No material discrepancy between book records and physical inventory have been noticed.
- (ii) The fixed assets of the Company have not been revalued during the year.
- (iii) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
- (iv) The Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
- (v) The parties to whom loans or advances in the

nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.

- (vi) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of equipment and other assets. There are no purchase of raw materials including components, plant and machinery and sale of goods.
- (vii) There are no transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (viii) The Company has an internal audit system commensurate with the size and the nature of its business.
- (ix) The Company is regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.
- (x) There are no undisputed amounts payable in respect of wealth tax, income-tax as at 31st December, 1997 which were outstanding for a period of more than six months from the date they became payable. Customs duty, excise duty and sales tax is not applicable to the Company.

- (xi) As per the examination of the books of the Company and according to the information and explanations given to us by the management, there are no personal expenses that have been charged to the revenue.

- (xii) The Company is not a Sick Industrial Company within Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

- B. In respect of the service activities of the company:

- (i) The service activities of the Company does not require materials and hence recording of receipts, issues and consumption of materials does not arise.
- (ii) Though allocation of man hours utilised is not made to the relative jobs, in our opinion, control is exercised on the total labour utilised on the jobs.
- (iii) The Company has a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the Company and nature of its business and as stated in (ii) above, though allocation of labour is not made to the relative jobs, in our opinion, control is exercised on the total labour utilised on the jobs.

The Clauses C and D of the above said Order are not applicable.

For Lovelock & Lewes
Chartered Accountants

B. R. VAITHISWARAN
Partner

Chennai
Dated: 17th March, 1998

HINDUSTAN CARGO LIMITED

Balance Sheet as at 31st December, 1997

	Schedule	As at 31st December, 1997 Rs.	As at 31st December, 1996 Rs.
I. SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Share capital	A	25,00,000	25,00,000
Reserves and surplus	B	34,14,320	8,18,774
		<u>59,14,320</u>	<u>33,18,774</u>
LOAN FUNDS :			
Unsecured loans	C	17,36,687	—
TOTAL :		<u>76,51,007</u>	<u>33,18,774</u>
II. APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross block	D	45,55,133	39,43,323
Less : Depreciation		12,70,701	8,04,437
Net block		<u>32,84,432</u>	<u>31,38,886</u>
CURRENT ASSETS, LOANS AND ADVANCES :			
Sundry debtors	E1	68,55,388	62,21,126
Cash and bank balances	E2	19,73,069	38,59,179
Loans and advances	E3	43,62,139	56,59,784
		<u>1,31,90,596</u>	<u>1,57,40,089</u>
LESS : CURRENT LIABILITIES AND PROVISIONS :			
Current liabilities	F1	88,24,021	1,25,60,201
Provisions	F2	—	30,00,000
		<u>88,24,021</u>	<u>1,55,60,201</u>
NET CURRENT ASSETS		<u>43,66,575</u>	<u>1,79,888</u>
TOTAL :		<u>76,51,007</u>	<u>33,18,774</u>

Notes to the accounts

K

Schedules "A" to "F2" and "K" referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

For Lovelock & Lewes

Chartered Accountants

P. P. MADHAVJI

A. M. KAKKAR

I. G. SHAHANI

J. D. KETKAR

R. SRIDHAR

S. K. JHAVERI (MRS.)

— CHAIRMAN

— DIRECTOR

— DIRECTOR

— DIRECTOR

— MANAGING DIRECTOR

— COMPANY SECRETARY

B. R. VAITHISWARAN

Partner

Chennai

Dated : 17th March, 1998

Mumbai

Dated : 17th March, 1998

HINDUSTAN CARGO LIMITED

Profit and Loss Account for the year ended 31st December, 1997

	Schedule	Year ended 31st December, 1997 Rs.	Year ended 31st December, 1996 Rs.
INCOME :			
Income from services rendered	G	1,68,02,083	1,78,96,192
Other income	H	26,28,671	23,12,730
TOTAL :		<u>1,94,30,754</u>	<u>2,02,08,922</u>
EXPENDITURE :			
Personnel expenses	I	61,52,085	52,36,865
Other expenses	J	86,95,482	84,61,375
Depreciation	D	5,72,641	4,87,685
TOTAL :		<u>1,54,20,208</u>	<u>1,41,85,925</u>
Profit before taxation		40,10,546	60,22,997
Provision for taxation		14,15,000	27,00,000
Profit after taxation		<u>25,95,546</u>	<u>33,22,997</u>
Balance brought forward from last year		72,466	81,768
Amount available for appropriations		<u>26,68,012</u>	<u>34,04,765</u>
Less : appropriations			
Proposed dividend (subject to tax)		—	30,00,000
Transferred to general reserve		—	3,32,299
Balance carried to balance sheet		<u>26,68,012</u>	<u>72,466</u>

Notes to the accounts

K

Schedules "D", "G" to "J" and "K" referred to above form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date

For Lovelock & Lewes

Chartered Accountants

B. R. VATHISWARAN

Partner

Chennai

Dated : 17th March, 1998

P. P. MADHAVJI

A. M. KAKKAR

I. G. SHAIHANI

J. D. KETKAR

R. SRIDHAR

S. K. JHAVERI (MRS.)

— CHAIRMAN

— DIRECTOR

— DIRECTOR

— DIRECTOR

— MANAGING DIRECTOR

— COMPANY SECRETARY

Mumbai

Dated : 17th March, 1998

HINDUSTAN CARGO LIMITED

Schedules forming part of the balance sheet as at 31st December, 1997

	Rs.	As at 31st December, 1997 Rs.	As at 31st December, 1996 Rs.
SCHEDULE "A" : SHARE CAPITAL :			
Authorised :			
10,00,000 Equity shares of Rs. 10/- each		1,00,00,000	1,00,00,000
Issued and subscribed :			
2,50,000 Equity shares of Rs. 10/- each fully paid-up		25,00,000	25,00,000
1) of the above, 26,955 Equity shares of Rs. 10/- each, fully paid-up, have been allotted to Thomas Cook (India) Limited, (TCIL) for consideration other than cash			
2) the entire issued share capital is held by the holding company, TCIL, directly or through its nominee.			
SCHEDULE "B" : RESERVES AND SURPLUS :			
General reserve :			
Balance as per last balance sheet	7,46,308		4,14,009
Add : transferred from profit and loss account	—		3,32,299
		7,46,308	7,46,308
Balance in profit and loss account		26,68,012	72,466
		34,14,320	8,18,774
SCHEDULE "C" : UNSECURED LOANS :			
From bank – Short term		17,36,687	—
		17,36,687	—

SCHEDULE "D" : FIXED ASSETS :

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Details	Cost as at 31st December, 1996 Rs.	Additions during the year Rs.	Deductions Rs.	Cost as at 31st December, 1997 Rs.	Upto 31st December, 1996 Rs.	For the year Rs.	On Deductions Rs.	Upto 31st December, 1997 Rs.	As at 31st December, 1997 Rs.	As at 31st December, 1996 Rs.
Furniture and fixtures	5,91,846	28,243	1	6,20,088	1,34,666	66,176	—	2,00,842	4,19,246	4,57,180
Computers	5,86,407	2,98,276	—	8,84,683	1,97,993	1,78,143	—	3,76,136	5,08,547	3,88,414
Office equipment	14,72,661	2,09,073	50,862	16,30,872	2,30,698	1,03,815	6,396	3,28,117	13,02,755	12,41,963
Vehicles	12,92,409	3,59,705	2,32,624	14,19,490	2,41,080	2,24,507	99,981	3,65,606	10,53,884	10,51,329
GRAND TOTAL	39,43,323	8,95,297	2,83,487	45,55,133	8,04,437	5,72,641	1,06,377	12,70,701	32,84,432	31,38,886
<i>Previous year</i>	28,17,518	11,33,786	7,981	39,43,323	3,17,340	4,87,685	588	8,04,437	31,38,886	—

HINDUSTAN CARGO LIMITED

Schedules forming part of the balance sheet as at 31st December, 1997

	As at 31st December, 1997	As at 31st December, 1996
Rs.	Rs.	Rs.
SCHEDULE "E1" : SUNDRY DEBTORS :		
Unsecured Considered good		
Outstanding exceeding six months	1,63,435	82,481
Others	66,91,953	61,38,645
	<u>68,55,388</u>	<u>62,21,126</u>
Unsecured Considered doubtful		
Outstanding exceeding six months	2,50,988	2,33,494
Less : Provision for doubtful debts	2,50,988	2,33,494
	<u>—</u>	<u>—</u>
TOTAL DEBTORS	<u><u>68,55,388</u></u>	<u><u>62,21,126</u></u>
 SCHEDULE "E2" : CASH AND BANK BALANCES :		
Cash on hand	44,573	32,749
Cheques on hand	64,831	45,982
Balances with scheduled banks :		
On current account	16,13,665	19,64,909
On fixed deposit	2,50,000	18,15,539
	<u>18,63,665</u>	<u>37,80,448</u>
	<u><u>19,73,069</u></u>	<u><u>38,59,179</u></u>
 SCHEDULE "E3" : LOANS AND ADVANCES :		
(unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received*	20,51,219	30,11,915
Balance with customs, port trust, etc.,		
On current account	7,40,182	18,09,549
On security deposit account	70,000	70,000
	<u>8,10,182</u>	<u>18,79,549</u>
Tax payments less provisions	15,00,738	7,68,320
	<u><u>43,62,139</u></u>	<u><u>56,59,784</u></u>
*Includes Rs.76,167 due from the Managing Director, (31/12/96 Rs. NIL)		
Maximum amount due at anytime during the year Rs.1,00,000 (31/12/96 Rs. NIL.)		
 SCHEDULE "F1" : CURRENT LIABILITIES :		
Sundry creditors	70,83,797	1,07,45,173
Other liabilities	1,68,695	1,67,841
Advance payment from customers	15,71,529	15,74,187
Due from holding company	—	73,000
	<u>88,24,021</u>	<u>1,25,60,201</u>
 SCHEDULE "F2" : PROVISIONS :		
Proposed dividend	—	30,00,000
	<u>—</u>	<u>30,00,000</u>

HINDUSTAN CARGO LIMITED

Schedules forming part of the profit and loss account for the year ended 31st December, 1997

	Year ended 31st December, 1997 Rs.	Year ended 31st December, 1996 Rs.
SCHEDULE "G": INCOME FROM SERVICES RENDERED :		
Commission	88,86,428	81,83,535
Agency	79,15,655	97,12,657
	<u>1,68,02,083</u>	<u>1,78,96,192</u>
SCHEDULE "H" : OTHER INCOME :		
Interest on :		
Fixed deposits	1,00,221	2,79,646
Others	—	25,000
Exchange gain (Net)	25,26,950	20,06,083
Miscellaneous income	1,500	2,001
	<u>26,28,671</u>	<u>23,12,730</u>
SCHEDULE "I" : PERSONNEL EXPENSES :		
Salaries, wages, bonus and commission	45,92,311	40,55,305
Contribution to provident and other funds	3,60,411	2,86,951
Premium on gratuity-cum-life assurance policy	1,39,264	1,52,914
Staff welfare	10,60,099	7,41,695
	<u>61,52,085</u>	<u>52,36,865</u>
SCHEDULE "J" : OTHER EXPENSES :		
Rent	9,04,095	7,18,280
Insurance	27,748	10,276
Repairs and maintenance	8,00,488	10,35,995
Printing and stationery	4,40,636	4,16,224
Postage, telegrams, telex and telephones	19,70,600	20,72,546
Legal and professional fees	2,27,801	2,34,270
Auditors' remuneration:		
Audit fees	75,000	75,000
Taxation matters	75,000	74,000
Reports under various sections of Income-tax Act, 1961	97,692	—
Other services	2,75,000	79,000
Reimbursement of out-of-pocket expenses	4,881	2,520
	<u>5,27,573</u>	<u>2,30,520</u>
Travelling and subsistence	16,92,718	15,73,671
Motor car running expenses	4,29,799	1,51,676
Provision for bad and doubtful debts	17,494	2,02,208
Bad debts	—	13,847
Loss on sale of fixed assets sold (Net)	30,016	5,394
Directors' fees	2,000	—
Miscellaneous expenses	16,24,514	17,96,468
	<u>86,95,482</u>	<u>84,61,375</u>

HINDUSTAN CARGO LIMITED

Notes annexed to and forming part of the balance sheet as at 31st December, 1997 and the profit and loss account for the year ended on that date

	Year ended 31st December, 1997 Rs.	Year ended 31st December, 1996 Rs.
SCHEDULE "K"		
1. Managerial Remuneration under section 198 of the Companies Act, 1956 to the Managing Director (excluding gratuity contributed on a global basis and including remuneration of Rs. 2,22,500 subject to approval in the general meeting)		
Salaries	2,30,000	2,05,000
Commission	--	--
Contribution to provident and other funds	57,500	51,250
Perquisites in cash and in kind	2,31,666	2,24,706
	<u>5,19,166</u>	<u>4,80,956</u>
Directors' fees	2,000	-
Computation of net profits in accordance with section 198 read with section 309(5) of the Companies Act, 1956		
Net Profit as per profit and loss account	25,95,546	33,22,997
Add:		
Provision for taxation	14,15,000	27,00,000
Remuneration to Managing Directors	5,19,166	4,80,956
Directors' fees	2,000	-
Depreciation per accounts	5,72,642	4,87,685
Loss on fixed assets sold/scrapped per accounts	30,016	5,394
Net profit on fixed assets sold/scrapped as per section 350	12,519	-
	<u>51,46,889</u>	<u>69,97,032</u>
Less :		
Depreciation as per section 350	7,32,944	7,62,895
Net loss on fixed assets sold/scrapped as per section 350	--	4,333
	<u>7,32,944</u>	<u>7,67,228</u>
Net Profit	<u>44,13,945</u>	<u>62,29,804</u>
Computation of commission payable :		
Maximum remuneration payable at the rate of 5 percent of the net profits per section 309 of the Companies Act, 1956	2,20,697	3,11,490
Remuneration per section 198 excluding commission*	5,19,166	4,80,956
* Minimum remuneration per the terms of appointment within the overall limits prescribed in Schedule XIII to the Companies Act, 1956.		
2. Advances recoverable in cash or in kind or for the value to be received include :		
7 year National Savings Certificates (deposited with customs)	25,000	25,000

HINDUSTAN CARGO LIMITED

Notes annexed to and forming part of the balance sheet as at 31st December, 1997 and the profit and loss account for the year ended on that date

SCHEDULE "K" (contd.)

3. The Company had acquired the cargo division of Thomas Cook (India) Limited (TCIL), the holding company, with effect from the commencement of the business on 1st November, 1994 as per the agreement for sale and transfer of business and undertaking executed on that date. The Company is still in the process of transferring to its name, certain assets and liabilities and licences and permissions attached/accruing to the erstwhile cargo division of TCIL. Accordingly the balances of such assets as at 31st December, 1997 reflected in the Balance Sheet are in the name of TCIL.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Fixed assets and depreciation :

- i) The gross block of fixed assets is stated in the accounts at the purchase price of acquisition of such fixed assets including any attributable cost of bringing the asset to its working condition for its intended use.
- ii) Depreciation on fixed assets is provided on the Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, except that in respect of computers and vehicles costing more than Rs. 5,000/- each, the depreciation rates applied are 25 percent and 15 percent respectively.

b) Accounting for foreign currency transactions :

Foreign currency transactions are recorded at the rate of exchange prevailing at the time of accounting such transactions. Exchange difference arising out of settlement/conversion at the year end rates are recognised in the profit and loss account.

c) Service Income :

Income from services are accounted for as per the terms and conditions agreed with the customers.

d) Gratuity and superannuation contributions :

Contributions towards gratuity and superannuation schemes are based on the premium contributions paid to the Life Insurance Corporation of India with whom the holding Company has entered into an arrangement.

e) Leave encashment liability is accounted for based on the unutilised leave entitlement at the end of the accounting year.

5. Expenditure in Foreign Currency :

	Year ended 31st December, 1997	Year ended 31st December, 1996
	Rs.	Rs.
Travel	—	37,180
Subscription	1,98,908	1,36,713

6. Earnings in Foreign Currency :

	Year ended 31st December, 1997	Year ended 31st December, 1996
	Rs.	Rs.
Commission on export shipment	11,78,772	9,70,249

HINDUSTAN CARGO LIMITED

Notes annexed to and forming part of the balance sheet as at 31st December, 1997 and the profit and loss account for the year ended on that date

SCHEDULE "K" (contd.)

7. The balance sheet abstract and Company's general business profile as required by Part IV to Schedule VI to the Companies Act, 1956 are given below:

I. Registration Details

Registration No.

1	1	-	7	5	4	8	0
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 State Code

1	1
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Balance Sheet Date

3	1
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1	2
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9	7
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Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue																		
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-	-	-	N	I	L	-	-	-											
-	-	-	N	I	L	-	-	-											
Bonus Issue	Private Placement																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	N	I	L	-	-	-	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	N	I	L	-	-	-
-	-	-	N	I	L	-	-	-											
-	-	-	N	I	L	-	-	-											

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities*	Total Assets*																		
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-	-	-	-	1	6	4	7	5											
-	-	-	-	1	6	4	7	5											
*includes current liabilities	*includes current assets																		
Sources of Funds	Reserves & Surplus																		
Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>3</td><td>4</td><td>1</td><td>4</td></tr></table>	-	-	-	-	-	3	4	1	4									
-	-	-	-	-	3	4	1	4											
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-	-	-	-	-	2	5	0	0											
Secured Loans	Unsecured Loans																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	N	I	L	-	-	-	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>1</td><td>7</td><td>3</td><td>7</td></tr></table>	-	-	-	-	-	1	7	3	7
-	-	-	N	I	L	-	-	-											
-	-	-	-	-	1	7	3	7											
Application of Funds	Investments																		
Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	N	I	L	-	-	-									
-	-	-	N	I	L	-	-	-											
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-	-	-	-	-	3	2	8	4											
Net Current Assets	Miscellaneous Expenditure																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>4</td><td>3</td><td>6</td><td>6</td></tr></table>	-	-	-	-	-	4	3	6	6	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	N	I	L	-	-	-
-	-	-	-	-	4	3	6	6											
-	-	-	N	I	L	-	-	-											
Accumulated Losses																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>-</td><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	N	I	L	-	-	-										
-	-	-	N	I	L	-	-	-											

HINDUSTAN CARGO LIMITED

Notes annexed to and forming part of the balance sheet as at 31st December, 1997 and the profit and loss account for the year ended on that date

SCHEDULE "K" (contd.)

IV. Performance of Company (Amount in Rs. Thousands)

Turnover										Total Expenditure									
-	-	-	-	1	9	4	3	1		-	-	-	-	1	5	4	2	0	
Profit / Loss before tax										Profit / Loss after tax									
	+	-	-	-	-	4	0	1	1		+	-	-	-	-	2	5	9	5
(+ for Profit, - for Loss)																			
Earning per Share in Rs.										Dividend rate %									
-	-	1	0	.	3	8				-	-	-							

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	CLEARING & FORWARDING SERVICES IN AIR & SEA, EXPORT, IMPORT, CONSOL- IDATION & BREAK BULK- SERVICE - - - - -
Item Code No. (ITC Code)	- - - - -
Product Description	- - - - - - - - - - - - - - -
Item Code No. (ITC Code)	- - - - -
Product Description	- - - - - - - - - - - - - - -

HINDUSTAN CARGO LIMITED

Notes annexed to and forming part of the balance sheet as at 31st December, 1997 and the profit and loss account for the year ended on that date

SCHEDULE "K" (contd.)

8. Previous year's figures have been regrouped wherever necessary.

Signature to Schedules A to K

P. P. MADHAVJI	— CHAIRMAN
A. M. KAKKAR	— DIRECTOR
I. G. SHAHANI	— DIRECTOR
J. D. KETKAR	— DIRECTOR
R. SRIDHAR	— MANAGING DIRECTOR
S. K. JHAVERI (MRS.)	— COMPANY SECRETARY

Mumbai

Dated : 17th March, 1998

INDIA ALIVE TOURS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting the Ninth Annual Report and the Balance Sheet and Profit & Loss Account for the year ended 31st December, 1997.

OPERATIONS:

There were no business activities carried on throughout the financial year.

FINANCIAL RESULTS:

During the period under review, the Company did not carry on any business activities and accordingly no income was generated.

DIVIDEND:

In view of no business activities, your Directors do not propose to recommend any dividend for the period under review.

DIRECTORS:

Mr. Ashwini Kakkar was appointed as an Additional Director of the Company under Article 117 of the Articles of Association of the Company effective 2nd September, 1997. He will hold office upto the date of forthcoming Annual General Meeting and is eligible for re-appointment. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Kakkar.

In accordance with Article 131 of the Articles of Association of the Company, Mr. P. P. Madhavji & Mr. J. D. Ketkar retire by rotation and being eligible, offer themselves for re-election.

AUDITORS:

M/s. Lovelock & Lewes, Chartered Accountants, Auditors of the Company will retire at the Meeting and are eligible for re-appointment.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956:

No employees were employed throughout the financial period. Therefore, the particulars required under Section 217 (2A) of the Companies Act, 1956 and, the rules framed thereunder are not furnished herewith.

The matters specified in Section 217 of the Companies Act, 1956, to the extent to which they are applicable to our Company are incorporated in this Report.

BY ORDER OF THE BOARD

Mumbai
Dated : 17th March, 1998

P. P. MADHAVJI
Chairman

AUDITORS' REPORT

TO THE MEMBERS OF INDIA ALIVE TOURS LIMITED

- We have audited the attached balance sheet of India Alive Tours Limited as at 31st December, 1997 and the annexed profit and loss account for the year ended on that date, which are in agreement with the books of account;
- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - in the case of the balance sheet, of the state of affairs of the Company as at 31st December, 1997; and
 - in the case of the profit and loss account, of the nil profit/loss for the year ended on that date.
- No report has been made under the Manufacturing and Other Companies (Auditor's Report) Order, 1988 as the Company was not engaged in any of the activities mentioned in paragraph 1(2)(a) of the said Order, during the year ended 31st December, 1997.

Mumbai
Dated: 17th March, 1998

For Lovelock & Lewes
Chartered Accountants
SANJAY HEGDE
Partner

INDIA ALIVE TOURS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 1997

	As at 31st December, 1997 Rs.	As at 31st December, 1996 Rs.
I. SOURCES OF FUNDS:		
SHAREHOLDERS' FUNDS:		
Share capital:		
Authorised:		
5,00,000 Equity shares of Rs.10/- each	50,00,000	50,00,000
Issued and subscribed:		
3 Equity shares of Rs.10/- each fully paid-up, all held by the holding company, Thomas Cook (India) Limited and its nominees	30	30
TOTAL	30	30
II. APPLICATION OF FUNDS:		
CURRENT ASSETS, LOANS AND ADVANCES:		
Current assets:		
Cash and bank balances		
Cash on hand	30	30
TOTAL	30	30

The balance sheet abstract and Company's general business profile as required by Part IV to Schedule VI to the Companies Act, 1956 are given in the annexure.

This is the Balance Sheet referred to in our report of even date.

For Lovelock & Lewes
Chartered Accountants
SANJAY HEGDE
Partner

P. P. MADHAVJI — CHAIRMAN
A. M. KAKKAR — DIRECTOR
J. D. KETKAR — DIRECTOR
I. G. SHAHANI — DIRECTOR
Mumbai
Dated : 17th March, 1998

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1997

	Year ended 31st December, 1997 Rs.	Year ended 31st December, 1996 Rs.
INCOME	NIL	NIL
EXPENDITURE	NIL	NIL

The balance sheet abstract and Company's general business profile as required by Part IV to Schedule VI to the Companies Act, 1956 are given in the annexure.

This is the Profit and Loss Account referred to in our report of even date.

For Lovelock & Lewes
Chartered Accountants
SANJAY HEGDE
Partner

P. P. MADHAVJI — CHAIRMAN
A. M. KAKKAR — DIRECTOR
J. D. KETKAR — DIRECTOR
I. G. SHAHANI — DIRECTOR
Mumbai
Dated : 17th March, 1998

Annexure referred to in the balance sheet as at 31st December, 1997 and the profit and loss account for the year ended on that date BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(During the financial year as there were no business activities, the details to the extent applicable are furnished)

I. Registration Details

Registration No. 11-54760 State Code 11

Balance Sheet Date 31/12/97
Date Month Year

II. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities 30 Total Assets 30

Sources of Funds
Paid-up Capital 30

Application of Funds
Net Current Assets 30

P. P. MADHAVJI — CHAIRMAN
A. M. KAKKAR — DIRECTOR
J. D. KETKAR — DIRECTOR
I. G. SHAHANI — DIRECTOR
Mumbai
Dated : 17th March, 1998

THOMAS COOK TOURS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting the Ninth Annual Report and the Balance Sheet and Profit & Loss Account for the year ended 31st December, 1997.

OPERATIONS:

There were no business activities carried on throughout the financial year.

FINANCIAL RESULTS:

During the period under review, the Company did not carry on any business activities and accordingly no income was generated.

DIVIDEND:

In view of no business activities, your Directors do not propose to recommend any dividend for the period under review.

DIRECTORS:

Mr. Ashwini Kakkar was appointed as an Additional Director of the Company under Article 117 of the Articles of Association of the Company effective 2nd September, 1997. He will hold office upto the date of forthcoming Annual General Meeting and is eligible for re-appointment. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Kakkar.

In accordance with Article 131 of the Articles of Association of the Company, Mr. P. P. Madhavji & Mr. J. D. Ketkar retire by rotation and being eligible, offer themselves for re-election.

AUDITORS:

M. S. Lovelock & Lewes, Chartered Accountants, Auditors of the Company will retire at the Meeting and are eligible for re-appointment.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956:

No employees were employed throughout the financial period. Therefore, the particulars required under Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder are not furnished herewith.

The matters specified in Section 217 of the Companies Act, 1956, to the extent to which they are applicable to our Company are incorporated in this Report.

BY ORDER OF THE BOARD

Mumbai
Dated: 17th March, 1998

P. P. MADHAVJI
Chairman

AUDITORS' REPORT

TO THE MEMBERS OF THOMAS COOK TOURS LIMITED

- We have audited the attached balance sheet of Thomas Cook Tours Limited as at 31st December, 1997 and the annexed profit and loss account for the year ended on that date, which are in agreement with the books of account;
- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - in the case of the balance sheet, of the state of affairs of the Company as at 31st December, 1997;
 - and
 - in the case of the profit and loss account, of the nil profit/loss for the year ended on that date.
- No report has been made under the Manufacturing and Other Companies (Auditor's Report) Order, 1988 as the Company was not engaged in any of the activities mentioned in paragraph 1(2)(a) of the said Order, during the year ended 31st December, 1997.

For Lovelock & Lewes
Chartered Accountants
SANJAY HEGDE
Partner

Mumbai
Dated: 17th March, 1998

THOMAS COOK TOURS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 1997

	As at 31st December, 1997 Rs.	As at 31st December, 1996 Rs.
I. SOURCES OF FUNDS:		
SHAREHOLDERS' FUNDS:		
Share capital:		
Authorised:		
5,00,000 Equity shares of Rs.10/- each	50,00,000	50,00,000
Issued and subscribed:		
3 Equity shares of Rs.10/- each fully paid-up, all held by the holding company, Thomas Cook (India) Limited and its nominees	30	30
TOTAL	30	30
II. APPLICATION OF FUNDS:		
CURRENT ASSETS, LOANS AND ADVANCES:		
Current assets:		
Cash and bank balances		
Cash on hand	30	30
TOTAL	30	30

The balance sheet abstract and Company's general business profile as required by Part IV to Schedule VI to the Companies Act, 1956 are given in the annexure.

This is the Balance Sheet referred to in our report of even date.

For Lovelock & Lewes
Chartered Accountants
SANJAY HEGDE
Partner
Mumbai
Dated: 17th March, 1998

P. P. MADHAVJI CHAIRMAN
A. M. KAKKAR DIRECTOR
J. D. KETKAR DIRECTOR
I. G. SHAHANI DIRECTOR
Mumbai
Dated: 17th March, 1998

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1997

	Year ended 31st December, 1997 Rs.	Year ended 31st December, 1996 Rs.
INCOME	Nil	Nil
EXPENDITURE	Nil	Nil

The balance sheet abstract and Company's general business profile as required by Part IV to Schedule VI to the Companies Act, 1956 are given in the annexure.

This is the Profit and Loss Account referred to in our report of even date.

For Lovelock & Lewes
Chartered Accountants
SANJAY HEGDE
Partner
Mumbai
Dated: 17th March, 1998

P. P. MADHAVJI CHAIRMAN
A. M. KAKKAR DIRECTOR
J. D. KETKAR DIRECTOR
I. G. SHAHANI DIRECTOR
Mumbai
Dated: 17th March, 1998

Annexure referred to in the balance sheet as at 31st December, 1997 and the profit and loss account for the year ended on that date BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(During the financial year as there were no business activities, the details to the extent applicable are furnished)

I. Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

II. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities	Total Assets
<input type="text" value="3"/> <input type="text" value="0"/>	<input type="text" value="3"/> <input type="text" value="0"/>

Sources of Funds

Paid-up Capital

Application of Funds

Net Current Assets

P. P. MADHAVJI CHAIRMAN
A. M. KAKKAR DIRECTOR
J. D. KETKAR DIRECTOR
I. G. SHAHANI DIRECTOR
Mumbai
Dated: 17th March, 1998

INDIAN HORIZON TRAVEL & TOURS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS :

Your Directors have pleasure in presenting the Ninth Annual Report and the Balance Sheet and Profit & Loss Account for the year ended 31st December, 1997.

OPERATIONS :

There were no business activities carried on throughout the financial year.

FINANCIAL RESULTS :

During the period under review, the Company did not carry on any business activities and accordingly no income was generated.

DIVIDEND :

In view of no business activities, your Directors do not propose to recommend any dividend for the period under review.

DIRECTORS :

Mr. Ashwini Kakkar was appointed as an Additional Director of the Company under Article 117 of the Articles of Association of the Company effective 2nd September, 1997. He will hold office upto the date of forthcoming Annual General Meeting and is eligible for re-appointment. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Kakkar.

In accordance with Article 131 of the Articles of Association of the Company, Mr. P. P. Madhavji & Mr. J. D. Ketkar retire by rotation and being eligible, offer themselves for re-election.

AUDITORS :

M/s. Lovelock & Lewes, Chartered Accountants, Auditors of the Company will retire at the Meeting and are eligible for re-appointment.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956 :

No employees were employed throughout the financial period. Therefore, the particulars required under Section 217 (2A) of the Companies Act, 1956 and, the rules framed thereunder are not furnished herewith.

The matters specified in Section 217 of the Companies Act, 1956, to the extent to which they are applicable to our Company are incorporated in this Report.

Mumbai
Dated : 17th March, 1998

BY ORDER OF THE BOARD
P. P. MADHAVJI
Chairman

AUDITORS' REPORT

TO THE MEMBERS OF INDIAN HORIZON TRAVEL & TOURS LIMITED

- We have audited the attached balance sheet of Indian Horizon Travel & Tours Limited as at 31st December, 1997 and the annexed profit and loss account for the year ended on that date, which are in agreement with the books of account;
- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - in the case of the balance sheet, of the state of affairs of the Company as at 31st December, 1997; and
 - in the case of the profit and loss account, of the nil profit/loss for the year ended on that date.
- No report has been made under the Manufacturing and Other Companies (Auditor's Report) Order, 1988 as the Company was not engaged in any of the activities mentioned in paragraph 1(2)(a) of the said Order, during the year ended 31st December, 1997.

Mumbai
Dated: 17th March, 1998

For Lovelock & Lewes
Chartered Accountants
SANJAY HEGDE
Partner

INDIAN HORIZON TRAVEL & TOURS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 1997

	As at 31st December, 1997 Rs.	As at 31st December, 1996 Rs.
I. SOURCES OF FUNDS :		
SHAREHOLDERS' FUNDS :		
Share capital :		
Authorised :		
5,00,000 Equity shares of Rs.10/- each	50,00,000	50,00,000
Issued and subscribed :		
3 Equity shares of Rs.10/- each fully paid-up, all held by the holding company, Thomas Cook (India) Limited and its nominees	30	30
TOTAL	30	30
II. APPLICATION OF FUNDS :		
CURRENT ASSETS, LOANS AND ADVANCES :		
Current assets :		
Cash and bank balances		
Cash on hand	30	30
TOTAL	30	30

The balance sheet abstract and Company's general business profile as required by Part IV to Schedule VI to the Companies Act, 1956 are given in the annexure.

This is the Balance Sheet referred to in our report of even date

For Lovelock & Lewes Chartered Accountants SANJAY HEGDE Partner	P. P. MADHAVJI — CHAIRMAN A. M. KAKKAR — DIRECTOR J. D. KETKAR — DIRECTOR I. G. SHAHANI — DIRECTOR
Mumbai Dated : 17th March, 1998	Mumbai Dated : 17th March, 1998

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1997

	Year ended 31st December, 1997 Rs.	Year ended 31st December, 1996 Rs.
INCOME	NIL	NIL
EXPENDITURE	NIL	NIL

The balance sheet abstract and Company's general business profile as required by Part IV to Schedule VI to the Companies Act, 1956 are given in the annexure.

This is the Profit and Loss Account referred to in our report of even date

For Lovelock & Lewes Chartered Accountants SANJAY HEGDE Partner	P. P. MADHAVJI — CHAIRMAN A. M. KAKKAR — DIRECTOR J. D. KETKAR — DIRECTOR I. G. SHAHANI — DIRECTOR
Mumbai Dated : 17th March, 1998	Mumbai Dated : 17th March, 1998

Annexure referred to in the balance sheet as at 31st December, 1997 and the profit and loss account for the year ended on that date BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(During the financial year as there were no business activities, the details to the extent applicable are furnished)

I. Registration Details
Registration No. State Code
Balance Sheet Date
Date Month Year

II. Position of Mobilisation and Deployment of Funds (Amount in Rs.)
Total Liabilities
Total Assets
Sources of Funds
Paid-up Capital
Application of Funds
Net Current Assets
P. P. MADHAVJI — CHAIRMAN
A. M. KAKKAR — DIRECTOR
J. D. KETKAR — DIRECTOR
I. G. SHAHANI — DIRECTOR
Mumbai
Dated : 17th March, 1998

THOMAS COOK (INDIA) LIMITED

TEN FINANCIAL YEARS PERFORMANCE

(Rs. in thousands)

	1988/89 Rs.	1989/90 Rs.	1990/91 Rs.	1991/92 Rs.	1992/93 Rs.	1993 Rs.	1994 Rs.	1995 Rs.	1996 Rs.	1997 Rs.
Fixed Assets	31948	40212	50327	58672	67569	86403	117354	124866	267181	352698
Investments	—	—	—	—	—	—	2500	2500	2500	2500
Net Current Assets	60762	79301	93915	136944	291838	300158	295043	467014	444299	577242
Total Application of Funds	92710	119513	144242	195616	359407	386561	414897	594380	713980	932440
Share Capital	10500	10500	15750	15750	15750	31500	31500	52500	52500	87500
Reserves	36975	48098	59095	83784	145635	173175	261944	323298	430883	497416
Shareholders' Funds	47475	58598	74845	99534	161385	204675	293444	375798	483383	584916
Loan Funds	45235	60915	69397	96082	198022	181886	121453	218582	230597	347524
Total Source of Funds	92710	119513	144242	195616	359407	386561	414897	594380	713980	932440
Total Income	(11 mths.) 63126	88202	101680	166653	272420	(9 mths.) 231566	346389	445721	541850	566906
Total Expenditure	44200	59429	67507	87321	125982	110251	176884	241415	291928	351060
Profit Before Taxation	18926	28773	34173	79332	146438	121315	169505	204306	249922	215846
Profit available for Appropriation (After Tax & Adjustments for prior years, if any)	10726	14273	20185	30202	68938	54315	102944	108604	136460	144846
Retained Earnings for the year	8101	11123	16247	24689	61850	43290	88769	82354	107585	105471
Dividend Paid/Payable	2625	3150	3938	5513	7088	11025	14175	26250	28875	39375
Dividend Percentage	25	30	*25	35	45	*35	45	*50	55	*45

* On the increased Capital Base

P.S. Shareholders may please address all their correspondence pertaining to Share Transfers, Dividend Warrants, etc., to the Company's Registrar & Share Transfer Agents, viz. Tata Share Registry Limited, Army & Navy Building, 148, Mahatma Gandhi Road, Fort, Mumbai 400 001, rather than addressing it to the Company. This will avoid delay in processing your transfers/letters.