



Thomas Cook (India) Limited

CONTENTS

Board of Directors	1
Directors' Report	2 - 5
Annexure to the Directors' Report	6
The Management Discussion and Analysis Report	7 - 8
Report of the Directors on Corporate Governance	9 - 25
Report of Various Committees of the Board	26 - 29
Auditors' Certificate on Corporate Governance	30
Auditors' Report on Consolidated Financial Statements	31
Consolidated Financial Statements	32 - 46
Consolidated Cash Flow Statement	47
Auditors' Report	48
Annexure to the Auditors' Report	49
Balance Sheet	50
Profit & Loss Account	51
Schedules	52 - 68
Cash Flow Statement	69
Information regarding Subsidiaries	70
Subsidiaries :	
• Hindustan Cargo Ltd.	71 - 86
• Thomas Cook Insurance Services (India) Ltd.	87 - 89
• Thomas Cook Tours Ltd.	90
• Indian Horizon Travel & Tours Ltd.	91
• Thomas Cook (Mauritius) Holding Company Ltd.	92 - 93
• Thomas Cook (Mauritius) Operations Company Ltd.	94 - 97
Charts	98 - 99
Ten Financial Years' Performance	100
Enclosures:	
• Notice	
• Form of Proxy and Attendance Slip	



BOARD OF DIRECTORS

STEFAN PICHLER

Chairman

(w.e.f. 16-01-2003)

DR. THOMAS DOERING

Vice Chairman

(w.e.f. 22-08-2003)

A. M. KAKKAR

Chief Executive Officer

& Managing Director

MADHAVAN MENON

Executive Director – Foreign Exchange

P. SREEKUMAR

Executive Director – Finance

H. S. BILLIMORIA

K. DIGVIJAY SINGH

LESTER PORTER

IAN AILLES

K. S. V. KRISHNAMA CHARI

(05-12-2002 till 15-12-2003)

ALAN STEWART

(till 22-08-2003)

P. P. MADHAVJI

(till 24-02-2003)

M. L. APTE

(till 24-02-2003)

R. SUNDARARAMAN

(till 05-12-2002)

SECRETARY

R. R. KENKARE

*Head of Legal &
Company Secretary*

Auditors

Lovelock & Lewes

Advocates & Solicitors

Crawford Bayley & Co.

Desai & Diwanji

Principal Bankers

The Hongkong & Shanghai

Banking Corporation Ltd.

Standard Chartered Grindlays Bank Ltd.

State Bank of Bikaner & Jaipur

State Bank of India

Registered Office

Thomas Cook Building,

Dr. Dadabhai Naoroji Road,

Fort, Mumbai 400 001

Registrar and Share

Transfer Agents

Tata Share Registry Ltd.

Army & Navy Building,

148, M. G. Road,

Fort, Mumbai 400 001

Website

www.thomascook.co.in



DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting the Twenty-Seventh Annual Report, together with the Balance Sheet and Profit and Loss Account for the year ended 31st October, 2003.

Operations & Results

We are happy to report a successful year with a revenue growth of 8% over the previous year and profit after tax growth of 12%. The proactive and sustained efforts of the Company in managing costs and protecting revenue yielded these results, in an industry that had not seen worst times. The difficulties faced by the industry during the last year and the consequences of various macroeconomic problems is well known. Since then the prospects for the industry have dramatically improved. A buoyant economy and high business confidence have led to significant

growth in all sectors of the economy. The tourism industry is expected to witness major growth in the following months and your Company is poised to capture a fair share of this growth.

Your Company's Income is Rs. 1089.5 Millions compared to Rs. 1008.5 Millions in the previous year. Profit before tax is Rs. 334.0 Millions. The profit after tax is Rs. 216.3 Millions. The earning per share of the Company is 14.8 compared to 13.3 for the previous year.

Dividend

Your Directors are pleased to recommend a dividend of 37.5%. The proposed dividend absorbs Rs. 54,687,499/-.

General Reserve

Your Directors have resolved to transfer Rs. 21,626,709/- to General Reserve out of the profits of the Company. In view of the transfers,

the total reserves are at Rs. 1,068,524,639/- as at the year ended 31st October, 2003.

Directors' Responsibility Statement

As required under section 217(2AA) of the Companies (Amendment) Act, 2000, the Board of Directors confirm as under:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- that the Directors have selected such accounting policies and applied them consistently except where otherwise stated in the notes to the accounts and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that year.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. The internal auditors have conducted periodic audits to provide reasonable assurances that established policies and procedures of the Company have been followed. However it must be recognised that there are inherent limitations in weighing the assurances

Thomas Cook (India) Limited (TCIL) Financial Results

	Year ended 31st October, 2003	Year ended 31st October, 2002
Rupees in Millions		
Revenues	1090	1009
Profit before Taxation	334	301
Provision for Taxation	121	117
Provision for Deferred Taxation	(3)	(9)
Profit after Taxation	216	193
Transferred to Reserve U/sec. 80 HHD of the Income Tax Act, 1961	15	15
Transferred to General Reserve	22	19
Proposed Dividend	55	48
EPS (Rs.)	14.8	13.3



provided by any system on internal controls.

- d) The Directors have prepared the Annual Accounts on a going concern basis.

Rebranding of the Thomas Cook Logo

The new logo for the Company featuring the 'holiday colours' of Thomas Cook AG (Blue, Yellow and White) was rolled out in a phased manner across the country. This process has been carried out as scheduled in the financial year under consideration but will be completed in the next year.

Thomas Cook Group

Thomas Cook (India) Limited is a part of Thomas Cook Group. It is a subsidiary of Thomas Cook Overseas Limited (TCOL), an unlisted private company incorporated under the laws of England and Wales having its Registered Office at Peterborough, England, U.K. TCOL holds 60% of the paid-up capital of the Company. It is a wholly owned subsidiary of Thomas Cook AG, a company incorporated in Germany. Thomas Cook AG, its subsidiaries and affiliates including Thomas Cook Overseas Limited, Eurocenter Beteiligungs-und Reiservermittlung GmbH and C&N UK plc form the Thomas Cook Group. This information is given pursuant to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended upto date.

Thomas Cook (India) Ltd.

Operations in India

Despite the Iraq war and SARS, group escorted tours (outbound)

performed well with tours to Europe showing strong positive growth. During the year group escorted tours were started for the continent of Africa as well, thus ensuring that the Company now has over 30 group escorted tours to all five continents of the world. Our tour programmes for individual travellers now cover more than 50 countries of the world.

With effect from 2003/04, the Company has won two key new accounts from Belgium and the Netherlands for its Inbound charter handling business which has further strengthened its leadership position in this segment.

The focus of the Company on domestic tours continues and we now have group tours as well as individual tours including long and short breaks to all regions of the country, encompassing hills, beaches, pilgrimages, wildlife and classical tours.

The Company, along with Galileo India, issued the first e-ticket in India through the Global Distribution System. With this, a new era of customer convenience and hi-tech travelling in the country has been ushered in. Worldwide, over 45 airlines across 43 countries participate with Galileo for e-ticketing. In India 15 prominent airlines are ready to start e-ticketing. Rolling out the very first e-ticket in India has been a historic moment for all of us which affirms our stand in the market place of being in the fore-front of revolutionary technology usage.

The Company also issued the first remotely printed international

airline ticket at the office of one of its key customers. Satellite Ticket Printing (STP) is the state-of-the art technology which enables a Travel Agent to electronically deliver an air ticket to the customers. The Company is the first travel agency in India to have received the approval from IATA, Singapore, having satisfied all their stringent norms in relation to safety & security of the traffic documents. This heralds the launch of STP Technology in India. In near future, the Company will be filing for approvals for more STP locations at its corporate and client locations across the country.

Your Company has been the first Travel Management Company in India to get into Travel Insurance Segment and this business has become the most profitable one among all businesses of its subsidiaries. It is awarded as the Top Selling Business partner by TATA-AIG for the year 2001 - 2002. Travel Insurance is being sold throughout 16 cities and all 54 locations in India, across businesses, Corporate and Channel partners including airport counters.

Operations in Sri Lanka

During the year, the Company started providing its services at the Bandaranaike International Airport, Colombo, Sri Lanka. The Company had won the tender for the foreign exchange counters at both the Arrival and Departure Terminals and both the counters are operational. It is the only non-banking Company operating exchange counters at that airport and this operation has been



Thomas Cook (India) Limited

profitable from the commencement itself.

Operations in Mauritius

Keeping in line with its objectives of geographical expansion into key tourist locations, Thomas Cook (Mauritius) Operations Co. Ltd. has started a new branch at Grand Baie in the northern part of the island in the month of Oct'03 and will soon start another branch at Flic en Flac, which is on the western coast. Both these locations are high tourist traffic locations in the island. This will take the total number of FX locations in the island to four. This is expected to increase the Company's market share in the retail Foreign Currency purchase market. The Company has also been able to successfully tap the Foreign Currency exports business of some leading banks and money changers in the Mauritian market. Within the next one year, it hopes to be a major player in this market. The Company has also started promoting its remittance service to small traders and businessmen and is soon going to launch a Pay-on-application remittance product in line with the one available in India. Moneygram, again a product for fast wire transfers, is also planned to be launched in the next year for both Inward and Outward remittances.

The Mauritius subsidiary earned a profit before tax of MUR 3,868,441/-

Awards

Your Company has been a recipient of a number of highly prestigious awards during the year which are as follows:

- Best Travel Agency – India, by TTG Asia, part of Pacific Asia

Travel Association (PATA) programme. This is the fourth year in succession that Thomas Cook (India) Ltd. has won this award (for the year 1999, 2000, 2001 & 2002)

- The Golden Peacock Award for Excellence in Corporate Governance-2003 for the second consecutive year initiated by the Institute of Directors (IOD), a non-profit organization, in association with World Environment Foundation (WEF), Federation of Indian Chamber of Commerce and Industry (FICCI), World Council For Corporate Governance (WCFCG) and Center for Corporate Governance
- The National Tourism Award for 2001-2002, presented in 2003, winning the second rank in category 1 for the company which achieved the highest foreign exchange earnings from tourism
- The Association of Business Communicators of India (ABCI) where the Company won the first prize for its website – www.thomascook.co.in

Directors

In accordance with Article 131 of the Articles of Association of the Company, Mr. H. S. Billimoria and Mr. K. Digvijay Singh retire by rotation and being eligible, offer themselves for re-appointment.

Mr. R Sundararaman, SBI Nominee, resigned effective 5th December, 2002. Mr. P. P. Madhavji resigned from the office of Chairman of the Company and Mr. M. L. Apte

resigned from the office of Director effective close of business hours on 24th February, 2003. Mr. Alan Stewart resigned effective 22nd August, 2003. Mr. K. S. V. Krishnama Chari, SBI Nominee, resigned effective 15th December, 2003.

The Board places on record its special appreciation for the services Mr. Madhavji, Mr. Apte, Mr. Stewart, Mr. Sundararaman and Mr. Krishnama Chari rendered during their tenure on the Board of the Company.

Dr. Thomas Doering was appointed as an Additional Director at the Board Meeting held on 22nd August, 2003. He holds office upto the date of this Annual General Meeting and in respect of him, the Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company at the forthcoming Annual General Meeting.

Auditors

M/s. Lovelock & Lewes, Chartered Accountants, Auditors of the Company who retire at the forthcoming Annual General Meeting are eligible for re-appointment and have expressed their willingness to accept office, if re-appointed. They have given a certificate to the effect that the re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

It is proposed to appoint M/s. PriceWaterhouseCoopers, Chartered Accountants, Colombo, Sri Lanka, as



Branch Auditors of the Sri Lanka branch of the Company in place of the retiring auditors M/s KPMG Ford, Rhodes, Thornton & Co., Sri Lanka. The retiring Auditors have expressed their inability to seek re-appointment as Statutory Auditors of the Sri Lanka branch due to preoccupation after the conclusion of the ensuing Annual General Meeting of the Company.

The Board of Directors would like to thank M/s. KPMG Ford, Rhodes, Thorntorn & Co. Sri Lanka, the outgoing Auditors, for their services rendered to the Company during their long association as Statutory Auditors of the Sri Lanka Branch of the Company.

Subsidiary Companies

The audited Statement of Accounts along with the Directors' Report of Hindustan Cargo Ltd. , Thomas Cook Insurance Services (India) Ltd. (formerly known as India Alive Tours Ltd.), Thomas Cook Tours Ltd., Indian Horizon Travel & Tours Ltd., Thomas Cook (Mauritius) Holding Co. Ltd. and Thomas Cook (Mauritius) Operations Co. Ltd. for the year ended 31st October, 2003 are separately attached as required under the provisions of Section 212 of the Companies Act, 1956.

Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and expenditure

The foreign exchange earnings during the year amounted to Rs. 453.5 Millions. During the year, the Company has incurred expenditure in foreign currencies towards

interest, bank charges, professional fees as well as travelling for promotional activities, subscriptions, etc., as disclosed in Schedule Q Note L in the Notes to the accounts.

Since your Company does not own any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not submitted.

Fixed Deposits

Your Company has not accepted any deposits from the Public under Section 58A of the Companies Act, 1956.

Listing of Shares

Your Company is listed on two Stock Exchanges in India viz. The Stock Exchange, Mumbai and The National Stock Exchange. The Listing Fees for the Financial Year 2003-2004 are paid to both these Stock Exchanges within the prescribed time limits.

Employees

Relations with the employees continued to be cordial throughout the year. Your Directors place on record the appreciation of the efforts, dedication and active participation of the employees in various initiatives of the Company and contributing to the performance of the Company during the year under review.

Information pursuant to Section 217(2A) 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 and have been annexed herewith.

Corporate Governance

The Company has taken the requisite steps to comply with the recommendations concerning the Corporate Governance. The Management Discussion and Analysis Report forms part of this report. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

A separate report on Corporate Governance is included as a part of the Annual Report.

BY ORDER OF THE BOARD

DR. THOMAS DOERING A. M. KAKKAR
VICE CHAIRMAN CEO & MANAGING
DIRECTOR

Mumbai

Dated 15th December, 2003



ANNEXURE TO THE DIRECTORS' REPORT

Information as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st October, 2003

Sr. No.	Name	Age	Designation	Remuneration	Nature of Duties	Qualification	Total Experience	Date of joining TCIL	Last Employment
1	Mr. Kakkar Ashwini	49	Chief Executive Officer & Managing Director	9262364	Overall responsibility for the Company's operations and financial performance.	B.Sc(Mech. Engg) PGDM- IIM, Calcutta, MBA- European Inst. of Business Admin. (INSEAD), France	26	16th June, 1997	IGE India Ltd.
2	Mr. Menon Madhavan	48	Executive Director - Foreign Exchange	6589979	Responsible for all matters pertaining to TCIL's FOREX activities including achievement of planned revenue through the activity's development and growth.	B.A. (Business) - Georgetown University, USA, M.B.A. (Fin. & Intl. Buss.)- George Washington University, USA	25	2nd May, 2000	Birla Sun Life Asset Management Company (AMC) Ltd.
3	Mr. Sreekumar P	44	Executive Director - Finance	5660924	Overall responsibility for Finance and Accounting function as also management of Treasury function of the Company. In addition, also oversees the Secretarial and Legal, Business Process Improvement and Audit, Programmes Management and Administration functions of the Company.	B.Com (Hons.), DBM, FCA, ACS	20	16th April, 2001	Enron India / Dabhol Power Company
4	Mr. Sunil Gupta	42	Head of Leisure Travel	2528761	Responsible for developing and managing the Leisure Travel business for TCIL	B.Tech.(Mech. Engg.) - IIT, BHU PGD in Marketing & Sales Mgmt. - IIM, Calcutta	18	8th May, 2000	Hindustan Lever Ltd.

- Notes:
- 1 The nature of employment of Directors is contractual.
 - 2 Remuneration as shown above includes Salary, Bonus, Commission, House Rent Allowance, Company's contribution to Provident Fund and other funds and expenditure incurred by the Company on Housing, Car, Electricity, Water, Gas, Medical and Leave Travel Allowance and other allowances. Wherever the actual costs are not ascertainable, monetary value of those perquisites as per Income Tax Rules, 1962 have been considered.
 - 3 Gratuity is contributed for the Company as a whole and hence excluded.
 - 4 None of the employees mentioned above is a relative of any Director of the Company.

Mumbai
Dated 15th December, 2003

DR. THOMAS DOERING
VICE CHAIRMAN

A. M. KAKKAR
CEO & MANAGING DIRECTOR



THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Travel & Related Services

The Travel Industry passed through a critical phase during the first half of the year. The SARS and Iraq war effect on the industry is well known. The situation has changed since then and the outlook looks very positive.

Although the year was certainly not an easy year, international tourism began to recover cost ground during the middle of the year. Uncertainty continued to play a major role in the markets under the threat of Iraq war and the unexpected occurrence of SARS. These adverse conditions resulted in a decline in tourism volumes as well as some shifts in demand towards trips to domestic and familiar destinations that were closer to home. Consumers adopted a wait and watch policy, resulting in pressure on prices and late bookings. The agency commissions continue to be under pressure with the growth of low cost airlines and the increasing preference for using the internet to book travel.

At the same time, the business confidence outlook for the next year is positive and business sentiments are quite high, considering the good monsoons, comfortable foreign exchange reserves, low interest rates and the thaw in Indo-Pak relations. These should have a positive impact on the Company's business. The penchant for international and domestic holidays by the Indian consumer is significantly higher. The growth in disposable income and cost-effective holiday packages will contribute to the growth of the industry. Along with domestic tourism, the outbound tourist traffic is expected to maintain a healthy growth. The shortage of airline seat capacity for outbound travel would be a constraint.

Recent history has shown that travel & tourism industry is particularly vulnerable to business down turns during periods of terrorist attacks, military conflicts and epidemics. These risks cannot be entirely ignored in the coming years.

Financial Services

Outbound tourism has also been facilitated by the relaxation in forex withdrawal limits for overseas travel announced by the Reserve Bank of India. The Basic Travel Quota (BTQ) or foreign exchange that an individual going abroad on private visits can freely purchase from authorised dealers during any calendar year has been raised to \$ 10,000 with effect from November 18, 2002 which should further boost spends of the Indian tourists.

Thomas Cook continues to command the numero uno status in the currency management sector of the foreign exchange market despite competition from other players especially from the segment of money changers. The increase in the limits to purchase of foreign exchange by Indian tourists would help the business.

The outlook for the sector is bright with more opportunities being thrown up by the recent spurt of liberalisation measures by the Reserve Bank of India. Entry of multinational foreign exchange companies can put competitive pressures on the company. The business is also very susceptible to limited volatility in the foreign exchange market. Keeping the transactions cost low is critical for maintaining profitability. We believe that better yield management and active management of costs that the Company has successfully initiated would mitigate these risks to a large extent. The management expects to mitigate risk of competition through the expansion of the network.

Other businesses

Key opportunities in Insurance segment are diversification of products in Domestic, with targeted growth rate of around 150%. There is also a scope for product enhancement with coverage increased from 90 to 180 days. With competitive pricing and high service levels the projected target for 2003-2004 would be accomplishable.

Implementation of SAP back-end system for Insurance would have a better control and effective use of resources resulting in rise in productivity & performance.

Results

Despite a difficult year, the Company recovered from the slump in the 2nd Quarter and recorded a growth of 8% in the revenue over the last year. The profit after tax for the same period was 12% higher. For the 4th Quarter, the Company's revenue was 26% higher than the 4th Quarter last year. The profit after tax was 145% higher than last year. The business of the Company was funded mainly through our reserves and short-term borrowings were resorted to during the year as and when required.

Internal Control, Audit and Systems

Internal Control Systems are basically of three types namely Operational, Financial and Legal. All the three types of systems have been integrated to ensure that the Company's business objectives are duly accomplished. These systems are continually monitored as well as periodically reviewed and wherever necessary, are modified or redesigned to ensure better efficiency and effectiveness.

The systems are subjected to overall control environment supervised by the Board of Directors and Audit Committee which is interalia supported by the Corporate Governance, voluntarily observed since many years and statutorily applicable since the Company's financial year ending October, 2001. Control Environment has been well laid down through written policies pertaining to Integrity values, Business transactions, Financial matters and HRD. These policies are implemented through operational and financial manuals. Looking at key role played by Information Technology in the various business processes of the Company, proper framework has been provided for the data security through an Information Systems Security Policy laid down by the Management.

All the systems are subjected to Internal Audit by inhouse Internal Audit dept./outside consultants and agencies in the form of audit assignments such as Operational audits, Systems audits, IT audits and Statutory compliance audits. These are further supported by external audits carried out by RBI under FEMA and by the Statutory Auditors who validate the fairness of financial reporting. Company



Thomas Cook (India) Limited

has also adopted the system of concurrent audit for its branches in Foreign Exchange business area w.e.f. October, 2003 as per the requirements of RBI.

The Company resorts to Risk Management methodologies to ensure that various business risks are identified well in time, are assessed for their possible impact and are effectively mitigated through various control measures. Open risks, if any, are adequately covered by insurance. Business Continuity Plans have been designed for the key operations of the Company to address any possible disaster events.

The Company has a Risk Committee chaired by CEO and MD which periodically meets to address the risk issues relating to various business and support areas and monitor the critical factors in order to effectively address them. During previous year, Risk Committee approved the risk mapping for India which lists down major risks faced by the Company in India and the mitigation controls put in place to bring down their impact. To address the Information systems related risk issues, since current year, the Company has constituted Information Security Committee (ISC) which meets quarterly before the Risk Committee meeting. Minutes of ISC are put up in the Risk Committee, which approves the recommendations made by the ISC for implementation. Risk Committee in turn reports to the Audit Committee constituted by the Board.

Human Resources

Employee Relations:

Peaceful and cordial relations continue with the employees.

A long term, 3 years "Settlement" was signed with the recognised Union, viz. The All India Tourist & Travel Employees Association. As in the past, the negotiation process was very cordial and co-operative. Employees have pledged their full support and co-operation to the Management.

The management wishes to place on record its acknowledgment and appreciation for the support extended by all the employees of the Company.

Employee Strength:

The current employee strength is 870.

Human Resources :

- A major exercise to assess the Leadership talent available in the Company was carried out with the help of international management consultants. It draws an Action Plan to further develop Management and Leadership competence in the Company.
- The Company continued its focus on training and development and as a part of the developmental emphasis, key Senior Managers were nominated for Overseas Training conducted by Thomas Cook, AG.
- The Service Quality Cell, under the overall umbrella of Human Resources function, gained momentum. This year we launched several new initiatives and training programs aimed at creating a vibrant Service Culture in the Company and to create a "Listening Organisation" which listens to its internal and external customers with care and empathy.
- We have initiated the process of implementing SAP HR – Payroll Module in the Company.

IT risks and concerns in view of the technologies - hardware, software and networking implemented in the Company

The Company's Wide Area Network (WAN) provides a stable and effective means of providing valuable support to the business. The Company has a SAP software which provides the accounting and financial analysis for the Company. The Company last year has invested in developing software for its front office operations. The software is unique by virtue of being integrated with various external systems like Customer Reservation System. The software is likely to be rolled out across all the offices of the Company during second half of the next financial year. The software will ensure that all the customer data is available to front office staff at any given time. It will also ensure that the customer data is available for various channels viz. Shops, Call Centre and Web, thus integrating all the channels of customer interaction.

All the investment in IT is susceptible to technological obsolescence rapidly. The newer versions of software that is being released by companies puts more stress on the old hardware and demands either an upgrade or a replacement thereby asking for investment. Though the exodus boom to the western world has reduced, there is a constant threat of skilled manpower shortage. The exposure to web brings in risk of sabotage through virus attacks, hacking, etc. in spite of care being taken. With the forthcoming changes in the offing for multi media integration, more investments have to be made to remain competitive and customer friendly.

BY ORDER OF THE BOARD

DR. THOMAS DOERING
VICE CHAIRMAN

A. M. KAKKAR
CEO & MANAGING DIRECTOR

Mumbai
Dated 15th December, 2003



REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

1. Company's Philosophy on the code of Corporate Governance :

Since the evolution of Thomas Cook Groups' Guidelines on Corporate Governance, Thomas Cook (India) Ltd. (TCIL) has been practicing the principles of good Corporate Governance over the last few decades.

The Company's philosophy on the code of Corporate Governance is tuned to the philosophy of Thomas Cook Group, which is:

- (i) To ensure that adequate control systems exist to enable the Board in effectively discharging its responsibilities to all the stakeholders of the Company;
- (ii) to ensure that the decision making process is fair and transparent ;
- (iii) to ensure the fullest commitment of the Management and the Board to the maximisation of shareholder value;
- (iv) to ensure that the employees of the Company subscribe to the corporate values and apply them in their conduct and
- (v) to ensure that the Company follows globally recognized corporate governance practices.

2. Board of Directors ('Board'):

Size of the Board

The Board consists of nine (9) members with three (3) Executive Directors and six (6) Non-Executive Directors. The Chairman of the Board is a Non-Executive Director.

Thomas Cook Overseas Limited has certain rights contained in the Articles of Association inter-alia, pertaining to the appointment of Directors.

Responsibilities

The Board members are expected to attend and participate in all the Board meetings and Committee meetings in which they are members. The Board of Directors' responsibilities includes reviewing corporate performance, ensuring adequate availability of financial resources and reporting to shareholders. During the year ended 31st October 2003 the board met six times. The Board members ensure that their other responsibilities do not materially impact their responsibility as a director of Thomas Cook. The Board constantly evaluates the contribution of its members and recommends their reappointment to its shareholders.

Board Meetings

The meetings of the Board of Directors are scheduled well in advance and generally held at the Company's registered office in Mumbai. The notice confirming the meeting is sent 10 days in advance and the detailed agenda is sent 7 days in advance to all the Directors. Senior Management of the Company is invited to attend the Board meetings, to make presentation and provide clarifications as and when required. The Board meets at least once a quarter to review the quarterly performance and the financial results.

The six Board meetings during the year ended 31st October 2003, were held on 5th December 2002, 16th January, 2003, 24th February, 2003 (1st), 24th February, 2003 (2nd) , 22nd May, 2003 and 22nd August, 2003.

Memberships of other boards

Executive Directors are excluded from serving on the board of any other entity, unless specific prior approval of the Board of Directors is obtained. Independent Directors are not expected to serve on the boards of competing companies. There are no other limitations other than those imposed by Law and good corporate governance practices.



Thomas Cook (India) Limited

Membership, Attendance & Directorships

Membership and Attendance of each Director at the Board of Directors meetings and the last Annual General Meeting and the Number of other Directorship and Chairmanship/Membership of Board Committees:

Sr. No.	Name of the Director	Category *	Designation	Board Meetings attended	Attendance at the last AGM	No. of Directorship in other Boards		No. of Chairmanship / Membership in other Board Committees (Including TCIL)	
						Public	Private	Chairman ship	Member ship
1.	Mr. Stefan Pichler	N.E.D.	Chairman	1	Yes	—	—	—	—
2.	Dr. Thomas Doering**	N.E.D.	Vice-Chairman	1	N.A.	—	—	—	1
3.	Mr. A. Kakkar	E.D.	Chief Executive Officer & Managing Director	6	Yes	7	1	—	2
4.	Mr. M. Menon	E.D.	E.D. – Foreign Exchange	6	Yes	4	—	—	1
5.	Mr. P. Sreekumar	E.D.	E.D. – Finance	6	Yes	3	—	—	1
6.	Mr. H.S. Billimoria	I & N.E.D.	—	6	Yes	5	1	3	2
7.	Mr. K.S.V. Krishnama Chari***	I & N.E.D.	State Bank of India - Nominee	Nil	No	15	3	—	7
8.	Mr. K. Digvijay Singh	I & N.E.D.	—	3	Yes	—	—	—	2
9.	Mr. Alan Stewart ****	N.E.D.	—	3	Yes	—	—	—	—
10.	Mr. Ian Ailles	N.E.D.	—	5	Yes	—	—	—	1
11.	Mr. L. Porter	I & N.E.D.	—	5	Yes	—	—	—	2
12.	Mr. P. P. Madhavji *****	I & N.E.D.	Chairman	4	Yes	6	1	1	3
13.	Mr. M. L. Apte*****	I & N.E.D.	—	4	Yes	10	3	1	5

* E.D. – Executive Director, N.E.D. – Non –Executive Director, I – Independent.

** Dr. Thomas Doering was appointed as an additional director as well as Vice Chairman at the Board Meeting held on 22nd August, 2003.

*** Resigned w.e.f. 15th December, 2003.

**** Resigned w.e.f. 22nd August, 2003.

***** Resigned w.e.f. 24th February, 2003.

Leave of Absence was granted by the Board to the Directors who were absent at the respective Board Meeting/s.

Executive Directors

● Responsibilities

The CEO & MD is responsible for corporate strategy, brand equity, external contacts, board matters and stakeholder relationships and certain operational matters. The Executive Directors are responsible for day to day operations, budgets and Company performance. The CEO & MD and the Executive Directors periodically make presentations and appraise the Board on their responsibilities.

● Appointment

The Executive Directors are appointed by the Shareholders for a maximum period of three (3) years at a time. The CEO & MD is appointed by the shareholders for period of five (5) years at a time.

Independent and Non-Executive Directors

● Role

'Independent Directors' have been defined as directors who apart from receiving directors' remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgement of the Board, may affect independence of judgement of the director.



The independent directors play an important role in deliberations at the Board meetings and bring to the Company their wide experience in the fields of Finance, Internet, Banking, Travel and Tourism. The Audit committee consists entirely of Non-Executive Directors and majority of them are Independent Directors. The majority of the directors on the Recruitment and Remuneration committee are Non-Executive Directors. The Board has unfettered and complete access to any information within the Company.

- **Responsibilities**

The Board of Directors' responsibilities includes reviewing corporate performance, ensuring adequate availability of financial resources and reporting to the shareholders. During the year under review the Board met six (6) times. Board members ensure that their other responsibilities do not materially impact their responsibility as a director of TCIL.

- **Appointment**

The Board members are expected to possess the expertise, skills and experience required to manage and guide the Company to be the Best Travel Company in the region. Experience in Management, Strategy, Industry, Finance and Human Resources is essential. They are not expected to be on the Board of the direct competitor of TCIL either as an Independent or Whole-Time / Executive Director.

- **Remuneration policy**

The Recruitment & Remuneration Committee determines and recommends to the Board of the Company, the compensation of the directors. The Compensation committee makes regular appraisal of their performance. The compensation policy and strategy of the Company is to be competitive by following scientific methods in determining performance and compensation structures. The Shareholders determine the compensation of the executive directors for the entire period of their term. The compensation payable to each of the independent directors is limited to a fixed sum per year as determined by the Recruitment & Remuneration Committee. The aggregate of these is within the limit of 1% of the net profits of the Company for the year in respect of Non-Executive Directors, calculated as per the provisions of the Companies Act, 1956, as approved by the shareholders, and is separately disclosed in the financial statements.

Details of Directors being appointed and re-appointed

As per the statute, two third of the directors should be retiring directors. One third of these retiring directors are required to retire every year by rotation and if eligible, these directors qualify for reappointment.

In accordance with Article 131 of the Articles of Association of the Company, Mr. H.S. Billimoria and Mr. K. Digvijay Singh retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

A brief resume of the Directors being appointed / re-appointed is as follows:

1. **Dr. Thomas Doering**

Dr. Thomas Doering, born on 10th August, 1969 is Ph.D. in Economics and has a Diploma in Engineering. He has been appointed Executive Vice President International at Thomas Cook AG since 1 March 2003. In this function he is



Thomas Cook (India) Limited

responsible for the Thomas Cook markets of Eastern Europe, India, Egypt and Canada, which form the nucleus of the Group's growth strategy. Dr. Doering is a member of Thomas Cook AG Executive Committee and reports directly to the Chairman of the Board and Chief Executive Officer. Moreover, Dr. Doering continues to hold the position of Senior Vice President Group Development at Thomas Cook AG, which he has held since September, 2001. His duties encompass the areas of strategy and organisational development, portfolio management, mergers, and acquisitions. Dr. Doering has been appointed on the Recruitment & Remuneration Committee w.e.f. 22nd August, 2003.

His first career appointment took him to the management consultancy Ronald Berger, Munich, Germany, in 1994 where his projects focused on the areas of strategy, network management and sales. Year 2000 saw Dr. Doering appointed associate partner in the management consultancy. In this function, he was responsible for the Company's dealings with major airlines and tourism companies in Europe.

Between 1990 and 1994 Dr. Doering studied mechanical engineering and business administration at Berlin Technological University, Germany and Nanyang Technological University, Singapore, before moving on to the University of California at Berkley and St. Gallen University in Switzerland where he was awarded his doctorate. He still is lecturing Service Management at St. Gallen University.

2. Mr. Hoshang S. Billimoria

Mr. Hoshang S Billimoria is a Chartered Accountant. He completed his degree in Commerce with Bombay University at Sydenham College. Thereafter he completed his articles in London with Ernst & Whinney and qualified as a Chartered Accountant from the Institute of Chartered Accounts of England and Wales. At the Institute examinations, he was twice the winner of the Deloitte Pleinder Prize.

After qualifying, he spent a year in London practicing with Ernst & Whinney after which he returned to Bombay and joined the Ernst & Whinney representative firm in India, S.B.Billimoria & Co. In 1979, he became a partner of S.B.Billimoria & Co. and was a partner in this firm for the next ten years. As a partner of S.B.Billimoria & Co. he was advisor to a large number of clients in the Indian Corporate Sector.

In 1988, he took over charge as Deputy Chief Executive Officer of Tata Sons Limited. His responsibility in Tata Sons Limited was in the area of Group policy and co-ordination. He took over as Managing Director of Tata Press Limited in May 1990. As Managing Director of Tata Press (now Tata Infomedia), he has been responsible for the big turnaround in the Company's fortunes. He has directed the entry of the Company into the Information Services business (Yellow Pages, Special Interest Publications, Direct Marketing, Children's Books) where it is now the market leader. The Company has now undertaken a major entry into the audio-visual sector with setting up of its new division 'Cutting Edge Entertainment' to make motion pictures. In 2002, he was appointed Vice Chairman & Managing Director of the Company.

Hoshang has a very keen interest in Photography, Aquatic Life, Tennis and is also a spirited Rotarian. He is the Editor of "Better Photography" magazine for the last five years.

He is a Director in several other companies like ECC Card Clothing (Asia) Pvt. Limited, Fenner (India) Limited, HDFC Asset Management Co. Limited, TADDSCO Promotions Limited, Vantech Investments Limited and also the Chairman of Development Council for Printing Industry.

3. Mr. K. Digvijay Singh

Mr. K. Digvijay Singh, 45, holds a Masters Degree in Business Administration. He has 24 years' experience at various levels in various organisations, the last being as CEO, India.com Inc.



4. Mr. M. Menon

Mr. Menon, B.A. (Business), Georgetown University, USA., MBA, Finance & International Business, George Washington University, USA was appointed as an Additional and Executive Director-Foreign Exchange for 3 years with effect from 1st May, 2000 to 30th April 2003.

Vide Circular resolution dated 28th April, 2003, the Board of Directors, subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") re- appointed Mr. Madhavan Menon, Executive Director- Foreign Exchange as a Whole-Time Director of the Company with effect from 1st May 2003 up to 30th April 2006, subject to the approval of members in the ensuing general meeting.

Mr Menon has a total experience of 23 years. His last assignment was as Chief Executive & Administrative Officer of Birla Sunlife Asset Management Co. (AMC) Ltd. His expertise spans over Banking, Finance and Travel-related Foreign Exchange Management.

His responsibilities in TCIL include all matters pertaining to TCIL's FOREX activities including achievement of planned revenue through the activity's development and growth.

3. Board Committees:

To enable better and more focussed attention on the affairs of the Company, the Board delegates particular matters to committees of the Board set up for the purpose. These committees prepare the groundwork for decision making and report at the subsequent Board meeting.

(i) Audit Committee:

The Audit Committee was formed in August, 1995 and has been reconstituted over the years as per the legal requirements from time to time. It consists of three Non-Executive Directors as on today.

The Audit Committee also invites senior executives at its meetings. The Head of Internal Audit and the Director Audit, Thomas Cook, U.K. attend the meetings. The representatives of the auditors are also invited to the meetings. The Company Secretary acts as the secretary to the committee.

Terms of Reference

The Audit Committee reviews and reports to the Board on the following:

- Appointment and remuneration of auditors
- Scope of Internal Audit
- Compliance with legal and statutory requirements
- Periodical and yearly financial results of the Company
- Effectiveness of systems and internal controls with reference to Foreign Exchange Management Act (FEMA), International Association of Travel Agents (IATA) and other regulations

The Chairman of the Audit Committee attends the Annual General Meeting of the Company.

Composition and attendance during the year ended 31st October 2003

The committee met four (4) times during the year under review. The said meetings were held on 4th December, 2002, 24th February, 2003, 22nd May, 2003 and 21st August, 2003.



Thomas Cook (India) Limited

The committee also met on 15th December, 2003 prior to the finalisation of accounts for the year ended 31st October, 2003.

Sr. No.	Name of Director	Designation	Category *	No. of Meetings attended
1.	Mr. H. S. Billimoria **	Chairman	I & N.E.D.	4
2.	Mr. P. P. Madhavji ***	Member	I & N.E.D.	2
3.	Mr. Lester Porter	Member	I & N.E.D.	2
4.	Mr. K. S. V Krishnama Chari****	Member	I & N.E.D.	–
5.	Ian Ailles*****	Member	N. E. D.	N.A.
6.	Mr. A. Kakkar	Chief Executive Officer & Managing Director	Permanent Invitee	N.A.
7.	Mr. M. Menon	E.D - Foreign Exchange	Permanent Invitee	N.A.
8.	Mr. P. Sreekumar	E.D - Finance	Permanent Invitee	N.A.

* E.D. - Executive Director, N.E.D. - Non -Executive Director I – Independent Director

** Mr. H. S. Billimoria was present at the previous Annual General Meeting held on 24th February, 2003 in terms of Clause 49(II) of the Listing Agreement.

*** Resigned w.e.f. 24th February, 2003.

**** Resigned w.e.f. 15th December, 2003.

***** Mr. Ian Ailles was appointed as a member of Audit Committee on 21st August, 2003 effective the succeeding meeting.

The committee granted Leave of absence to Mr. K. S V Krishnama Chari whenever absent at the Committee meetings.

(ii) Recruitment & Remuneration Committee:

The Recruitment & Remuneration Committee was formed in August, 1995 consisting of two Non-Executive Directors and two Executive Directors.

As per amended guidelines of the law, the Committee today comprises of 4 Non-Executive Directors and 1 Executive Director who is CEO & Managing Director.

Terms of Reference

The Committee has the mandate to consider Human Resource Policies pertaining to the recruitment and selection of Directors and senior employees of the Company, particularly the ones pertaining to terms and conditions of employment, remuneration, retirement benefits, performance appraisals, key succession planning and to make recommendations to the Board.

Remuneration Policy

The Recruitment & Remuneration Committee determines and recommends to the Board, the compensation of the Directors and employees. The key components of the Company's Remuneration Policy, as approved by the Recruitment & Remuneration Committee are :

- Compensation will be a major driver of performance



- Compensation will be competitive and benchmarked with a select group of companies from the Service Sector
- Compensation will be transparent, fair and simple to administer.
- Compensation will be fully Legal and Tax compliant.

The Compensation Strategy of the Company is to position compensation between the 66th and 75th percentile in relation with benchmarked companies.

Human Resource Development Policies for Succession And Delegation

Thomas Cook has an elaborate system in place for developing an effective succession plan in the Company. Each Head of the Business/Function is required to identify a probable successor. This is done through an objective process and the decision is based on various parameters such as :

- Competence and skills required for the current and future job
- Relevant experience and age
- Stability and long term potential of the person

The Company conducted a Leadership Assessment exercise through a renowned international external consultant viz. Korn/Ferry International, to identify second line of leadership in each Business / Function. This exercise has identified high caliber and potential employees to take over Senior Management positions in the Company in future.

In addition, the Company also implemented the 360 Degree Feedback exercise for more than 80 Managers. The exercise was conducted "online" with the help of Cerebrus Consultants. Every Manager who participated in the exercise received feedback from their supervisors, colleagues, peers and subordinates, customers and business associates on key competencies identified by the Company. It has immensely helped Managers to draw up a comprehensive Development Plan for themselves.

Composition and attendance during the year ended 31st October 2003

The Committee met three (3) times during the period under review. The three meetings were held on 4th December 2002, 24th February 2003 and 21st August 2003.

Sr. No.	Name of the Director	Designation	Category *	No. of Meetings attended
1.	Mr. Lester Porter	Member / Chairman	I & N.E.D.	2 / 1
2.	Mr. Ian Ailles**	Member	N.E.D.	1
3.	Mr. Digvijay Singh**	Member	I & N.E.D.	1
4.	Mr. A.M. Kakkar	Member	E.D.	3
5.	Mr. M.L. Apte***	Chairman	I & N.E.D.	2
6.	Mr. P.P. Madhavji***	Member	I & N.E.D.	2
7.	Mr. Thomas Doering****	Member	N.E.D.	N.A.

* E.D. - Executive Director, N.E.D. - Non -Executive Director, I – Independent Director

** Appointed w.e.f. 24th February, 2003.

*** Resigned w.e.f. 24th February, 2003.

**** Appointed w.e.f. 22nd August, 2003.



Thomas Cook (India) Limited

Details of Remuneration to all the Directors for the Year ended 31st October 2003

Name of Director	Salary (Rs.)	Benefits (Rs.)	Bonus/ Commission (Rs.)	Sitting fees (Rs.)	Total (Rs.)
Mr. Ashwini Kakkar	2,716,350	3,693,903	2,852,111	—	9,262,364
Mr. Madhavan Menon	1,393,200	3,644,364	1,552,415	—	6,589,979
Mr. P Sreekumar	1,658,550	2,449,959	1,552,415	—	5,660,924
Non-Exec. Directors	—	—	953,214	385,000	1,338,214

(iii) Share Transfer & Shareholders' / Investors' Grievance Committee:

Terms of Reference

The Share Transfer Committee was formed in 1996 consisting of three Executive Directors and three Non-Executive Directors to approve transfer of shares, splitting and consolidation of shares and issue of duplicate share certificates.

The Committee was renamed as the Share transfer & Shareholders'/Investors' Grievance Committee in February, 2001.

Composition of the Committee and attendance during the year ended 31st October 2003

Pursuant to Clause 49 (VI) of the Listing Agreement, the Committee met Twenty Four (24) times during the year under review i.e. once in a fortnight to approve matters related to Shares.

Sr. No.	Name of the Director	Designation	Category *	No. of Meetings attended
1.	Mr. H. S. Billimoria	Member/Chairman	I & N.E. D.	17
2.	Mr. A. Kakkar	Member	E.D.	20
3.	Mr. M. Menon	Member	E.D.	21
4.	Mr. P. Sreekumar	Member	E.D.	20
5.	Mr. K. S. V. Krishnama Chari **	Member	I & N.E.D.	—
6.	Mr. K. Digvijay Singh	Member	I & N.E.D.	—
7.	Mr. P. P. Madhavji***	Chairman	I & N.E.D.	7
8.	Mr. M. L. Apte***	Member	I & N.E.D.	—

* E.D. - Executive Director, N.E.D. - Non - Executive Director, I – Independent Director.

** Resigned w.e.f 15th December, 2003.

*** Resigned w.e.f 24th February, 2003.

Name and Designation of Compliance Officer

Mr. R.R. Kenkare, Head of Legal & Company Secretary



Number of shareholders Complaints/ Correspondence received so far/Number not solved to the satisfaction of shareholders/ Number of pending share transfers

I. Correspondence construed as Complaints

Sr. No.	Nature of Complaint/Query	Total Recd.	Total Replied	Pending Queries (Days)			Remarks, if any
				0-7	7-15	Above 15	
(1)	Inquiry pertaining to non receipt of shares sent for transfer	10	10	-	-	-	-
(2)	Letters received from SEBI and other Statutory bodies	2	2	-	-	-	-
(3)	Loss of shares	50	50	-	-	-	-

II. Other Correspondence

Sr. No.	Nature of Complaint/Query	Total Recd.	Total Replied	Pending Queries (Days)			Remarks, if any
				0-7	7-15	Above 15	
(1)	Non Receipt of Interest/ Dividend warrants	682	682	-	-	-	-
	(A) Warrant already paid	18	18	-	-	-	-
	(B) Fresh cheques issued against request for duplicate warrants	629	629	-	-	-	-
	(C) Reply sent giving warrant details (Reconciliation in process)	10	10	-	-	-	-
	(D) Misc. queries in connection with payment	25	25	-	-	-	-
(2)	Inquiry of dematerialisation of shares	5	5	-	-	-	-
(3)	Name correction	-	-	-	-	-	-
(4)	Change of address	86	86	-	-	-	-
(5)	ECS/Mandate Registration	52	52	-	-	-	-
(6)	Split/Consolidation/Renewal/ Duplicate issue of certificates	4	4	-	-	-	-
(7)	Request for nominations	-	-	-	-	-	-
(8)	Tax exemption forms	37	37	-	-	-	-
(9)	Transmission of Securities	3	3	-	-	-	-
(10)	Exchange/Sub division of old shares	1	1	-	-	-	-
(11)	Dividend/interest queries including request for changes on live warrants (death certificates/change in bank mandate details/name correction, etc.)	220	220	-	-	-	-
(12)	Document registration	11	11	-	-	-	-
(13)	Queries related to Bonus issues	11	11	-	-	-	-
(14)	Open Offer Redemption	5	5	-	-	-	-
(15)	Non Receipt of Annual Report	7	7	-	-	-	-
(16)	Others (Miscellaneous)	133	133	-	-	-	-
	Total (I +II)	1319	1319				



(iv) Sub-Committee of the Board:

Terms of reference

The Board of Directors formed a Sub-Committee at its meeting held on 25th April, 2001 to handle day to day matters other than those specifically required to be decided by the Board of Directors as prescribed by the Companies Act, 1956.

Composition and attendance during the year ended 31st October, 2003

The Committee meets once in a month or as and when required. During the year the Committee met thirteen (13) times to resolve the matters related to day to day affairs of the Company.

Sr. No.	Name of the Director	Designation	Category *	No. of Meetings attended
1.	Mr. A. Kakkar	Chairman	E.D.	10
2.	Mr. M. Menon	Member	E.D.	12
3.	Mr. P. Sreekumar	Member	E.D.	12

* Executive Director

4. Management Committees:

(i) EXECOM:

There had been a "Senior Management Group (SMG)" in formal existence since the inception of the Company which was renamed as "EXECOM" since the year 2001. It is a formal committee of all the Heads of various business activities and support functions. The Head of Legal & Company Secretary acts as Secretary for this Committee. It meets twice a month to discuss all the policy issues relating to the day-to-day affairs and to resolve all inter-activity issues.

(ii) Risk Committee:

The Risk Committee is chaired by CEO & MD and the Head of Business Process Improvement & Audit acts as Rapporteur for this Committee. Other members of the Committee are the Executive Directors and the Head of Legal and Company Secretary. It meets quarterly to address the risk issues relating to various business and support areas and monitor the critical factors in order to effectively address them. Areas covered by this Committee are Control Policies, Business Continuity Plans, FX coverage operations, Debtors control, Advances control, Blank TC stocks exposure, Compliance Audit (FEMA & Others), I.S. Security, Physical Security, Remittance operations, etc. It reports into the Audit Committee of the Company.

(iii) Information Security Committee:

This Committee consists of Head of Business Process Improvements & Audit and the Head of Human Resources. The Head of Information Technology (IT) acts as Rapporteur.

The Committee meets quarterly before each of the Risk Committee Meeting. It also meets when significant changes take place in the Information Systems and / or Technology that would affect the security perspective favourably / adversely and on any significant breaches of the security / security policy.



Terms of reference :

This Committee is overall responsible for all areas as follows and each such area has been identified as the specific responsibility of the respective Head of the activity: Updation and release of Information Systems Security Policy (ISSP), implementation, monitoring, and auditing of the ISSP, Breach Reporting, Breach Investigation, Punitive measures under ISSP and authority matrix. An Information Security Manager is identified to be accountable to the Head of IT to carry out all the responsibilities as above. The Committee reports into the Risk Committee.

5. Other qualitative information:

(i) Contribution to society:

- TCIL is one of the core committee members of the Heritage Mile Association. (The entire stretch from Hutatma Chowk to C.S.T. in Mumbai has been declared a Heritage Mile). This association is actively working towards restoring this mile/stretch of the road to its past glory.
- TCIL is committed to spreading education and literacy among the under privileged children of society. As a part of our commitment, we have collaborated with Door Step School, a renowned NGO, working amidst the poor and under privileged children in Mumbai. We sponsored education and fun trips for children of this school, supported all their projects and involved the children in our staff welfare programs like Diwali celebrations etc.
- In addition to Door Step School, TCIL actively supports various other NGOs such as The Spastics Society of India, CRY (Child Relief & You), V Care, Cancer Patients Aid Association in their efforts to spread awareness about health and support to under privileged people.
- The Company has instituted Thomas Cook Scholarship for the "best" student of a recognised Travel and Tourism College / University.
- Promoting Travel and Tourism related education by providing 'On the Job' training to students of the degree courses offered by various Universities.

(ii) Internal Policies / Codes adopted :

The Company has devised various internal policies for administering and controlling the information being dispersed through the organisational hierarchy. These include the Information Systems Security Policy, Policy on Prevention of Insider Trading and Anti Money Laundering Policy. Moreover, the Company has formulated a Policy on Ethics and Integrity, which is binding on all the employees of the Company.

The policy on Prevention of Insider Trading is based on the model Policy devised by SEBI (Securities and Exchange Board of India) under SEBI (Prevention of Insider Trading) Regulations, 1992 as amended on 20th February, 2002 while the Policy on Ethics and Integrity puts down in detail the ethical values for each and every employee of the organisation. Other policies viz. Information Systems Security Policy and Anti Money Laundering Policy lay down the internal control procedures in the areas of information systems and money transactions, respectively.



Thomas Cook (India) Limited

(iii) Awards and Recognition:

TCIL has been a recipient of a number of highly prestigious awards, including:

- Best Travel Agency – India, by TTG Asia, part of Pacific Asia Travel Association (PATA) programme. This is the fourth year in succession that TCIL has won this award (for the year 1999, 2000, 2001 and 2002)
- The Golden Peacock Award for Excellence in Corporate Governance-2003 for the second consecutive year initiated by the Institute of Directors (IOD), a non-profit organisation, in association with World Environment Foundation (WEF), Federation of Indian Chamber of Commerce and Industry (FICCI), World Council For Corporate Governance (WCF CG) and Center for Corporate Governance
- The National Tourism Award for 2001-2002, presented in 2003, winning the second rank in category 1 for the Company which achieved the highest foreign exchange earnings from tourism.
- The Association of Business Communicators of India (ABCI) where the Company won the first prize for its website – www.thomascook.co.in

6. Annual General Meetings:

Location and time where last three Annual General Meetings held:

Location	Date	Time
M. C. Ghia Hall, Bhogilal Hargovindas Building, 2 nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001	19 th April, 2000	3.30 p.m.
	8 th June, 2001	2.30 p.m. (EGM) *
	8 th June, 2001	3.30 p.m.
	28 th February, 2002	3.30 p.m.
Y B Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021	24 th February, 2003	3.30 p.m.

* EGM - Extraordinary General Meeting

Whether special resolutions were put through postal ballot last year, details of voting pattern:

For the year ended 31st October, 2003, there have been no ordinary or special resolutions passed by the Company's shareholders through postal ballot.

7. Related Party Transactions:

Disclosures:

- The Company does not have any related party transactions that may have any potential conflict with the interest of the Company at large.
- The Company has complied with all the requirements of regulatory authorities on capital markets and no penalties, strictures have been imposed against it.

8. Means of communication:

- Half-yearly report was sent to each household of shareholders for the half-year ended 30th April, 2003.
- The Unaudited Quarterly Financial results of the Company to be published in the proforma prescribed by the Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India Ltd. (NSE) are approved and taken on record by the Board of Directors of the Company within one month of the close of the respective quarter. The



approved results are forthwith sent to BSE & NSE as prescribed in the Listing Agreement. Further, the results in the prescribed proforma alongwith the detailed press release is published within 48 hours in the media ensuring wider publicity. As the audited annual results are published within the stipulated period of three months from the close of the financial year as required by the Listing Agreement with the Stock Exchange/s, the unaudited results for the last quarter of the financial year are not published.

- Quarterly results are published in English and in Marathi in various Newspapers. The Audited Financial Results of the Company are published in Financial Express (English) & Loksatta (Marathi).
- Quarterly results have also been hosted on the Company's website www.thomascook.co.in .
- As per requirements of Clause 51 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern, etc. is provided to the special web-site www.sebiedifar.nic.in within the timeframe prescribed in this regard.
- All the official news releases and presentations on significant developments in the Company are hosted on Company's website and provided to the analysts and the press simultaneously.
- The Management Discussion and Analyst Report is attached with the Directors Report in this Annual Report.

9. General Shareholder information:

Annual General Meeting	: 27 th Annual General Meeting
Date	: Friday, 27 th February, 2004
Time	: 3.30 p.m.
Venue	: Y B Chavan Auditorium Gen. Jagannath Bhosale Marg Next to Sachivalaya Gymkhana Mumbai 400 021
Financial Calendar	: 1 st November to 31 st October
Book closure	: Friday, 6 th February, 2004 to Friday, 27 th February, 2004 (both days inclusive)
Dividend payment date	: 15 th March, 2004
Listing on Stock Exchanges	: The Stock Exchange, Mumbai, 1 st Floor, New Trading Ring, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Tel. No. : 022-2272 1233/34 Fax No. : 022-2272 1552 National Stock Exchange of India Ltd Exchange Plaza, 5 th Floor, Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai – 400 051 Tel. No. : 022-2659 8100 - 14 Fax No. : 022-2659 8237/38



Thomas Cook (India) Limited

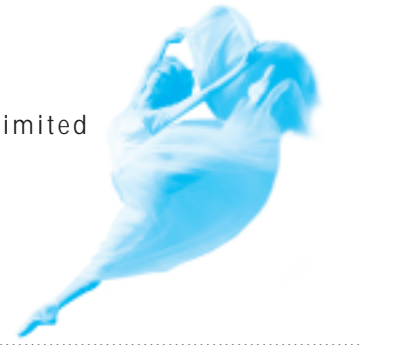
Stock Code : The Stock Exchange, Mumbai
Securities in - Physical Form No. 413
Electronic Form No. 500413
Scrip Name – THOMAS CK IN
National Stock Exchange of India Ltd
Symbol - THOMASCOOK
Series - EQ
Scrip Name – THOMAS COOK
ISIN : INE332A01019
Market Price Data : High, Low during each month for the year
ended on 31st October, 2003

The Stock Exchange, Mumbai (BSE):

Sr. No.	Month	High (Rs.)	Low (Rs.)	Volume
1.	Nov 02	238.00	218.75	11435
2.	Dec 02	257.25	225.00	87684
3.	Jan 03	238.70	216.00	29277
4.	Feb 03	238.00	211.00	26598
5.	Mar 03	237.00	193.00	24035
6.	Apr 03	220.00	185.00	16117
7.	May 03	221.20	186.00	32698
8.	June 03	217.00	198.00	53079
9.	July 03	255.00	200.40	201687
10.	Aug 03	246.10	220.80	93524
11.	Sep 03	242.00	212.00	51468
12.	Oct 03	291.50	222.75	185832

The National Stock Exchange of India Limited (NSE):

Sr. No.	Month	High (Rs.)	Low (Rs.)	Volume
1.	Nov 02	243.00	220.00	18385
2.	Dec 02	260.00	226.05	134568
3.	Jan 03	249.00	210.00	51926
4.	Feb 03	239.00	210.25	53047
5.	Mar 03	232.00	195.10	55657
6.	Apr 03	208.50	184.50	47686
7.	May 03	220.00	185.10	79486
8.	June 03	217.00	198.00	108058
9.	July 03	244.85	211.35	143631
10.	Aug 03	250.00	214.85	147909
11.	Sep 03	241.90	210.75	91497
12.	Oct 03	293.90	224.00	265365



Performance in comparison to broad-based indices such as BSE Sensex, Nifty Index etc.

Performance of TCIL Share Price vis-a-vis BSE Index

Performance of TCIL Share Price vis a vis NSE Index

Registrar & Transfer Agents

: Tata Share Registry Limited,
Army and Navy Building,
148, Mahatma Gandhi Road,
Fort, Mumbai 400 001.
Tel. No. : 022- 5656 8484
Fax. No. : 022- 5656 8494
Email id : csg-unit@tatashare.com
Web-site : www.tatashare.com

Share Transfer System:

Share Transfer is normally effected within a maximum period of 30 days from the date of receipt, if all the required documentation is submitted. All share transfers are approved by the Share Transfer & Shareholders'/Investors' Grievance Committee which meets every fortnight.



Thomas Cook (India) Limited

Distribution of shareholding as on 31st October, 2003 :

Sr. No.	Range of Holding			No. of shares	Amount (Rs.)	% to Capital	No. of Share-holders	% to Share-holders
1	1	To	5000	1561229	15612290	10.71	15990	88.99
2	5001	To	10000	783773	7837730	5.37	1125	6.26
3	10001	To	20000	808841	8088410	5.55	668	3.72
4	20001	To	30000	235971	2359710	1.62	98	0.54
5	30001	To	40000	131260	1312600	0.9	38	0.21
6	40001	To	50000	71679	716790	0.49	16	0.09
7	50001	To	100000	144921	1449210	0.99	21	0.12
8	Greater	Than	100000	10845659	108456590	74.37	13	0.07
			Total	14583333	145833330	100.00	17969	100.00

Categories of Shareholders as on 31st October, 2003

Sr. No.	Shares held by	No. of Shares	Percentage (%)
1.	Foreign Holdings		
	a. Foreign Collaborators	8750000	60.00
	b. Foreign Financial Institution	358	0.00
	c. Overseas Corporate Bodies	0	0.00
	d. Other NRI's	32922	0.23
	Total (a+b+c+d)	8783280	60.23
2.	Govt./Govt. Sponsored Financial Institutions		
	a. Unit Trust of India	361020	2.48
	b. The Oriental Insurance Company Ltd	17726	0.12
	c. Nationalised Banks	1213477	8.32
	Total (a+b+c)	1592223	10.92
3.	Foreign Banks	1648	0.01
4.	Other Banks	2562	0.02
5.	Mutual Funds	921	0.01
6.	Bodies Corporate	474801	3.26
7.	Directors & their Relatives		
	a. Mr. A. M. Kakkar & relatives	23254	0.16
	b. Mr. Madhavan Menon & Relatives	500	0.00
	c. Mr. P. Sreekumar	2245	0.02
	Total (a+b+c)	25999	0.18
8.	Other Resident Individuals	3701899	25.37
	GRAND TOTAL (1+2+3+4+5+6+7+8)	14583333	100.00



Dematerialisation of shares and liquidity:

Status of dematerialisation as on 31st October, 2003:

Particulars	No. of shares	% to capital	No. of Accounts
National Securities Depository Limited	13471454	92.37	13617
Central Depository Securities Limited	156823	1.08	952
Total Dematted	13628277	93.45	14569
Physical	955056	6.55	3400
Total	14583333	100.00	17969

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company has not issued any of these instruments so far.

Plant Locations:

The Company does not carry on any manufacturing activities. The Company offers its existing range of services of Foreign Exchange, Corporate Travel, Leisure Travel, Card Products and Call Centre through its network of 54 branches across 16 cities in India and also at Sri Lanka.

Address for correspondence

: Thomas Cook (India) Limited,
Thomas Cook Building,
Dr D N Road, Fort,
Mumbai 400 001
Tel. No. : 022-2204 8556 / 7 / 8
Fax No. : 022-2287 1069
Email: sharedept@in.thomascook.com

By Order of the Board

DR. THOMAS DOERING
VICE CHAIRMAN

A. M. KAKKAR
CEO & MANAGING DIRECTOR

Mumbai
Dated 15th December, 2003



Thomas Cook (India) Limited

REPORT OF VARIOUS COMMITTEES OF THE BOARD

Report of the Audit Committee to the Members :

The Audit Committee of the Board consisted of the following members:

Mr. H S Billimoria
Mr. P P Madhavji
Mr. Lester Porter

Mr. R Sundararaman / Mr. K S V Krishnama Chari

Mr. R R Kenkare, Head of Legal & Company Secretary, acts as the secretary of the Committee.

As per the requirements of the clause on Corporate Governance in the Listing Agreement as also the provisions of the Companies Act, 1956, the Audit Committee consists of Non-Executive Directors exclusively.

The Committee has, inter alia, overseen the Company's financial reporting system and the disclosure of financial information. The committee reviewed the independence of both the internal and statutory auditors. The committee discussed the quality of the accounting principles applied and made significant judgments on issues affecting the financial statements. The committee also discussed with the internal and statutory auditors and with the line managers underlying assumptions affecting financial statements and other significant decisions made by the management in the course of preparation of the financial statements. The committee also reviewed the reports of the Risk Management Committee. The internal controls put in place to ensure that the accounts of the company are properly maintained and that prevailing laws and regulations are complied with were reported upon by the internal auditors and the statutory auditors to the Committee. Based on these reports, the committee found no material discrepancy or weakness in the internal systems of the Company.

The committee recommended to the Board the reappointment of M/s. Lovelock & Lewes, as statutory auditors of the Company for the year ended 31st October, 2003. The committee also recommended the appointment of the internal auditors along with the scope of their work.

Mumbai
15th December, 2003

H S Billimoria
Chairman
Audit Committee



Report of the Recruitment & Remuneration Committee to the Members:

The Recruitment & Remuneration Committee met 3 times during the year under review and the requisite quorum was always present from among the following members of the Committee:

Name of the Director	Designation	Period
Mr. M.L. Apte	Chairman	Upto February, 2003
Mr. P.P. Madhavji	Member	Upto February, 2003
Mr. Lester Porter	Member	Upto February, 2003
	Chairman	From August, 2003
Mr. A.M. Kakkar	Member	For the full year
Mr. Ian Ailles	Member	From August, 2003
Mr. K. Digvijay Singh	Member	From August, 2003

Mr. Parag Paranjpe, Head of Human Resources, was the Rapporteur of the Committee.

Salaries:

The Committee reviewed and approved the compensation payable to the Executive Directors of the Company for the year under review within the overall limits approved by the shareholders. Information on compensation and other benefits provided to Executive Directors is disclosed in the annual report. The Committee also reviewed the compensation proposed for all the management committee members. The Committee believes that the proposed compensation and benefits is adequate to motivate and retain the senior officers of the Company.

The Committee reviewed the proposal for increments to be paid to employees for the performance year November, 2002 to October, 2003. The Committee deliberated and approved an average increment rate of 8%.

The Committee reviewed the performance of the Company and approved the proposal for payment of Performance Linked Variable Bonus to employees.

Non Executive Directors:

Non Executive Directors are paid compensation not exceeding the limit specified by statute and based on the approval of the members of the Company. This is to compensate the Non-Executive Directors for their contribution on various deliberations at the meeting/s and also for the responsibilities undertaken.

Following is the list of Non-Executive Directors of the Company:

Name	Period in Office	
	From	To
Mr. P. P. Madhavji	01.11.02	24.02.03
Mr. M. L. Apte	01.11.02	24.02.03
Mr. R. Sunderaraman (SBI Nominee)	01.11.02	05.12.02
Mr. K. S. V. Krishnama Chari (SBI Nominee)	05.12.03	31.10.03
Mr. Stefan Pichler	16.01.03	31.10.03
Dr. Thomas Doering	22.08.03	31.10.03
Mr. H. S. Billimoria	01.11.02	31.10.03
Mr. K. Digvijay Singh	01.11.02	31.10.03
Mr. Lester Porter	01.11.02	31.10.03
Mr. Alan Stewart	01.11.02	22.08.03
Mr. Ian Ailles	01.11.02	31.10.03

For the period ended 31st October 2003, all the Indian Non-Executive Directors in aggregate are eligible for a total commission of Rs. 9,53,214/- and all the overseas Non-Executive Directors in aggregate are eligible for Rs. 10,32,133/-. Save other than as disclosed, none of the Directors had a material beneficial interest in any contract of significance to which the Company or any of its subsidiary undertakings was a party, during the financial year.

Mumbai
15th December, 2003

Lester Porter
Chairman
Recruitment & Remuneration Committee



Report of the Share Transfer & Shareholders’ / Investors’ Grievance Committee to the Members:

The Share Transfer & Shareholders’ / Investors’ Grievance Committee of the Board met 24 times during the year ended 31st October, 2003. The Committee attended to share transfer formalities once in a fortnight as stipulated under Clause 49 of the Listing agreement. The requisite quorum was present from among the following members of the Committee:

- Mr. H. S. Billimoria
- Mr. A. Kakkar
- Mr. M. Menon
- Mr. P. Sreekumar
- Mr. K S V Krishnama Chari
- Mr. K. Digvijay Singh
- Mr. P. P. Madhavji
- Mr. M. L. Apte
- Mr. R. Sundararaman

Mr. R. R. Kenkare, Head of Legal & Company Secretary, acts as the Secretary of the Committee.

The Share Transfer Committee was formed in 1996 consisting of three Executive Directors and three Non-Executive Directors with the mandate to approve transfer of shares, splitting and consolidation of shares, issues of duplicate share certificates and transmission of shares with or without legal representation.

The Committee also takes note of various shareholder and comments received by the Registrar & Share Transfer Agents viz. Tata Share Registry Limited and directly by the Company and oversees redressal of the same.

No. of correspondence received	1319
No. of correspondence attended to	1319
No. of correspondence pending	—

Mumbai
6th November, 2003

H. S. Billimoria
Chairman
Share Transfer & Shareholders’/
Investors’ Grievance Committee



Report of the Sub-Committee of the Board to the Members:

The Sub-Committee of the Board met 13 times, during the year ended 31st October, 2003. The requisite quorum was present from among the following members of the Committee.

Mr. A. Kakkar
Mr. M. Menon
Mr. P. Sreekumar

Mr. R. R. Kenkare, Head of Legal & Company Secretary, acts as the Secretary of the Committee.

The Board has delegated certain powers of routine nature required to effectively manage the day to day affairs of the Company. These are considered at length at the meetings of this Committee which while relieving the full Board from the burden of considering routine matters also helps to effectively reduce the time to go ahead in the matters requiring Board approval.

The Sub-committee consists of the CEO and Managing Director, Executive Director- Foreign Exchange and Executive Director- Finance. The Sub-Committee meets once in a month or as and when required.

Mumbai
27th November, 2003

A. Kakkar
Chairman
Sub-Committee of the Board



Thomas Cook (India) Limited

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

To the Members of Thomas Cook (India) Limited:

1. We have examined the implementation of Corporate Governance procedures by Thomas Cook (India) Limited (the company) for the year ended 31st October, 2003 with the relevant records and documents maintained by the company furnished to us for our review and the report on Corporate Governance as approved by the Board of directors.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the effectiveness with which the management has conducted the affairs of the company.

3. In our opinion and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) have been complied with in all material respects by the company.

Mumbai
15th December, 2003

For Lovelock & Lewes
Chartered Accounts

Sharmila A. Karve
Partner
Membership No: 43229



**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF THOMAS COOK (INDIA) LIMITED
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THOMAS COOK (INDIA) LIMITED
AND ITS SUBSIDIARIES**

1. We have examined the attached consolidated Balance Sheet of Thomas Cook (India) Limited (the company) and its subsidiaries as at 31st October, 2003, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements prepared are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.
3. We did not audit the financial statements of the Sri Lanka branch of the company, Thomas Cook (Mauritius) Holding Company Limited and Thomas Cook (Mauritius) Operations Company Limited whose financial statements reflect total assets of Rs. 111,328,353 as at 31st October, 2003 and total revenues of Rs. 44,914,995 for the year then ended. These financial statements have been audited by other auditors whose unqualified reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this branch/these subsidiaries, is based on the reports of the other auditors.
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard – 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the individual audited financial statements of Thomas Cook (India) Limited and its subsidiaries included in the aforesaid consolidation.
5. On the basis of the information and explanations given to us and on consideration of the individual audit reports on individual audited financial statements of Thomas Cook (India) Limited and its subsidiaries, we are of the opinion that :
 - a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Thomas Cook (India) Limited and its subsidiaries as at 31st October, 2003;
 - b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Thomas Cook (India) Limited and its subsidiaries for the year then ended; and
 - c) the consolidated Cash Flow Statement gives a true and fair view of the cash flows of Thomas Cook (India) Limited and its subsidiaries for the year then ended.

For Lovelock & Lewes
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number – 43229
Mumbai, 15th December, 2003



Thomas Cook (India) Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST OCTOBER, 2003

	Schedule	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
I. SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Capital	A	145,833,330	145,833,330
Reserves and surplus	B	1,081,764,283	926,584,613
		<u>1,227,597,613</u>	<u>1,072,417,943</u>
LOAN FUNDS :			
Secured loans	C	3,810,700	111,555,811
Unsecured loans	D	62,256,400	131,071,646
		<u>66,067,100</u>	<u>242,627,457</u>
DEFERRED TAX LIABILITY	E	46,946,979	49,775,780
		<u>1,340,611,692</u>	<u>1,364,821,180</u>
II. APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross block	F	762,074,927	711,992,226
Less : Depreciation		316,490,315	281,632,231
Net block		<u>445,584,612</u>	<u>430,359,995</u>
Advances for capital expenditure		35,292,268	22,719,224
		<u>480,876,880</u>	<u>453,079,219</u>
INVESTMENTS	G	48,974,561	1,506,206
CURRENT ASSETS, LOANS AND ADVANCES :			
Sundry debtors	H	495,297,724	486,878,471
Cash and bank balances	I	682,543,922	690,551,942
Loans and advances	J	304,965,920	264,879,577
		<u>1,482,807,566</u>	<u>1,442,309,990</u>
LESS : CURRENT LIABILITIES AND PROVISIONS :			
Liabilities	K	601,011,134	476,453,568
Provisions	L	71,116,456	57,654,077
		<u>672,127,590</u>	<u>534,107,645</u>
NET CURRENT ASSETS		<u>810,679,976</u>	<u>908,202,345</u>
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Startup costs for new businesses		—	1,959,534
Preliminary expenses		80,275	73,876
		<u>80,275</u>	<u>1,959,534</u>
		<u>1,340,611,692</u>	<u>1,364,821,180</u>

Notes to the accounts

Q

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

In terms of our report of even date

For Lovelock & Lewes
Chartered Accountants

For and on behalf of the Board of Directors

DR. THOMAS DOERING - VICE CHAIRMAN
A. M. KAKKAR - CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR
P. SREEKUMAR - EXECUTIVE DIRECTOR - FINANCE
M. MENON - EXECUTIVE DIRECTOR - FOREIGN EXCHANGE
R. R. KENKARE - HEAD OF LEGAL & COMPANY SECRETARY

Sharmila A. Karve
Partner
Membership Number – 43229
Mumbai, 15th December, 2003

Mumbai, 15th December, 2003



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST OCTOBER, 2003

	Schedule	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
INCOME :			
Turnover		1,118,465,183	1,025,691,032
Other income	M	31,585,013	31,509,518
		<u>1,150,050,196</u>	<u>1,057,200,550</u>
EXPENDITURE :			
Personnel expenses	N	280,355,821	252,986,258
Advertisement and business promotional expenses		71,048,931	66,292,424
Interest expenses	O	10,528,711	27,393,488
Other expenses	P	397,209,647	342,700,912
Amortisation of startup cost		1,959,534	2,462,673
Depreciation	F	45,973,753	55,019,802
Diminution in the value of investment		-	410,668
		<u>807,076,397</u>	<u>747,266,225</u>
Profit before taxation		<u>342,973,799</u>	<u>309,934,325</u>
Provision for taxation			
- Current		127,999,060	120,054,634
- Deferred		(2,821,767)	(8,912,975)
Profit after taxation		<u>217,796,506</u>	<u>198,792,666</u>
Transferred from reserve as required under section 80HHD of the Income-tax Act, 1961		15,000,000	17,500,000
Transferred to reserve as required under section 80HHD of the Income-tax Act, 1961		15,000,000	15,000,000
		<u>217,796,506</u>	<u>201,292,666</u>
Balance brought forward from last year		<u>225,328,711</u>	<u>91,484,619</u>
Amount available for appropriations		<u>443,125,217</u>	<u>292,777,285</u>
Less : Appropriations			
Proposed dividend		54,687,499	48,125,000
Corporate dividend tax		7,929,337	-
Transferred to general reserve		22,571,275	19,323,574
Balance carried to balance sheet		<u>357,937,106</u>	<u>225,328,711</u>
Basic and Diluted Earnings Per Share [Note 3(e) in Schedule Q]		14.93	13.63
Notes to the accounts	Q		

Schedules "F", "M" to "Q" referred to above form an integral part of the Profit and Loss Account

In terms of our report of even date

For Lovelock & Lewes
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number – 43229
Mumbai, 15th December, 2003

For and on behalf of the Board of Directors

DR. THOMAS DOERING - VICE CHAIRMAN
A. M. KAKKAR - CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR
P. SREEKUMAR - EXECUTIVE DIRECTOR - FINANCE
M. MENON - EXECUTIVE DIRECTOR - FOREIGN EXCHANGE
R. R. KENKARE - HEAD OF LEGAL & COMPANY SECRETARY
Mumbai, 15th December, 2003



Thomas Cook (India) Limited

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

	Rs.	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "A" : CAPITAL :			
Authorised :			
20,000,000 Equity shares of Rs.10/- each		200,000,000	200,000,000
Issued and subscribed :			
14,583,333 Equity shares of Rs.10/- each fully paid-up		145,833,330	145,833,330
1) of the above, 279,993 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 13,883,333 Equity shares issued as fully paid-up bonus shares by capitalisation of general reserve and capital reserve			
3) of the above 8,750,000 Equity shares of Rs. 10/- each are held by the holding company Thomas Cook Overseas Limited, U.K.			
SCHEDULE "B" : RESERVES AND SURPLUS :			
Reserve as required under Section 80HHD of the Income-tax Act, 1961 :			
Balance as per last Balance Sheet	106,000,000		108,500,000
Add : Transferred from Profit and Loss Account	15,000,000		15,000,000
	121,000,000		123,500,000
Less : Transferred to Profit and Loss Account	15,000,000		17,500,000
		106,000,000	106,000,000
General Reserve :			
Balance as per last Balance Sheet	595,255,902		575,932,328
Add : Transferred from Profit and Loss Account	22,571,275		19,323,574
		617,827,177	595,255,902
Profit and Loss Account		357,937,106	225,328,711
		1,081,764,283	926,584,613
SCHEDULE "C" : SECURED LOANS :			
Overdraft from banks		3,810,700	111,555,811
(Secured by hypothecation of book debts, stock of currencies, current assets, fixed assets and paid documents)			
		3,810,700	111,555,811
SCHEDULE "D" : UNSECURED LOANS :			
Overdraft from banks		—	72,028
Commercial paper		—	100,000,000
(payable within one year Rs. Nil, previous year Rs. 100,000,000/-)			
From Deutsche Bank AG, London		28,754,582	26,791,515
(temporary overdraft in normal course of business)			
From ANZ Bank, Australia		10,833,791	3,942,266
(temporary overdraft in normal course of business)			
From ANZ Bank, New Zealand		1,543,314	265,837
(temporary overdraft in normal course of business)			
From Westpack, Sydney		115,822	—
(temporary overdraft in normal course of business)			
From Bank of Nova Scotia, Canada		13,391,499	—
(temporary overdraft in normal course of business)			
From ANZ Bank, Sri Lanka		4,598,030	—
(temporary overdraft in normal course of business)			
From HSBC, Sri Lanka		1,470,796	—
(temporary overdraft in normal course of business)			
From Pan Asia Bank, Sri Lanka		1,548,566	—
(temporary overdraft in normal course of business)			
		62,256,400	131,071,646
SCHEDULE "E" : DEFERRED TAX LIABILITY :			
Deferred Tax Assets :			
Provision allowable for tax purposes when paid	2,880,032		2,664,945
Provision for doubtful debts and advances	12,471,260		8,867,320
	15,351,292		11,532,265
Deferred Tax Liability :			
On fiscal allowances on fixed assets	62,298,271		60,587,916
Start-up cost of new business amortised in the books but fully claimed in tax when incurred	—		720,129
	62,298,271		61,308,045
	46,946,979		49,775,780

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

SCHEDULE “F” : FIXED ASSETS :

	GROSS BLOCK – AT COST				DEPRECIATION				NET BLOCK	
Details	As at 1st November, 2002 Rs.	Additions during the year Rs.	Disposal/ Adjust- ments Rs.	As at 31st October, 2003 Rs.	As at 1st November, 2002 Rs.	For the year Rs.	On Deductions Rs.	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.	
Goodwill	8,831,169	—	—	8,831,169	5,010,796	1,772,700	—	6,783,496	3,820,373	
Leasehold Properties	23,014,187	—	—	23,014,187	22,505,557	6,330	—	22,511,887	508,630	
Freehold Premises #	253,412,932	12,245,233	—	265,658,165	26,751,459	4,202,322	—	30,953,781	226,661,473	
Strong Room	674,425	—	—	674,425	495,491	14,633	—	510,124	178,934	
Furniture and fixtures	112,440,696	13,682,260	2,715,188	123,407,768	43,007,554	7,672,346	1,788,167	48,891,733	69,433,142	
Computers	170,722,228	20,801,956	4,495,160	187,029,024	138,417,884	19,030,735	4,472,815	152,975,804	32,304,344	
Office Equipment	96,884,362	10,851,005	3,733,307	104,002,060	26,499,405	6,445,935	1,791,537	31,153,803	70,384,957	
Vehicles ##	46,012,227	7,588,750	4,142,848	49,458,129	18,944,085	6,828,752	3,063,150	22,709,687	27,068,142	
GRAND TOTAL	711,992,226	65,169,204	15,086,503	762,074,927	281,632,231	45,973,753	11,115,669	316,490,315	430,359,995	
Previous year	695,470,470	36,142,064	19,620,308	711,992,226	242,630,639	55,019,802	16,018,210	281,632,231	430,359,995	

NOTE : # Cost of Freehold premises includes :

- 160 (previous year 110) unquoted fully paid shares in various co-operative societies amounting to Rs. 8,250/- (previous year Rs.5,750/-)
- Rs. 2,540/- towards share application money to various co-operative societies.
- Rs. 21,539,300/- (previous year Rs. 9,629,164/-) for premises on freehold land where the company is yet to be registered as the owner of a proportionate share in land.
- Rs. 150,186,286/- for premises where the co-operative society is yet to be formed.

includes Rs. NIL (previous year Rs. 1,337,104/-) assets purchased under Hire Purchase agreement.





Thomas Cook (India) Limited

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "G" : INVESTMENTS :		
I) Long Term Investments		
Equity shares (Trade) :		
Quoted :		
Tangerine Beach Hotel Limited		
196,831 Ordinary shares of SLR 10/- each fully paid-up	1,279,624	1,279,624
Unquoted :		
Bidorbuy.com		
1,344,300 Ordinary shares of USD 0.01 each fully paid-up	28,126,382	28,126,382
Debentures :		
Tangerine Beach Hotel Limited		
Zero coupon redeemable debentures of SLR 100/- each fully paid-up	189,237	226,582
II) Current Investments		
Mutual Fund Investments (Non-trade, quoted) :		
4,750,522 (previous year Nil) units of Rs.10/- each fully paid-up in Alliance Cash Manager-IP-Daily Dividend	47,505,700	—
	77,100,943	29,632,588
Less : Diminution in the value of investment	28,126,382	28,126,382
	48,974,561	1,506,206
Aggregate carrying cost of quoted investments	48,785,324	1,279,624
Aggregate carrying cost of unquoted investments	189,237	226,582
Market Value of quoted investments	52,983,507	2,893,416
Purchase of Mutual Funds during the year (in units) :		
Alliance Cash Manager-IP-Daily Dividend	30,392,260	—
JM High Liquidity Fund-Daily Dividend	27,273,998	—
Redemption of Mutual Funds during the year (in units) :		
Alliance Cash Manager-IP-Daily Dividend	25,641,738	—
JM High Liquidity Fund-Daily Dividend	27,273,998	—
SCHEDULE "H" : SUNDRY DEBTORS :		
Unsecured, considered good		
Outstanding exceeding six months	13,252,874	21,799,660
Others	482,044,850	465,078,811
	495,297,724	486,878,471
Unsecured, considered doubtful		
Outstanding exceeding six months	23,269,321	24,128,762
	23,269,321	24,128,762
	518,567,045	511,007,233
Less : Provision for doubtful debts	23,269,321	24,128,762
	495,297,724	486,878,471



**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "I" : CASH AND BANK BALANCES :		
Cash and cheques on hand (including foreign currencies-notes and paid documents)	207,225,929	228,668,151
Remittances in transit :		
Foreign currencies - Notes and paid documents	292,386,124	256,721,234
Less : provision for lost remittances	2,804,781	2,984,279
	289,581,343	253,736,955
Balances with scheduled banks :		
On current account	48,233,389	142,573,796
On fixed deposit	86,540,769	12,100,655
	134,774,158	154,674,451
Balances with Non-scheduled banks :		
On current account with ABN Amro Bank, London	74,900	651,942
On current account with Bank of New York, USA	2,435,648	2,590,271
On current account with Bankers Trust New York, USA	777,260	2,237,053
On current account with Deutsche Bank AG, Frankfurt, Germany	13,119,001	5,922,725
On current account with HSBC, London	214,717	2,883,515
On current account with Westpack Bank, Sydney	—	6,058,271
On current account with Bank of Nova Scotia, Tokyo, Japan	3,037,973	—
On current account with Bank of Nova Scotia, Canada	—	4,228,740
On current account with Credit Suisse, Zurich	2,591,402	1,547,551
On current account with HSBC, Sri Lanka	—	2,143,088
On current account with Standard Chartered Grindlays Bank, Sri Lanka	9,859	1,154,488
On current account with Pan Asia Bank, Sri Lanka	—	858,736
On current account with Commercial Bank, Sri Lanka	2,532,528	—
On current account with NDB Bank, Sri Lanka	—	8,338
On current account with Deutsche Bank, Sri Lanka	1,834,505	—
On current account with Hatton National Bank, Sri Lanka	6,633	184,704
On fixed deposit account with HSBC, Sri Lanka	44,132	5,307,746
On fixed deposit account with Pan Asia Bank, Sri Lanka	1,850,251	1,776,887
On fixed deposit account with Standard Chartered Grindlays Bank, Sri Lanka	9,653,316	5,324,366
On fixed deposit account with NDB Bank, Sri Lanka	8,322,806	8,069,679
On current account with HSBC, Mauritius	599,076	580,113
On current account with Barclays Bank, Mauritius	631,233	1,232,741
On current account with Deutsche Bank, Mauritius	2,598,416	627,577
On fixed deposit account with HSBC, Mauritius	88,830	83,854
On current account with HSBC, Mauritius	540,006	—
	<u>682,543,922</u>	<u>690,551,942</u>



Thomas Cook (India) Limited

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

		As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "J" : LOANS AND ADVANCES :			
(Unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
Considered Good	300,541,189		
Considered Doubtful	11,488,946		
	<u>312,030,135</u>		
Less : Provision for doubtful Advances	11,488,946	300,541,189	251,323,570
Balance with customs, port trust etc.		209,247	270,052
Tax payments less provisions		4,215,484	13,285,955
		<u>304,965,920</u>	<u>264,879,577</u>
SCHEDULE "K" : LIABILITIES :			
Sundry creditors - other than SSI units		493,264,129	409,380,659
Other liabilities		3,131,964	3,151,690
Purchase consideration for acquisition of Sri Lanka branch operations		4,802,000	4,802,000
Advance payment from customers for which value to be given (including travellers cheques, drafts and transfers unpaid)		98,045,837	57,045,592
Investor Education and Protection Fund :			
Balance in share application money and fractional entitlement on bonus shares refund accounts		49,066	136,594
Unclaimed dividends		1,718,138	1,937,033
		<u>601,011,134</u>	<u>476,453,568</u>
SCHEDULE "L" : PROVISIONS :			
Provision for Gratuity		9,422,121	9,529,077
Proposed dividend		54,687,499	48,125,000
Corporate dividend tax		7,006,836	—
		<u>71,116,456</u>	<u>57,654,077</u>



**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST OCTOBER, 2003**

	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
SCHEDULE "M" : OTHER INCOME :		
Interest on :		
Bank accounts	8,129,633	6,453,145
(tax deducted at source Rs. 938,089/-, previous year Rs. 526,371/-)		
Refund of tax	—	945,576
Others	183,373	205,211
Dividend income from mutual fund investments	1,660,534	—
Rent	77,006	21,038
Profit on sale of fixed assets	784,305	961,484
Exchange differences (net) other than in normal course of business as foreign exchange authorised dealers	5,230,508	8,788,935
Management Fees	3,008,750	3,350,940
Miscellaneous income	12,510,904	10,783,189
	<u>31,585,013</u>	<u>31,509,518</u>
SCHEDULE "N" : PERSONNEL EXPENSES :		
Salaries, wages and bonus	192,071,652	164,776,366
Contribution to provident and other funds	20,139,503	17,206,479
Premium on/provision for gratuity-cum-life assurance policy	7,787,909	4,920,238
Staff welfare	33,385,969	32,806,466
Staff training, recruitment and other cost	8,009,883	5,570,650
Incentive/Commission to staff and directors	18,960,905	27,706,059
	<u>280,355,821</u>	<u>252,986,258</u>
SCHEDULE "O" : INTEREST EXPENSES :		
On bank overdraft	7,960,891	22,228,905
On commercial paper	2,567,820	5,164,583
	<u>10,528,711</u>	<u>27,393,488</u>



Thomas Cook (India) Limited

**SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST OCTOBER, 2003**

	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
SCHEDULE "P" : OTHER EXPENSES :		
Rent	48,509,004	39,731,096
Rates and taxes	2,014,381	1,972,117
Insurance	10,109,004	10,775,392
Repairs – Building	116,974	165,451
– Others	30,894,974	29,777,285
Electricity	18,164,522	17,217,432
Printing and stationery	15,027,659	14,000,542
Postage, telegrams, telex and telephones	43,558,994	37,958,676
Freight currency shipment	13,707,458	12,736,481
Legal and professional fees	22,357,065	15,497,595
Statutory Auditors' remuneration :		
Audit fees	1,364,305	1,317,042
Reports under various sections of		
Income-tax Act, 1961	1,031,400	971,250
Miscellaneous Reports	515,000	324,800
Reimbursement of out-of-pocket expenses	50,450	87,395
Branch Auditors' remuneration :		
Branch audit fees	101,866	88,740
	3,063,021	2,789,227
Bank charges including handling charges on remittances	24,446,448	23,280,664
Travelling and subsistence	44,342,759	39,941,763
Brokerage and incentives	54,493,346	34,208,830
Directors' fees	430,500	305,500
Security services	7,593,720	7,086,175
Motor car running expenses	10,907,265	9,830,325
Name licence fee	10,530,025	8,867,534
Miscellaneous expenses	9,804,121	15,286,444
Card Product expenses	2,196,225	—
Clearance expenses	8,638,286	6,334,908
Provision for bad and doubtful debts and advances (net)	11,344,834	6,483,167
Bad and doubtful debts written off	2,283,684	3,272,754
Provision for remittances lost in transit	—	28,693
Reversal of excess interest accrued on tax refund	202,063	3,518,515
Loss on fixed assets sold/scrapped	2,473,315	1,634,346
	<u>397,209,647</u>	<u>342,700,912</u>



**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "Q"

1. BASIS OF CONSOLIDATION

The consolidated financial statements of Thomas Cook (India) Limited and its fully owned domestic and foreign subsidiaries are prepared in accordance with Accounting Standard (AS) - 21 on Consolidated Financial Statements as prescribed by Institute of Chartered Accountants of India. All inter company balances and transactions have been eliminated.

List of Subsidiary companies :

Name of the Company	Country of Incorporation	Proportion of ownership
Hindustan Cargo Limited	India	100 %
Thomas Cook Insurance Services (India) Limited	India	100 %
Indian Horizon Travel and Tours Limited	India	100 %
Thomas Cook Tours Limited	India	100 %
Thomas Cook (Mauritius) Holding Company Limited	Mauritius	100 %
Thomas Cook (Mauritius) Operations Company Limited	Mauritius	100 %

2. SIGNIFICANT ACCOUNTING POLICIES

- The accounts are prepared on accrual basis under the historical cost convention and to comply in all material aspects with the statute applicable.
- Fixed assets and depreciation :
 - 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.
 - Depreciation on fixed assets is provided at the rates prescribed in Schedule XIV to the Companies Act, 1956 of India, or at the rates determined based on the useful life of the asset whichever is higher. Depreciation is provided based on the Straight Line Method in case of Indian companies and on the Reducing Balance Method in case of Foreign companies. The rates adopted for depreciation determined on the basis of useful life of fixed assets are as follows :

Type of asset	Rate of depreciation	
	On Straight Line Method	On Reducing Balance Method
Furniture and fixtures	6.33%	15%
Computers	25.00%	
Office equipment		
VSAT & Communication router	10.00%	
Other office equipment	4.75%	33%
Vehicles	15.00%	20%

Assets costing less than Rs. 5,000 are depreciated fully in the year of purchase in case of Indian companies. Depreciation on additions to fixed assets due to exchange fluctuations is provided over the remaining life of the assets.

- Leasehold properties are amortized over the period of the lease.



Thomas Cook (India) Limited

**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "Q" (contd.)

SIGNIFICANT ACCOUNTING POLICIES (contd.)

- c) i) Accounting for foreign currency transactions :
- a) In case of foreign exchange business in capacity as authorised dealers, all the monetary items denominated in foreign currency are valued at the Foreign Exchange Dealers Association of India rate (FEDAI) (except for Sri Lanka operations), and the exchange differences (other than those relating to acquisition of fixed assets) arising out of settlement/conversion at the FEDAI rate are recognized in the Profit and Loss Account.
- Monetary items of Sri Lanka operations are valued at closing rate obtained from HSBC, as the daily buying and selling rates are set on rates obtained from them.
- b) In case of cargo business and Mauritius foreign exchange business, foreign currency transactions are stated at the rate of exchange prevailing at the time of accounting such transactions and exchange differences are dealt with in the Profit and Loss Account. Current assets and liabilities at the year end are converted at closing rates and exchange differences are recognized in the Profit and Loss Account.
- c) Exchange differences relating to purchase of fixed assets are adjusted to carrying cost of fixed assets.
- d) Profit and loss on purchase and sale of foreign exchange by the company in its capacity as authorised dealer are accounted as a part of turnover.
- ii) Accounting of foreign branch and subsidiaries :
- Monetary assets and liabilities are translated at the closing exchange rate.
- Non monetary assets are translated at the exchange rate prevailing on the date of the transaction.
- Revenue items except depreciation are translated at average rate.
- Depreciation has been translated at the rates used for the translation of respective fixed assets.
- d) Investments :
- Investments are stated at cost. A provision for diminution is made if in the opinion of the management, the diminution is other than temporary.
- Current investments are carried at the lower of cost or market/fair value.
- e) Retirement 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 for its Indian operations. Actuarial valuation is carried out by the independent actuary one month prior to the year end and any shortfall/excess based on independent actuarial valuation is accounted for in the relevant period. A proportionate charge is taken for the last month on the basis of above workings.
- In case of Sri Lanka and Mauritius operations, retirement benefits are provided for on the basis of the local laws.
- 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 and card product 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.
- In case of cargo business turnover comprises of commissions and margins earned by acting as cargo agents to offer joint services in freight forwarding by air and sea and also as Custom House Agent.



**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "Q" (contd.)

SIGNIFICANT ACCOUNTING POLICIES (contd.)

- g) Revenue Recognition :
Commission on tickets and service charges from customers are recognized on issue of the tickets. Incentive from airlines are accounted on the basis of tickets issued to sectors travelled.
Revenue on Foreign Exchange transactions is recognized at the time of Purchase or Sale.
Revenue on holiday packages is accounted on commencement of the tour.
In respect of cargo activities income comprises commissions, margins and recoverable expenses in the normal course of business, including as a Custom House/IATA agent and as per terms and conditions agreed with customers/agents.
Revenue from other income is accounted on accrual basis.
- h) Start up costs of new businesses :
All costs in relation to new businesses are amortised over a period of three years commencing from the date the new businesses start generating revenues.
- i) Goodwill :
Goodwill arising on acquisitions is amortised over a period of five years commencing with the year of purchase.
- j) Taxes on Income :
Current tax is determined as the amount of tax payable in respect of taxable income for the year.
Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

3. NOTES TO ACCOUNTS

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, Rs. 16,522,071 (previous year Rs. 29,306,693).
- b) Contingent liabilities
 - i) Claims against the company not acknowledged as debts Rs. 1,176,650 (previous year Rs. 3,181,250).
 - ii) Disputed income-tax demand Rs. 18,533,792 (previous year Rs. 18,533,792).
 - iii) Disputed demand for increase in rent raised by BrihanMumbai Municipal Corporation Rs.11,572,851 (previous year Rs. 10,585,667).
- c) Income-tax provision and payment have been made, without considering benefit of deduction under section 80HHC of the Income-tax Act, 1961, claimed by the company in its Income-tax returns, as such claims have not been accepted by the Income-tax department against which the company is in appeal.
- d) Segmental information has been provided so that the users of these accounts can appreciate the diverse nature of the businesses carried out by Thomas Cook (India) Limited and its subsidiary companies. Included within each category of business are :

Financial services	- Include wholesale purchase and sale of foreign currencies and paid documents.
Travel and related services	- Include retail purchase and sale of foreign currencies and paid documents, tour operations and travel management.
Others	- Include cargo business.



Thomas Cook (India) Limited

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST OCTOBER, 2003 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE "Q" (contd.)

<u>Business Segment</u>		Amount in Rupees							
Particulars	Year ended 31st October, 2003				Year ended 31st October, 2002				Consolidated total
	Financial services	Travel & related services	Others	Consolidated total	Financial services	Travel & related services	Others	Consolidated total	
1 Segment Revenue	319,181,729	763,032,158	39,178,829	1,121,392,716	278,687,974	717,934,054	31,052,761	1,027,674,789	
Less : Inter Segment Revenue	-	2,717,048	210,485	2,927,533	—	1,832,143	151,614	1,983,757	
Net revenue from operations	319,181,729	760,315,110	38,968,344	1,118,465,183	278,687,974	716,101,911	30,901,147	1,025,691,032	
2 Segment Results	193,040,704	328,243,223	13,056,697	534,340,624	169,496,965	312,056,899	4,514,215	486,068,079	
Less : Interest				10,528,711				27,393,488	
Other common expenses				180,838,114				148,740,266	
Total Profit / (Loss) before Tax				342,973,799				309,934,325	
3 Capital Employed (Segment Assets less Segment Liabilities)									
Segment Assets	509,460,868	1,076,157,590	35,065,186	1,620,683,644	482,676,109	1,053,554,473	31,358,328	1,567,588,910	
Add : Common assets				391,975,363				329,306,505	
Total Assets				2,012,659,007				1,896,895,415	
Segment Liabilities	105,882,653	416,116,109	15,424,306	537,423,068	117,959,812	338,458,271	13,557,790	469,975,873	
Add : Common liabilities				247,718,601				356,535,009	
Total Liabilities				785,141,669				826,510,882	
Segment Capital Employed	403,578,215	660,041,481	19,640,880	1,083,260,576	364,716,297	715,096,202	17,800,538	1,097,613,037	
Add : Common capital employed				144,256,762				(27,228,504)	
Total Capital Employed				1,227,517,338				1,070,384,533	
4 Capital Expenditure	7,332,138	30,418,537	1,458,359	39,209,034	5,634,641	22,715,664	920,314	29,270,619	
Add : Common capital expenditure				25,960,170				6,871,445	
				65,169,204				36,142,064	
5 Depreciation and Amortisation	5,600,165	23,813,509	1,014,502	30,428,176	7,479,899	29,808,902	955,814	38,244,615	
Add : Common depreciation and amortisation				15,545,577				16,775,187	
				45,973,753				55,019,802	
6 Significant non cash expenditure	1,669,520	13,991,502	(182,102)	15,478,920	934,490	10,392,059	237,277	11,563,826	
Add : Common non cash expenditure				109,132				1,065,436	
				15,588,052				12,629,262	
<u>Geographic segment</u>									
Particulars	India	Rest of the world	Consolidated total	India	Rest of the world	Consolidated total			
7 Segment Revenue	1,033,419,554	85,045,629	1,118,465,183	961,690,071	64,000,961	1,025,691,032			
8 Segment Assets	1,469,040,814	151,642,830	1,620,683,644	1,434,515,362	133,073,548	1,567,588,910			
Add : Common assets			391,975,363			329,306,505			
Total Assets			2,012,659,007			1,896,895,415			
9 Capital Expenditure	35,749,366	3,459,668	39,209,034	28,225,327	1,045,292	29,270,619			
Add : Common capital expenditure			25,960,170			6,871,445			
			65,169,204			36,142,064			

e) Earnings Per Share :

Earnings per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below :

Particulars	Year ended 31 st October, 2003	Year ended 31 st October, 2002
Profit After Taxation (Rs.)	217,796,506	198,792,666
Weighted Average Number Of Shares Outstanding during the year (Nos.)	14,583,333	14,583,333



**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "Q" (contd.)

f) Related Party Transactions

i) Relationships :

a. Holding company :

Thomas Cook Overseas Limited, UK (TCOL) holds 60% equity shares in the company. Thomas Cook UK Limited, the holding company of TCOL, is a subsidiary of Eurocenter Teteiligungs – und Reisevermittlung GmbH (Eurocenter), Germany who in turn is subsidiary of Thomas Cook AG, Germany.

b. Fellow subsidiaries (where transactions exist) :

Thomas Cook Tour Operators Limited, UK (formerly JMC Holidays Limited)
NUR Touristic GmbH, Germany.

c. Executive Directors and Executive Committee members:

Mr. A. M. Kakkar
Mr. Madhavan Menon
Mr. P. Sreekumar
Mr. R. R. Kenkare
Mr. Aashutosh Akshikar
Mr. Sunil Gupta
Mr. S. Herwadkar
Mr. Anil Nadkarni
Mr. Parag Paranjpe
Mr. Narendra Kochat
Mr. Prakash Asnani

d. Relatives of directors and Executive Committee members:

Mr. M. V. Kakkar
Ms. Usha Sreekumar
Ms. Mugdha Herwadkar

ii) The following transactions were carried out with the related parties in the ordinary course of business :

a. Details relating to parties referred to in (a) and (b) above :

Particulars	Holding company	Fellow Subsidiaries
	Rs.	Rs.
Sale of services	1,534,750 (1,509,200)	214,367,602* (186,078,077)*
Receiving of services	1,199,995 (—)	— —
Name license fees paid	10,333,585 (8,867,534)	—
Dividend Remitted	28,875,000 (24,500,000)	—
Prepayment of Name License Fees	1,752,670 (1,523,800)	—
Outstanding receivables	579,407 (1,509,200)	—
Advance received	—	99,058,991 (24,702,812)

*Sale value of transactions



Thomas Cook (India) Limited

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE

SCHEDULE "Q" (contd.)

- b. Details relating to parties referred to in (c) above :

Particulars	Rs.
Remuneration	34,717,701* (29,814,360)*

*Excludes gratuity contributed on a global basis

- c. Details relating to parties referred to in (d) above :

Particulars	Rs.
Rent paid for residential flat	480,000 (600,000)
Outstanding residential deposit receivable	41,000,000 (41,000,000)

Figures in brackets pertain to previous year

- g) The company has entered into lease arrangements for office and residential premises. These lease agreements are for a period of six months to thirty years and are cancellable at the option of either party by giving one month to three months notice.

Lease payments recognised in the Profit and Loss Account Rs. 52,661,789 (previous year Rs. 42,741,401).

- h) The tax year for the Indian companies being the year ending 31st March, the provision for taxation for the year is the aggregate of the provision made for the five months ended 31st March, 2003 and the provision based on the figures for the remaining seven months upto 31st October, 2003, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2003 to 31st March, 2004.

Signatures to Schedules "A" to "Q"
For and on behalf of the Board of Directors

DR. THOMAS DOERING - VICE CHAIRMAN
A.M. KAKKAR - CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR
P. SREEKUMAR - EXECUTIVE DIRECTOR - FINANCE
M. MENON - EXECUTIVE DIRECTOR - FOREIGN EXCHANGE
R. R. KENKARE - HEAD OF LEGAL & COMPANY SECRETARY

Mumbai, 15th December, 2003



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST OCTOBER, 2003

	31st October, 2003 Rs.	31st October, 2002 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX	342,973,799	309,934,325
Adjustments for :		
Depreciation	45,973,753	55,019,802
Interest on tax refunds	—	(945,576)
Reversal of excess interest accrued on tax refund	202,063	3,518,515
Interest income	(8,313,006)	(6,658,355)
Unrealised exchange fluctuation	(80,306)	(271,173)
Dividend income	(1,660,534)	—
Profit on sale of fixed assets	(784,305)	(961,484)
Loss on sale of fixed assets	2,473,315	1,634,346
Interest expense	10,528,711	27,393,488
Start up cost of new businesses (net of payments)	1,953,134	2,338,612
Diminution in the value of Investment	—	410,668
	<u>50,292,825</u>	<u>81,478,843</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	393,266,624	391,413,168
Adjustments for :		
Trade and other receivables	(61,489,355)	(126,942,286)
Trade payable / provisions	124,511,405	138,241,630
	<u>63,022,050</u>	<u>11,299,344</u>
CASH GENERATED FROM OPERATIONS	456,288,674	402,712,512
Interest paid	(10,589,506)	(28,577,350)
Interest received on tax refund	4,562,348	3,514,477
Interest received	7,542,189	6,604,278
Direct taxes paid-net of refund	(119,858,123)	(129,061,655)
	<u>(118,343,092)</u>	<u>(147,520,250)</u>
NET CASH FROM / (USED) IN OPERATING ACTIVITIES	337,945,582	255,192,262
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(77,742,248)	(54,482,632)
Sale of fixed assets	2,281,824	2,929,236
Decrease / (Increase) in Investments	(47,468,355)	(373,323)
Dividend received	1,660,534	—
NET CASH USED IN INVESTING ACTIVITIES	(121,268,245)	(51,926,719)
C CASH FLOW FROM FINANCING ACTIVITIES		
(Decrease) / Increase in borrowings	(176,560,357)	(12,038,640)
Dividend paid	(48,125,000)	(40,833,332)
NET CASH USED IN FINANCING ACTIVITIES	(224,685,357)	(52,871,972)
NET (DECREASE) / INCREASE IN CASH OR CASH EQUIVALENT (A+B+C)	(8,008,020)	150,393,571
Cash and cash equivalent as at 1st November	690,551,942	540,158,371
Cash and cash equivalent as at 31st October	682,543,922	690,551,942
NET (DECREASE) / INCREASE	(8,008,020)	150,393,571

Note : The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

In terms of our report of even date

For Lovelock & Lewes
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number - 43229
Mumbai, 15th December, 2003

For and on behalf of the Board of Directors

DR. THOMAS DOERING - VICE CHAIRMAN
A. M. KAKKAR - CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR
P. SREEKUMAR - EXECUTIVE DIRECTOR - FINANCE
M. MENON - EXECUTIVE DIRECTOR - FOREIGN EXCHANGE
R. R. KENKARE - HEAD OF LEGAL & COMPANY SECRETARY
Mumbai, 15th December, 2003



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 October, 2003 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Government of India in terms of section 227(4A) of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the

matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - (a) 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;
 - (b) 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 those books and proper returns adequate for the purposes of our audit have been received from the Sri Lanka branch not visited by us;
 - (c) The report on the accounts of the Sri Lanka branch audited by the branch auditors has been forwarded to us and has been appropriately dealt with by us in preparing our report;
 - (d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (e) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in section 211(3C) of the Act;
 - (f) On the basis of written representations received

from the directors, as on 31st October, 2003, and taken on record by the Board of Directors of the company, none of the directors is disqualified as on 31st October, 2003 from being appointed as a director in terms of section 274(1)(g) of the Act;

- (g) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st October, 2003;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date;and
 - (iii) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For Lovelock & Lewes
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number - 43229

Mumbai, 15th December, 2003



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 thereof)

1. The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. During the year, the fixed assets have been physically verified by the management and no material discrepancies between book records and physical verification were noticed on such verification.
2. The fixed assets of the company have not been revalued during the year.
3. The company has not taken/ granted any loans, secured or unsecured, from/to companies, firms or other parties listed in the register maintained under section 301 of the Act.
4. 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.
5. In our opinion and according to the information and explanations given to us, 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 purchases of raw materials including components, plant and machinery and sale of goods.
6. There are no sales of services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and aggregating to Rs. 50,000 or more in respect of each party.
7. The company has not accepted any deposits from the public to which the provisions of section 58A of the Act and the rules framed thereunder would apply.
8. In our opinion, the company's internal audit system is commensurate with its size and the nature of its business.
9. During the year, the company has been regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities in India.
10. According to the information and explanations given to us, there were no undisputed amounts outstanding as at the last day of the financial year in respect of income-tax and wealth-tax which were due for more than six months from the date they became payable.
11. During the course of examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses that have been charged to the Profit and Loss Account other than those payable under contractual obligations and/or accepted business practices.
12. The company is not a sick industrial company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
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 jobs 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. As per the information and explanations given to us and taking into consideration the nature of business of the company, clauses (iii) to (vi), (xii), (xiv) and (xvi) of paragraph 4(A), clauses (i) and (ii) of paragraph 4(C) and clauses (i) to (iv) of paragraph 4(D) are not applicable to the company.

For Lovelock & Lewes
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number-43229

Mumbai, 15th December, 2003



Thomas Cook (India) Limited

BALANCE SHEET AS AT 31ST OCTOBER, 2003

	Schedule	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
I. SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Capital	A	145,833,330	145,833,330
Reserves and surplus	B	1,068,524,639	913,951,880
		<u>1,214,357,969</u>	<u>1,059,785,210</u>
LOAN FUNDS :			
Secured loans	C	1,252,838	111,555,811
Unsecured loans	D	62,256,400	130,999,618
		<u>63,509,238</u>	<u>242,555,429</u>
DEFERRED TAX LIABILITY	E	46,336,274	49,552,262
		<u>1,324,203,481</u>	<u>1,351,892,901</u>
II. APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross block	F	747,344,588	699,418,870
Less : Depreciation		<u>309,767,931</u>	<u>276,218,148</u>
Net block		437,576,657	423,200,722
Advances for capital expenditure		<u>35,292,268</u>	<u>22,719,224</u>
		<u>472,868,925</u>	<u>445,919,946</u>
INVESTMENTS	G	78,704,461	30,236,286
CURRENT ASSETS, LOANS AND ADVANCES :			
Sundry debtors	H	470,621,867	470,913,098
Cash and bank balances	I	628,352,718	635,328,995
Loans and advances	J	304,114,678	264,598,333
		<u>1,403,089,263</u>	<u>1,370,840,426</u>
LESS : CURRENT LIABILITIES AND PROVISIONS :			
Liabilities	K	559,342,712	439,813,089
Provisions	L	71,116,456	57,250,202
		<u>630,459,168</u>	<u>497,063,291</u>
NET CURRENT ASSETS		<u>772,630,095</u>	<u>873,777,135</u>
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Startup costs for new businesses		—	1,959,534
		<u>1,324,203,481</u>	<u>1,351,892,901</u>

Notes to the accounts

Q

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

In terms of our report of even date

For Lovelock & Lewes
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number - 43229

Mumbai, 15th December, 2003

For and on behalf of the Board of Directors
DR. THOMAS DOERING - VICE CHAIRMAN
A. M. KAKKAR - CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR
P. SREEKUMAR - EXECUTIVE DIRECTOR - FINANCE
M. MENON - EXECUTIVE DIRECTOR - FOREIGN EXCHANGE
R. R. KENKARE - HEAD OF LEGAL & COMPANY SECRETARY

Mumbai, 15th December, 2003



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST OCTOBER, 2003

	Schedule	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
INCOME :			
Turnover		1,050,806,176	981,248,729
Other income	M	38,743,018	27,318,018
		<u>1,089,549,194</u>	<u>1,008,566,747</u>
EXPENDITURE :			
Personnel expenses	N	263,859,394	239,558,758
Advertisement and business promotional expenses		69,380,189	65,228,242
Interest expenses	O	10,429,298	27,393,488
Other expenses	P	365,574,274	318,593,974
Amortisation of startup cost		1,959,534	2,407,068
Depreciation	F	44,295,399	53,390,879
Diminution in the value of investment		—	410,668
		<u>755,498,088</u>	<u>706,983,077</u>
Profit before taxation		334,051,106	301,583,670
Provision for taxation			
– Current		121,000,000	117,280,186
– Deferred		(3,215,988)	(8,932,251)
Profit after taxation		<u>216,267,094</u>	<u>193,235,735</u>
Transferred from reserve as required under section 80HHD of the Income-tax Act, 1961		15,000,000	17,500,000
Transferred to reserve as required under section 80HHD of the Income-tax Act, 1961		15,000,000	15,000,000
		<u>216,267,094</u>	<u>195,735,735</u>
Balance brought forward from last year		214,547,444	86,260,283
Amount available for appropriations		<u>430,814,538</u>	<u>281,996,018</u>
Less : Appropriations			
Proposed dividend		54,687,499	48,125,000
Corporate dividend tax		7,006,836	—
Transferred to general reserve		21,626,709	19,323,574
Balance carried to balance sheet		<u>347,493,494</u>	<u>214,547,444</u>
Basic and Diluted Earning Per Share [Note 2(e) in Schedule Q]		14.83	13.25

Notes to the accounts

Q

Schedules "F", "M" to "P" and "Q" referred to above form an integral part of the Profit and Loss Account

In terms of our report of even date

For Lovelock & Lewes
Chartered AccountantsSharmila A. Karve
Partner
Membership Number - 43229

Mumbai, 15th December, 2003

For and on behalf of the Board of Directors
 DR. THOMAS DOERING - VICE CHAIRMAN
 A. M. KAKKAR - CHIEF EXECUTIVE OFFICER &
 MANAGING DIRECTOR
 P. SREEKUMAR - EXECUTIVE DIRECTOR - FINANCE
 M. MENON - EXECUTIVE DIRECTOR - FOREIGN EXCHANGE
 R. R. KENKARE - HEAD OF LEGAL & COMPANY SECRETARY

Mumbai, 15th December, 2003



Thomas Cook (India) Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST OCTOBER, 2003

	Rs.	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "A" : CAPITAL :			
Authorised :			
20,000,000 Equity shares of Rs.10/- each		200,000,000	200,000,000
Issued and subscribed :			
14,583,333 Equity shares of Rs.10/- each fully paid-up		145,833,330	145,833,330
1) of the above, 279,993 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 13,883,333 Equity shares issued as fully paid-up bonus shares by capitalisation of general reserve and capital reserve			
3) of the above 8,750,000 Equity shares of Rs. 10/- each are held by the holding company Thomas Cook Overseas Limited, U.K.			
SCHEDULE "B" : RESERVES AND SURPLUS :			
Reserve as required under Section 80HHD of the Income-tax Act, 1961 :			
Balance as per last Balance Sheet	106,000,000		108,500,000
Add : Transferred from Profit and Loss Account	15,000,000		15,000,000
	121,000,000		123,500,000
Less : Transferred to Profit and Loss Account	15,000,000		17,500,000
		106,000,000	106,000,000
General reserve :			
Balance as per last Balance Sheet	593,404,436		574,080,862
Add : Transferred from Profit and Loss Account	21,626,709		19,323,574
		615,031,145	593,404,436
Profit and Loss Account		347,493,494	214,547,444
		1,068,524,639	913,951,880
SCHEDULE "C" : SECURED LOANS :			
Overdraft from banks		1,252,838	111,555,811
(Secured by hypothecation of book debts, stock of currencies and paid documents)			
		1,252,838	111,555,811



**SCHEDULES FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "D" : UNSECURED LOANS :		
Commercial paper (payable within one year Rs. Nil, previous year Rs. 100,000,000)	—	100,000,000
From Deutsche Bank AG, London (temporary overdraft in normal course of business)	28,754,582	26,791,515
From ANZ Bank, Australia (temporary overdraft in normal course of business)	10,833,791	3,942,266
From ANZ Bank, New Zealand (temporary overdraft in normal course of business)	1,543,314	265,837
From Westpack, Sydney (temporary overdraft in normal course of business)	115,822	—
From Bank of Nova Scotia, Canada (temporary overdraft in normal course of business)	13,391,499	—
From ANZ Bank, Sri Lanka (temporary overdraft in normal course of business)	4,598,030	—
From HSBC, Sri Lanka (temporary overdraft in normal course of business)	1,470,796	—
From Pan Asia Bank, Sri Lanka (temporary overdraft in normal course of business)	1,548,566	—
	<u>62,256,400</u>	<u>130,999,618</u>
SCHEDULE "E" : DEFERRED TAX LIABILITY :		
Deferred Tax Assets :		
Provision allowable for tax purposes when paid	2,845,071	2,629,302
Provision for doubtful debts and advances	12,427,659	8,489,740
	<u>15,272,730</u>	<u>11,119,042</u>
Deferred Tax Liability :		
On fiscal allowances on fixed assets	61,609,004	59,951,175
Start-up cost of new business amortised in the books but fully claimed in tax when incurred	—	720,129
	<u>61,609,004</u>	<u>60,671,304</u>
	<u>46,336,274</u>	<u>49,552,262</u>



**SCHEDULE FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

SCHEDULE "F" : FIXED ASSETS :										
Details	GROSS BLOCK — AT COST			DEPRECIATION				NET BLOCK		
	As at 1st November, 2002 Rs.	Additions during the year Rs.	Disposal/ Adjust- ments Rs.	As at 31st October, 2003 Rs.	As at 1st November, 2002 Rs.	For the year Rs.	On Deduc- tions Rs.	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.	
Goodwill	8,831,169	—	—	8,831,169	5,010,796	1,772,700	—	2,047,673	3,820,373	
Leasehold Properties	23,014,187	—	—	23,014,187	22,505,557	6,330	—	502,300	508,630	
Freehold Premises #	253,412,932	12,245,233	—	265,658,165	26,751,459	4,202,322	—	234,704,384	226,661,473	
Strong Room	674,425	—	—	674,425	495,491	14,633	—	164,301	178,934	
Furniture and fixtures	109,269,732	12,253,290	2,692,670	118,830,352	42,045,422	7,127,442	1,765,658	71,423,146	67,224,310	
Computers	169,012,325	20,555,056	4,494,846	185,072,535	137,149,439	18,795,022	4,472,503	33,600,577	31,862,886	
Office Equipment	92,766,070	10,390,711	3,431,038	99,725,743	25,085,818	6,037,236	1,643,564	70,246,253	67,680,252	
Vehicles	42,438,030	6,969,560	3,869,578	45,538,012	17,174,166	6,339,714	2,863,891	24,888,023	25,263,864	
GRAND TOTAL	699,418,870	62,413,850	14,488,132	747,344,588	276,218,148	44,295,399	10,745,616	437,576,657	423,200,722	
Previous Year	683,591,890	34,882,913	19,055,933	699,418,870	238,387,943	53,390,879	15,560,674	423,200,722		

NOTE : # Cost of Freehold premises includes :

- 160 (previous year 110) unquoted fully paid shares in various co-operative societies amounting to Rs. 8,250/- (previous year Rs. 5750/-).
- Rs. 2,540/- towards share application money to various co-operative societies.
- Rs. 21,539,300/- (previous year Rs. 9,629,164/-) for premises on freehold land where the Company is yet to be registered as the owner of a proportionate share in land.
- Rs. 150,186,286/- for premises where the co-operative society is yet to be formed.



**SCHEDULES FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "G" : INVESTMENTS :		
I) Long Term Investments		
Equity shares :		
Investments in subsidiary companies at cost (Non-trade, unquoted) :		
Thomas Cook Insurance Services (India) Limited 50,000 Equity shares of Rs. 10/- each fully paid-up	500,000	500,000
Indian Horizon Travel and Tours Limited 50,000 (previous year 9) Equity shares of Rs.10/- each fully paid-up	500,000	90
Thomas Cook Tours Limited 50,000 (previous year 9) Equity shares of Rs.10/- each fully paid-up	500,000	90
Hindustan Cargo Limited 250,000 Equity shares of Rs.10/- each fully paid-up	2,500,000	2,500,000
Investments in subsidiary company at cost (Trade, unquoted) :		
Thomas Cook (Mauritius) Holding Company Limited 590,000 Equity shares of USD 1/- each fully paid-up	25,729,900	25,729,900
	<u>29,729,900</u>	<u>28,730,080</u>
Investment in other companies at cost (Trade, quoted) :		
Tangerine Beach Hotel Limited 196,831 Ordinary shares of SLR 10/- each fully paid-up	1,279,624	1,279,624
Investment in other companies at cost (Trade, unquoted) :		
Bidorbuy.com 1,344,300 Ordinary shares of USD 0.01 each fully paid-up	28,126,382	28,126,382
Debentures :		
Tangerine Beach Hotel Limited Zero coupon redeemable debentures of SLR 100/- each fully paid-up	189,237	226,582
II) Current Investments		
Mutual Fund Investments (Non-trade, quoted) :		
4,750,522 (previous year Nil) units of Rs. 10/- each fully paid-up in Alliance Cash Manager-IP-Daily Dividend	47,505,700	—
	<u>106,830,843</u>	<u>58,362,668</u>
Less : Diminution in the value of investment	28,126,382	28,126,382
	<u>78,704,461</u>	<u>30,236,286</u>
Aggregate carrying cost of quoted investments	48,785,324	1,279,624
Aggregate carrying cost of unquoted investments	29,919,137	28,956,662
Market Value of quoted investments	52,983,507	2,893,416
Purchase of Mutual Funds during the year (in units) :		
Alliance Cash Manager-IP-Daily Dividend	30,392,260	—
JM High Liquidity Fund-Daily Dividend	27,273,998	—
Redemption of Mutual Funds during the year (in units) :		
Alliance Cash Manager-IP-Daily Dividend	25,641,738	—
JM High Liquidity Fund-Daily Dividend	27,273,998	—



Thomas Cook (India) Limited

**SCHEDULE FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

	Rs.	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "H": SUNDRY DEBTORS :			
Unsecured, considered good			
Outstanding exceeding six months		11,204,982	21,179,516
Others		459,416,885	449,733,582
		<u>470,621,867</u>	<u>470,913,098</u>
Unsecured, considered doubtful			
Outstanding exceeding six months		23,147,786	23,101,332
		<u>23,147,786</u>	<u>23,101,332</u>
		493,769,653	494,014,430
Less : Provision for doubtful debts		<u>23,147,786</u>	<u>23,101,332</u>
		<u>470,621,867</u>	<u>470,913,098</u>
SCHEDULE "I" : CASH AND BANK BALANCES :			
Cash and cheques on hand		177,117,755	183,590,676
(including foreign currencies-notes and paid documents)			
Remittances in transit :			
Foreign currencies - Notes and paid documents	275,829,813		256,721,234
Less : provision for lost remittances	<u>2,804,781</u>		<u>2,984,279</u>
		273,025,032	253,736,955
Balances with scheduled banks :			
On current account	45,514,231		135,137,609
On fixed deposit	<u>86,190,769</u>		<u>11,915,655</u>
		131,705,000	147,053,264
Balances with Non-scheduled banks :			
On current account with ABN Amro Bank, London		74,900	651,942
(maximum balance during the year Rs. 714,201/-, previous year Rs. 54,172,795/-)			
On current account with Bank of New York, USA		2,435,648	2,590,271
(maximum balance during the year Rs. 2,526,835/-, previous year Rs. 480,422,001/-)			
On current account with Bankers Trust New York, USA		777,260	2,237,053
(maximum balance during the year Rs. 327,435,943/-, previous year Rs. 211,957,138/-)			
On current account with Deutsche Bank AG, Frankfurt, Germany		13,119,001	5,922,725
(maximum balance during the year Rs. 113,116,801/-, previous year Rs. 67,369,996/-)			
On current account with HSBC, London		214,717	2,883,515
(maximum balance during the year Rs. 3,205,162/-, previous year Rs. 139,469,884/-)			
On current account with Westpack Bank, Sydney		—	6,058,271
(maximum balance during the year Rs. 3,626,130/-, previous year Rs. 61,133,789/-)			
On current account with Bank of Nova Scotia, Tokyo, Japan		3,037,973	—
(maximum balance during the year Rs. 7,710,852/-, previous year Nil)			



**SCHEDULE FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "I" : CASH AND BANK BALANCES : (Contd.)		
On current account with Bank of Nova Scotia, Canada (maximum balance during the year Rs. 20,977,780/-, previous year Rs. 12,564,781/-)	—	4,228,740
On current account with Credit Suisse, Zurich (maximum balance during the year Rs. 11,919,935/-, previous year Rs. 29,807,552)	2,591,402	1,547,551
On current account with HSBC, Sri Lanka (maximum balance during the year Rs. 4,833,264/-, previous year Rs. 7,950,408/-)	—	2,143,088
On current account with Standard Chartered Grindlays Bank, Sri Lanka (maximum balance during the year Rs. 6,976,389/-, previous year Rs. 4,483,844/-)	9,859	1,154,488
On current account with Pan Asia Bank, Sri Lanka (maximum balance during the year Rs. 1,930,667/-, previous year Rs. 1,377,605/-)	—	858,736
On current account with Commercial Bank, Sri Lanka (maximum balance during the year Rs. 6,736,140/-, previous year Rs. Nil)	2,532,528	—
On current account with NDB Bank, Sri Lanka (maximum balance during the year Rs. 50,819/-, previous year Rs. 54,986/-)	—	8,338
On current account with Deutsche Bank, Sri Lanka (maximum balance during the year Rs. 3,589,652/-, previous year Rs. Nil)	1,834,505	—
On current account with Hatton National Bank, Sri Lanka (maximum balance during the year Rs. 841,986/-, previous year Rs. 2,722,901/-)	6,633	184,704
On fixed deposit account with HSBC, Sri Lanka (maximum balance during the year Rs. 4,147,892/-, previous year Rs. 6,287,856/-)	44,132	5,307,746
On fixed deposit account with Pan Asia Bank, Sri Lanka (maximum balance during the year Rs. 5,970,856/-, previous year Rs. 3,768,100/-)	1,850,251	1,776,887
On fixed deposit account with Standard Chartered Grindlays Bank, Sri Lanka (maximum balance during the year Rs. 9,754,471/-, previous year Rs. 6,044,620/-)	9,653,316	5,324,366
On fixed deposit account with NDB Bank, Sri Lanka (maximum balance during the year Rs. 8,322,806/-, previous year Rs. 8,069,679/-)	8,322,806	8,069,679
	<u>628,352,718</u>	<u>635,328,995</u>



Thomas Cook (India) Limited

**SCHEDULES FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

	Rs.	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "J" : LOANS AND ADVANCES :			
(Unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
Considered Good	294,994,751		248,016,839
Considered Doubtful	11,488,946		—
	<u>306,483,697</u>		<u>248,016,839</u>
Less : Provision for doubtful Advances	<u>11,488,946</u>		<u>—</u>
		294,994,751	248,016,839
Advances to subsidiary companies		4,612,286	6,143,488
Tax payments less provisions		<u>4,507,641</u>	<u>10,438,006</u>
		<u>304,114,678</u>	<u>264,598,333</u>
SCHEDULE "K" : LIABILITIES :			
Sundry creditors – other than SSI units [Note 2(d) in Schedule Q]		451,473,723	375,469,348
Other liabilities		2,544,666	2,881,581
Purchase consideration for acquisition of Sri Lanka branch operations		4,802,000	4,802,000
Advance payment from customers for which value to be given (including travellers cheques, drafts and transfers unpaid)		97,653,726	54,586,533
Payable to Subsidiary Company		1,101,393	—
Investor Education and Protection Fund :			
Balance in share application money and fractional entitlement on bonus shares refund accounts		49,066	136,594
Unclaimed dividends		<u>1,718,138</u>	<u>1,937,033</u>
		<u>559,342,712</u>	<u>439,813,089</u>
SCHEDULE "L" : PROVISIONS :			
Provision for Gratuity		9,422,121	9,125,202
Proposed dividend		54,687,499	48,125,000
Corporate dividend tax		<u>7,006,836</u>	<u>—</u>
		<u>71,116,456</u>	<u>57,250,202</u>



**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST OCTOBER, 2003**

	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
SCHEDULE "M" : OTHER INCOME :		
Interest on :		
Bank accounts	8,004,852	6,182,166
(tax deducted at source Rs. 938,089/-, previous year Rs. 526,371/-)		
Refund of tax	—	945,576
Others	183,373	205,211
Dividend on long term investments - from subsidiary companies	11,919,750	—
Dividend income from mutual fund investments	1,660,534	—
Rent	167,006	111,038
Profit on sale of fixed assets	742,246	850,107
Exchange differences (net) other than in normal course of business as foreign exchange authorised dealers	4,929,606	7,016,177
Management Fees	3,008,750	3,350,940
Miscellaneous income	8,126,901	8,656,803
	<u>38,743,018</u>	<u>27,318,018</u>
SCHEDULE "N" : PERSONNEL EXPENSES :		
Salaries, wages and bonus	178,439,167	153,748,691
Contribution to provident and other funds	18,903,779	16,067,713
Premium on/provision for gratuity-cum-life assurance policy	7,642,720	4,864,776
Staff welfare	31,902,940	31,600,869
Staff training, recruitment and other cost	8,009,883	5,570,650
Incentive/Commission to staff and directors	18,960,905	27,706,059
	<u>263,859,394</u>	<u>239,558,758</u>
SCHEDULE "O" : INTEREST EXPENSES :		
On bank overdraft	7,861,478	22,228,905
On commercial paper	2,567,820	5,164,583
	<u>10,429,298</u>	<u>27,393,488</u>



Thomas Cook (India) Limited

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST OCTOBER, 2003

	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
SCHEDULE "P" : OTHER EXPENSES :		
Rent	44,742,604	36,426,606
Rates and taxes	2,011,881	1,969,617
Insurance	9,619,013	10,185,613
Repairs – Building	116,974	165,451
– Others	29,378,575	28,170,543
Electricity	17,537,494	16,717,887
Printing and stationery	13,960,850	13,006,914
Postage, telegrams, telex and telephones	40,562,160	35,310,041
Freight currency shipment	12,680,796	12,309,026
Legal and professional fees	21,363,573	14,779,866
Statutory Auditors' remuneration :		
Audit fees	648,000	472,500
Reports under various sections of Income-tax Act, 1961	837,000	971,250
Miscellaneous Reports	492,400	314,300
Reimbursement of out-of-pocket expenses	47,600	81,423
Branch Auditors' remuneration :		
Branch audit fees	101,866	88,740
	2,126,866	1,928,213
Bank charges including handling charges on remittances	23,546,778	23,082,371
Travelling and subsistence	41,137,168	37,396,718
Brokerage and incentives	54,380,379	34,169,090
Directors' fees	385,000	267,500
Security services	7,167,156	6,752,364
Motor car running expenses	9,658,200	8,827,905
Name licence fee	10,333,585	8,867,534
Miscellaneous expenses	8,508,429	13,964,527
Provision for bad and doubtful debts and advances (net)	11,526,936	6,245,890
Bad and doubtful debt written off	2,283,684	2,868,744
Provision for remittances lost in transit	—	28,693
Reversal of excess interest accrued on tax refund	202,063	3,518,515
Loss on fixed assets sold/scrapped	2,344,110	1,634,346
	<u>365,574,274</u>	<u>318,593,974</u>



**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "Q"

1. SIGNIFICANT ACCOUNTING POLICIES

- a) The accounts are prepared on accrual basis under the historical cost convention and to comply in all material aspects with applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- 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 fixed assets is provided at the rates prescribed in Schedule XIV to the Companies Act, 1956, or at the rates determined based on the useful life of the asset, whichever is higher. Depreciation is provided based on the Straight Line Method. The rates adopted for depreciation determined on the basis of useful life of fixed assets are as follows :

<u>Type of Asset</u>	<u>Rate of Depreciation</u>
Computers	25%
Office Equipment :	
VSAT & Communication Router	10%
Vehicles	15%

Assets costing less than Rs. 5,000 are depreciated fully in the year of purchase.

Depreciation on additions to fixed assets due to exchange fluctuations is provided over the remaining life of the assets.

- iii) Leasehold properties are amortized over the period of the lease.
- c) i) Accounting for foreign currency transactions :

The company is valuing all the monetary items denominated in foreign currency at the Foreign Exchange Dealers Association of India rate (FEDAI) (except for Sri Lanka branch), and the exchange differences (other than those relating to acquisition of fixed assets) arising out of settlement/conversion at the FEDAI rate are recognised in the Profit and Loss Account.

Monetary items of Sri Lanka branch are valued at closing rate obtained from HSBC, as the daily buying and selling rates are set on rates obtained from them.

Exchange differences relating to purchase of fixed assets are adjusted to carrying cost of fixed assets.

Profit and loss on purchase and sale of foreign exchange by the company in its capacity as authorised dealer are accounted as a part of turnover.
- ii) Accounting of foreign branch :

Monetary assets and liabilities are translated at the closing exchange rate.

Non monetary assets are translated at the exchange rate prevailing on the date of the transaction.

Revenue items except depreciation are translated at average rate.

Depreciation has been translated at the rates used for the translation of respective fixed assets.



Thomas Cook (India) Limited

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "Q" (contd.)

d) Investments :

Investments are stated at cost. A provision for diminution is made if in the opinion of the management, the diminution is other than temporary.

Current investment are carried at the lower of cost or market/fair value.

e) Retirement 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 for its Indian operations. Actuarial valuation is carried out by the independent actuary one month prior to the year end and any shortfall/excess based on independent actuarial valuation is accounted for in the relevant period. A proportionate charge is taken for the last month on the basis of above workings.

Retirement benefits of Sri Lanka branch are provided for on the basis of the local laws.

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 and card product 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.

g) Revenue Recognition :

Commission on tickets and service charges from customers are recognized on issue of the tickets. Incentive from airlines are accounted on the basis of tickets issued to sectors travelled.

Revenue on Foreign Exchange transactions is recognized at the time of Purchase and Sale.

Revenue on holiday packages is accounted on commencement of the tour.

Revenue from other income is accounted on accrual basis.

h) Start up costs of new businesses :

All costs in relation to new businesses are amortised over a period of three years commencing from the date the new businesses start generating revenues.

i) Goodwill :

Goodwill arising on acquisitions is amortised over a period of five years commencing with the year of purchase.

j) Taxes on Income :

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

2. NOTES TO ACCOUNTS

a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, Rs. 16,522,071 (previous year Rs. 29,306,693).

b) Contingent liabilities :

i) Claims against the company not acknowledged as debts Rs. 1,176,650 (previous year Rs. 3,181,250).

ii) Disputed income-tax demand Rs. 18,533,792 (previous year Rs. 18,533,792).

iii) Disputed demand for increase in rent raised by BrihanMumbai Municipal Corporation Rs. 11,572,851 (previous year Rs. 10,585,667).



**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "Q" (contd)

- c) Income-tax provision and payment have been made, without considering benefit of deduction under section 80HHC of the Income-tax Act, 1961, claimed by the company in its Income-tax returns, as such claims have not been accepted by the Income-tax department against which the company is in appeal.

- d) Sundry creditors include book overdraft of Rs. 149,635 (previous year Rs. 1,599,183).

- e) Earnings Per Share :

Earnings Per Share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below :

Particulars	Year ended 31st October, 2003	Year ended 31st October, 2002
Profit after taxation (Rs.)	216,267,094	193,235,735
Weighted average number of shares outstanding during the year (Nos)	14,583,333	14,583,333

- f) Related Party Transactions :

- i) Relationships :

- a. Holding company :

Thomas Cook Overseas Limited, UK (TCOL) holds 60% equity shares in the company. Thomas Cook UK Limited, the holding company of TCOL, is a subsidiary of Eurocenter Teteiligungs – und Reisevermittlung GmbH (Eurocenter), Germany who in turn is subsidiary of Thomas Cook AG, Germany.

- b. Subsidiaries of the company :

Hindustan Cargo Limited,
Thomas Cook Insurance Services (India) Limited,
Indian Horizon Travel and Tours Limited,
Thomas Cook Tours Limited,
Thomas Cook (Mauritius) Holding Company Limited and
Thomas Cook (Mauritius) Operations Company Limited

- c. Fellow subsidiaries (where transactions exist) :

Thomas Cook Tour Operations Limited, UK (formerly JMC Holidays Limited)
NUR Touristic GmbH, Germany

- d. Executive Directors and Executive Committee members :

Mr. A. M. Kakkar
Mr. Madhavan Menon
Mr. P. Sreekumar
Mr. R. R. Kenkare
Mr. Aashutosh Akshikar
Mr. Sunil Gupta
Mr. S. Herwadkar
Mr. Anil Nadkarni
Mr. Parag Paranjpe

- e. Relatives of Directors and Executive Committee members :

Mr. M. V. Kakkar
Ms. Usha Sreekumar
Ms. Mugdha Herwadkar



Thomas Cook (India) Limited

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE "Q" (contd.)

ii) The following transactions were carried out with the related parties in the ordinary course of business :

a. Details relating to parties referred to in (a), (b) and (c) above :

Particulars	Holding company Rs.	Subsidiaries Rs.	Fellow Subsidiaries Rs.
Sale of services	1,534,750 (1,509,200)	3,130,905 (2,185,842)	214,367,602* (186,078,077)*
Dividend Received	—	11,919,750 (—)	—
Dividend Remitted	28,875,000 (24,500,000)	—	—
Export of Foreign Currencies	—	1,012,780,260* (903,742,407)*	—
Receiving of services	1,199,995 (—)	3,508,139 (2,451,614)	—
Name License fees paid	10,333,585 (8,867,534)	—	—
Subscription to share capital	—	999,820 (499,910)	—
Sale of Fixed Assets	—	11,000 (—)	—
Prepayment of Name License Fees	1,752,670 (1,523,800)	—	—
Outstanding receivables	579,407 (1,509,200)	—	—
Current Account receivables	—	4,612,286 (6,143,488)	—
Current Account payables	—	1,101,393 (—)	—
Advance received	—	—	99,058,991 (24,702,812)

* Sales value of transactions

b. Details relating to parties referred to in (d) above :

Particulars	Rs.
Remuneration	33,676,149* (28,789,430)*

*Excludes gratuity contributed on a global basis

c. Details relating to parties referred to in (e) above:

Particulars	Rs.
Rent paid for residential flat	480,000 (600,000)
Outstanding residential deposit receivable	41,000,000 (41,000,000)

Figures in brackets pertain to previous year.

g) The company has entered into lease arrangements for office and residential premises. These lease agreements are for a period of six months to thirty years and are cancellable at the option of either party by giving one month to three months notice.

Lease payments recognized in the Profit and Loss Account Rs. 48,895,390 (previous year Rs. 40,870,431).

h) The tax year for the company being the year ending 31st March, the provision for taxation for the year is the aggregate of the provision made for the five months ended 31st March, 2003 and the provision based on the figures for the remaining seven months upto 31st October, 2003, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2003 to 31st March, 2004.



**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "Q" (contd)

	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
i) Managerial Remuneration under section 198 of the Companies Act, 1956 : Whole-time directors (excluding gratuity contributed for the company as whole)		
Salaries	5,768,100	4,961,100
House Rent Allowance/Perquisite	2,308,600	1,980,000
Commission	5,956,941	5,426,393
Contribution to provident and other funds	1,557,387	1,339,497
Perquisites in cash and in kind	5,922,239	5,324,793
	<u>21,513,267</u>	<u>19,031,783</u>
Commission to non-executive directors	953,214	1,268,507
	<u>22,466,481</u>	<u>20,300,290</u>
Directors' fees	<u>385,000</u>	<u>267,500</u>
Note : Re-appointment of Mr.M. Menon and remuneration amounting to Rs.3,369,264 paid to him is pending approval of shareholders.		
Computation of net profits in accordance with section 198 read with section 309(5) of the Companies Act, 1956		
Profit before taxation as per profit and loss account	334,051,106	301,583,670
Remuneration to directors	22,466,481	20,300,290
Directors' fees	385,000	267,500
Depreciation per accounts	44,295,399	53,390,879
Loss on fixed assets sold/scrapped as per accounts	2,344,110	1,634,346
Net profit on fixed assets sold/scrapped as per section 350	663,000	740,211
	<u>404,205,096</u>	<u>377,916,896</u>
Less :		
Depreciation as per section 350	34,114,761	39,793,734
Net loss on fixed assets sold/scrapped as per section 350	2,364,406	1,699,407
Profit on sale of fixed assets as per accounts	742,246	850,107
	<u>37,221,413</u>	<u>42,343,248</u>
Net Profit	<u>366,983,683</u>	<u>335,573,648</u>
Commission to non-executive directors @ 1%	3,669,837	3,355,736
Commission to executive directors @ 10%	36,698,368	33,557,365
Commission payable to directors; restricted by the Board of Directors to	<u>6,910,155</u>	<u>6,694,900</u>
j) Expenditure in foreign currency :		
Interest and bank charges	19,307,114	19,862,859
Professional fees	2,459,217	168,389
Travelling, subscription and others	22,648,601	18,928,427



Thomas Cook (India) Limited

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "Q" (contd.)

		Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
k)	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	
	8,750,000	31st October, 2002	28,875,000
	8,750,000	31st October, 2001	—
			24,500,000
l)	Earnings in foreign exchange (excluding reimbursement of expenses and receipts in foreign currency of foreign exchange transactions in the normal course of business as authorised dealers) :		
	Interest	1,197,117	2,429,521
	Communication charges	617,577	247,047
	Receipts from independent tours and travel	435,987,586	335,986,377
	Commission on travellers cheques	2,308,255	3,740,703
	Management fees	3,008,750	3,350,940
	Cash Passport	3,410,980	—
	Dividend	4,719,750	—
	Incentive on exports volume	2,244,757	1,378,800



**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "Q" (contd.)

- m) 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	0
---	---

2	0	0	3
---	---	---	---

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

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

Private Placement

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

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

Total Liabilities*

-	-	1	3	2	4	2	0	3
---	---	---	---	---	---	---	---	---

* includes deferred tax liability

Total Assets**

-	-	1	3	2	4	2	0	3
---	---	---	---	---	---	---	---	---

** includes net current assets

Sources of Funds

Paid-up Capital

-	-	-	1	4	5	8	3	3
---	---	---	---	---	---	---	---	---

Secured Loans

-	-	-	-	-	1	2	5	3
---	---	---	---	---	---	---	---	---

Deferred Tax Liability

-	-	-	-	4	6	3	3	6
---	---	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

-	-	-	4	7	2	8	6	9
---	---	---	---	---	---	---	---	---

Net Current Assets

-	-	-	7	7	2	6	3	0
---	---	---	---	---	---	---	---	---

Accumulated Losses

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

Reserves and Surplus

-	-	1	0	6	8	5	2	4
---	---	---	---	---	---	---	---	---

Unsecured Loans

-	-	-	-	6	2	2	5	7
---	---	---	---	---	---	---	---	---

Investments

-	-	-	-	7	8	7	0	4
---	---	---	---	---	---	---	---	---

Deferred Tax Asset

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

Miscellaneous Expenditure

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



Thomas Cook (India) Limited

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE

SCHEDULE "Q" (contd.)

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

Turnover		Total Expenditure	
-	- 1 0 8 9 5 4 9	-	- 7 5 5 4 9 8
Profit / Loss before tax		Profit / Loss after tax	
+	- - 3 3 4 0 5 1	+	- - 2 1 6 2 6 7
(+ for Profit, – for Loss)			
Earning per share in Rs.		Dividend rate %	
-	- 1 4 . 8 3	3	7 . 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 - - - - - -

n) Previous year's figures have been regrouped wherever necessary.

Signatures to Schedules "A" to "Q"

For and on behalf of the Board of Directors

DR. THOMAS DOERING — VICE CHAIRMAN

A. M. KAKKAR — CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR

P. SREEKUMAR — EXECUTIVE DIRECTOR-
FINANCE

M. MENON — EXECUTIVE DIRECTOR-
FOREIGN EXCHANGE

R. R. KENKARE — HEAD OF LEGAL &
COMPANY SECRETARY

Mumbai, 15th December, 2003.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST OCTOBER, 2003

	31st October, 2003	31st October, 2002
	Rs.	Rs.
A CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX	334,051,106	301,583,670
Adjustments for :		
Depreciation	44,295,399	53,390,879
Interest on tax refunds	-	(945,576)
Reversal of excess interest accrued on tax refund	202,063	3,518,515
Interest income	(8,188,225)	(6,387,377)
Unrealised exchange fluctuation	(80,306)	(271,173)
Dividend income	(13,580,284)	-
Profit on sale of fixed assets	(742,246)	(850,107)
Loss on sale of fixed assets	2,344,110	1,634,346
Interest expense	10,429,298	27,393,488
Start up cost of new businesses (net of payments)	1,959,534	2,291,447
Diminution in the value of Investment	-	410,668
	<u>36,639,343</u>	<u>80,185,110</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	370,690,449	381,768,780
Adjustments for :		
Trade and other receivables	(49,068,767)	(136,459,275)
Trade payable / provisions	119,887,337	120,244,922
	<u>70,818,570</u>	<u>(16,214,353)</u>
CASH GENERATED FROM OPERATIONS	441,509,019	365,554,427
Interest paid	(10,490,093)	(28,577,350)
Interest received on tax refund	4,562,348	3,514,477
Interest received	7,417,408	6,331,988
Direct taxes paid-net of refund	(115,069,635)	(125,868,177)
	<u>(113,579,972)</u>	<u>(144,599,062)</u>
NET CASH FROM / (USED) IN OPERATING ACTIVITIES	327,929,047	220,955,365
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(74,986,894)	(53,223,481)
Sale of fixed assets	2,140,652	2,711,020
Decrease/(Increase) in Investments	(48,468,175)	(873,233)
Dividend received	13,580,284	1,439,250
NET CASH USED IN INVESTING ACTIVITIES	<u>(107,734,133)</u>	<u>(49,946,444)</u>
C CASH FLOW FROM FINANCING ACTIVITIES :		
(Decrease)/Increase in borrowings	(179,046,191)	(9,052,075)
Dividend paid	(48,125,000)	(40,833,332)
NET CASH USED IN FINANCING ACTIVITIES	<u>(227,171,191)</u>	<u>(49,885,407)</u>
NET (DECREASE) / INCREASE IN CASH OR CASH EQUIVALENT (A+B+C)	<u>(6,976,277)</u>	<u>121,123,514</u>
Cash and cash equivalent as at 1st November	635,328,995	514,205,481
Cash and cash equivalent as at 31st October	628,352,718	635,328,995
NET (DECREASE) / INCREASE	<u>(6,976,277)</u>	<u>121,123,514</u>

Note: The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

In terms of our report of even date
For Lovelock & Lewes
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number - 43229
Mumbai, 15th December, 2003

For and on behalf of the Board of Directors

DR. THOMAS DOERING - VICE CHAIRMAN
A. M. KAKKAR - CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR
P. SREEKUMAR - EXECUTIVE DIRECTOR - FINANCE
M. MENON - EXECUTIVE DIRECTOR-FOREIGN EXCHANGE
R. R. KENKARE - HEAD OF LEGAL & COMPANY SECRETARY
Mumbai, 15th December, 2003



Thomas Cook (India) Limited

INFORMATION REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(I)(e) OF THE COMPANIES ACT, 1956

(a) Subsidiary Companies	Hindustan Cargo Limited	Thomas Cook Tours Limited	Thomas Cook Insurance Services (India) Limited	Indian Horizon Travel & Tours Limited	Thomas Cook (Mauritius) Holding Co. Limited	Thomas Cook (Mauritius) Operations Co. Limited
(b) Holding Company's Interest	Holding Company along with a nominee holds 250,000 shares of Rs.10 each fully paid-up	Holding Company along with a nominee holds 50,000 shares of Rs.10 each fully paid-up	Holding Company along with a nominee holds 50,000 shares of Rs.10 each fully paid-up	Holding Company along with a nominee holds 50,000 shares of Rs.10 each fully paid-up	Holding Company along with a nominee holds 590,000 shares of USD 1/- each fully paid-up	TC (Mauritius) Holding Company Ltd. along with a nominee holds 150,000 shares of MUR 100/- 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 October, 2003	Rs. 287,267		Rs. 1,035,896		USD 4,710	MUR (319,175)
ii) For the Subsidiary Company's previous financial years	Rs. 12,321,482		Rs. 446,093		USD (4,709)	MUR 1,195,384
(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 October, 2003						
ii) For the Subsidiary Company's previous financial years						

Mumbai, 15th December, 2003

For and on behalf of the Board of Directors
 DR. THOMAS DOERING - VICE CHAIRMAN
 A. M. KAKKAR - CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR
 P. SREEKUMAR - EXECUTIVE DIRECTOR - FINANCE
 M.MENON - EXECUTIVE DIRECTOR - FOREIGN EXCHANGE
 R. R. KENKARE - HEAD OF LEGAL AND COMPANY SECRETARY



DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting the Eleventh Annual Report together with the Balance Sheet and Profit and Loss Account for the year ended 31st October, 2003.

FINANCIAL RESULTS:

Your Company has produced consistent results during the year ended 31st October, 2003 despite keen competition affecting all the areas of the Company's activities and overall economic conditions.

	Nov./Oct. 2003	Nov./Oct. 2002
	(Amount in Rupees)	
Profit Before Taxation	8,044,232	4,495,952
Provision for Taxation	3,000,000	1,988,784
Provision for Deferred Taxation	300,871	(56,124)
Profit After Taxation	4,743,361	2,563,292
Interim Dividend	3,950,000	—
Corporate Dividend Tax	506,094	—
Transferred to General Reserve	474,336	—

At present your Company operates through its 7 offices at Mumbai, Bangalore, New Delhi, Hyderabad, Pune, Calcutta & 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:

During the year, your Company has paid Interim Dividend @ 158% absorbing an amount of Rs. 3,950,000/-

GENERAL RESERVE:

Your Directors have transferred Rs. 474,336/- to the General Reserve out of the profits of the Company. The total

Reserves & Surplus now stand at Rs.12,608,749/- as at 31st October, 2003.

DIRECTORS:

Mr. Pradip Madhavji resigned from the office of Chairman of the Company effective close of business hours on 24th February, 2003. The Board places on record its appreciation for the services he rendered during his long tenure on the Board of the Company.

In accordance with Article 131 of the Articles of Association, Mr. Madhavan Menon retires by rotation and being eligible offers himself for re-appointment.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

The foreign exchange earnings during the year amounted to Rs. 11,78,269/-.

During the year, the Company has incurred expenditure in foreign currency towards subscription and travel amounting to Rs.4,10,064/- as disclosed under Schedule N Note 9.

Since your Company does not own any manufacturing facility, the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits u/s 58A of the Companies Act, 1956 from the Public.

AUDITORS :

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

EMPLOYEES :

Relations with the employees continued to be cordial throughout the year. Your Directors place on record their appreciation for the efforts and dedication of the employees in

producing good results during the period under review.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956:

There are no employees drawing remuneration beyond monetary ceilings prescribed u/s 217(2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT:

1. In the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures;
2. The accounting policies were selected and applied consistently and judgements and estimates were made which were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities were taken;
4. The annual accounts were prepared on a going concern basis.

COMPLIANCE CERTIFICATE FROM PRACTICING COMPANY SECRETARY:

M/s. P. C. Shah & Co. was appointed to carry out Secretarial Audit as required u/s 383A of the Companies Act, 1956. The Compliance Certificate of the said Secretary in whole-time practice is attached to this report.

For and on behalf of the Board

A. Kakkar M Menon

Chairman Director

Dated 12th December, 2003



COMPLIANCE CERTIFICATE

To
The Members,
Hindustan Cargo Limited,

We have examined the registers, records, books and papers of Hindustan Cargo Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st October, 2003. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company is a public limited company within the meaning of section 3(1)(iv) of the Companies Act, 1956.
4. The Board of Directors duly met 6 times on 3rd December, 2002, 16th January, 2003, 21st February, 2003, 20th May, 2003, 20th August, 2003 and 17th October, 2003 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
5. The Company was not required to close its Register of Members.
6. The Annual General Meeting for the year ended 31st October, 2002 was held on 10th February, 2003 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year under review.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred in section 295 of the Act.
9. We are informed that there are no contracts within the meaning of section 297 of the Act.
10. The Company was not required to make any entry(ies) in the register maintained under section 301 of the Act.
11. There are no appointments or contracts in respect of holding an office or place of profit within the meaning of section 314 of the Act.
12. The Company has not issued any duplicate share certificate/s.
13. The Company has:
 - (i) not received any lodgment for transfer of shares during the year under review.
 - (ii) complied with the provisions of section 205A of the Act in relation to declaration and payment of dividend as applicable at that time.
 - (iii) paid dividend and there was no unclaimed/unpaid dividend as required to be transferred to unpaid dividend account.
 - (iv) no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and as required to be transferred to Investor Education and Protection Fund.
- (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of directors and additional directors and resignations of directors have been duly made.
15. During the financial year under review, Mr. Prakash Asnani, Managing Director has resigned from the office of the Managing Director and the Board of the Company. The Company has appointed Mr. K. Narendran as a Director and Managing Director of the Company w.e.f. 17th January, 2003 for a period of 3 years in terms of section 198, 309 and 269 read with Schedule XIII to the Companies Act, 1956.
16. The Company has not appointed any sole-selling agents during the financial year under review.
17. There are no approvals required to be taken by the Company from the Central Government, Company Law Board, Regional Director, Registrar or such other applicable authorities as may be prescribed in the Act during the year under review.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares/debentures/other securities during the financial year.
20. There are no shares bought back by the Company during the financial year.



-
- | | | |
|---|---|---|
| <p>21. The Company has not issued any redeemable preference shares / debentures during the year and there is no redemption of preference shares.</p> <p>22. There are no pending / keeping in abeyance rights to dividend, rights shares and bonus shares.</p> <p>23. The Company has not accepted deposits within the meaning of section 58A of the Companies Act, 1956.</p> <p>24. The amounts borrowed by the Company during the financial year ended 31st October, 2003 are within the borrowing limits of the Company and the necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened annual/ extra ordinary general meeting.</p> <p>25. The Company has not made any loans and investments or given guarantees or provided securities to</p> | <p>other bodies corporate and consequently no entries are made in the Register kept for the purpose.</p> <p>26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.</p> <p>27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.</p> <p>28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.</p> <p>29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.</p> | <p>30. The Company has not altered its Articles of Association during the year under scrutiny.</p> <p>31. There was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.</p> <p>32. The Company has not received any amount as security from its employees during the year under certification as per provisions of section 417(1) of the Act.</p> <p>33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.</p> |
|---|---|---|
- For P. C. SHAH & CO.
(PRADIP C. SHAH)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 5th December, 2003



Hindustan Cargo Limited

ANNEXURE A

Registers maintained by the Company:

1. Register of Members u/s. 150
2. Register of Charges u/s. 143
3. Books of Accounts u/s. 209
4. Register of Directors, Managing Director, Manager and Secretaries u/s.303
5. Register of Contracts with the Companies and firms in which directors are directly or indirectly interested u/s. 301
6. Register of Directors' Shareholding u/s. 307
7. Register of Investments in shares or securities not held in Company's name u/s. 49
8. Common Seal Register
9. Register of Directors' Attendance at Board Meeting/s
10. Minutes Book of Annual General Meetings u/s. 193
11. Minutes Book of Board Meetings u/s. 193
12. Register of intercorporate loans and investments u/s. 372A

For P. C. SHAH & CO.

Place : Mumbai
Date : 5th December, 2003

(PRADIP C. SHAH)
Practising Company Secretary
Proprietor

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st October, 2003:

1. Form No. 32 dated 11th February, 2003 in respect of resignation of Mr. Prakash Asnani as Director and Managing Director of the Company with effect from 16th January, 2003 and appointment of Mr. K. Narendran as Director and Managing Director of the Company with effect from 17th January, 2003 filed with the Registrar of Companies, Maharashtra on 13th February, 2003.
2. Form No. 29 dated 15th January, 2003 in respect of consent to act as Director received from Mr. K. Narendran as Director of the Company filed with the Registrar of Companies, Maharashtra on 13th February, 2003.
3. Form No. 23 dated 11th February, 2003 in respect of appointment of Mr. K. Narendran as Managing Director of the Company with effect from 17th January, 2003 filed with the Registrar of Companies, Maharashtra on 13th February, 2003.
4. Form No. 32 dated 3rd March, 2003 in respect of resignation of Mr. Pradip Madhavji as Director of the Company w.e.f. 24th February, 2003 filed with the Registrar of Companies, Maharashtra on 7th March, 2003.
5. Balance Sheet for the year ended 31st October, 2002 filed u/s. 220 of the Act filed with the Registrar of Companies, Maharashtra on 7th March, 2003.
6. Compliance Report of M/s. P. C. Shah & Co. for the year ended 31st October, 2002 as required u/s. 383A of the Companies Act, 1956 filed with the Registrar of Companies, Maharashtra on 7th March, 2003.
7. Annual Return made under Schedule V to the Companies Act, 1956 in respect of AGM held on 10th February, 2003 filed with the Registrar of Companies, Maharashtra on 8th April, 2003.
8. Form No. 25C dated 8th April, 2003 in respect of appointment of Mr. K. Narendran as Managing Director of the Company filed with the Registrar of Companies, Maharashtra on 10th April, 2003.

For P. C. SHAH & CO.

Place : Mumbai
Date : 5th December, 2003

(PRADIP C. SHAH)
Practising Company Secretary
Proprietor



AUDITORS' REPORT

To the Members of
Hindustan Cargo Limited

1. We have audited the attached Balance Sheet of Hindustan Cargo Limited, as at 31st October, 2003 and the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of Section 227(4A) of 'The Companies Act, 1956' of India (the

'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - (a) 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;
 - (b) 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 those books;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211(3C) of the Act;
 - (e) On the basis of written representations received

from the directors, as on 31st October, 2003 and taken on record by the Board of Directors, none of the directors are disqualified as on 31st October, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

- (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st October, 2003;
 - and
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For Lovelock & Lewes
Chartered Accountants

N. RAMESH RAJAN
Partner

Membership No. - 22311

Chennai, 12th December, 2003



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 thereof)

- i. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the company have been physically verified during the year by the management and no material discrepancies between the 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 Act.
- iv. The company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Act.
- v. 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.
- vi. In our opinion, there are adequate internal control procedures

commensurate with the size of the company and the nature of its business, for 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 sale of services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs. 50,000/- or more in respect of each party.
- viii. The company has not accepted any deposit from the public to which the provisions of Section 58A of the Act or the rules framed thereunder would apply.
- ix. The company has an internal audit system commensurate with the size and nature of its business.
- x. The company has been regular during the year in depositing the Provident Fund and Employees' State Insurance dues with the appropriate authorities in India.
- xi. According to the information and explanations given to us and the records of the company, there were no undisputed amounts outstanding as at 31st October, 2003 in respect of income tax,

wealth tax which were due for more than six months from the date they became payable.

- xii. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses which have been charged to Profit and Loss Account, other than those payable under contractual obligations and/or accepted business practices.
- xiii. The company is not a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xiv. In respect of 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.



ANNEXURE TO THE AUDITORS' REPORT

(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.	paragraph 4(C), clauses (i), (ii), (iii) and (iv) of paragraph 4(D) are not applicable to the company.
xv. 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		For Lovelock & Lewes Chartered Accountants N. RAMESH RAJAN Partner Membership No. - 22311 Chennai, 12th December, 2003



Hindustan Cargo Limited

BALANCE SHEET AS AT 31ST OCTOBER, 2003

	Schedule	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
I. SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Share Capital	A	2,500,000	2,500,000
Reserves and surplus	B	12,608,749	12,321,482
		<u>15,108,749</u>	<u>14,821,482</u>
LOAN FUNDS :			
Secured loans	C	2,557,862	—
		<u>17,666,611</u>	<u>14,821,482</u>
II. APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross block	D	8,966,037	8,106,049
Less : Depreciation		<u>4,513,948</u>	<u>3,869,500</u>
Net block		<u>4,452,089</u>	<u>4,236,549</u>
CURRENT ASSETS, LOANS AND ADVANCES :			
Sundry debtors	E	23,799,327	15,455,094
Cash and bank balances	F	2,148,362	5,877,709
Loans and advances	G	<u>4,665,408</u>	<u>5,788,976</u>
		<u>30,613,097</u>	<u>27,121,779</u>
LESS : CURRENT LIABILITIES AND PROVISIONS :			
Current liabilities	H	16,509,807	15,796,511
Provisions	I	<u>545,191</u>	<u>697,629</u>
		<u>17,054,998</u>	<u>16,494,140</u>
NET CURRENT ASSETS		<u>13,558,099</u>	<u>10,627,639</u>
DEFERRED TAX LIABILITY		<u>(343,577)</u>	<u>(42,706)</u>
		<u>17,666,611</u>	<u>14,821,482</u>

Notes to the accounts

N

Schedules "A" to "I" and "N" 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

For and on behalf of the Board of Directors

A. M. KAKKAR — CHAIRMAN

K. NARENDRAN — MANAGING DIRECTOR

M. MENON — DIRECTOR

N. RAMESH RAJAN
Partner
Membership No. - 22311
Chennai, 12th December, 2003

Mumbai, 12th December, 2003



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST OCTOBER, 2003

	Schedule	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
INCOME :			
Income from services rendered	J	39,178,829	31,052,761
Other income	K	1,193,302	1,212,476
		<u>40,372,131</u>	<u>32,265,237</u>
EXPENDITURE :			
Personnel expenses	L	10,844,568	9,682,582
Other expenses	M	20,468,829	17,130,889
Depreciation	D	1,014,502	955,814
		<u>32,327,899</u>	<u>27,769,285</u>
Profit before taxation		8,044,232	4,495,952
Provision for taxation			
Current tax		3,000,000	1,988,784
Deferred tax Liability/(Asset)		300,871	(56,124)
Profit after taxation		<u>4,743,361</u>	<u>2,563,292</u>
Balance brought forward from last year		10,470,016	7,906,724
Amount available for appropriations		<u>15,213,377</u>	<u>10,470,016</u>
Less : Appropriations			
Interim Dividend paid		3,950,000	—
Corporate dividend tax		506,094	—
Transferred to general reserve		474,336	—
Balance carried to balance sheet		<u>10,282,947</u>	<u>10,470,016</u>
Earning per share - Basic and Diluted (Note 11 of Schedule N)		18.97	10.25

Notes to the accounts

N

Schedules "D", "J" to M" and "N" 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

For and on behalf of the Board of Directors

A. M. KAKKAR — CHAIRMAN

K. NARENDRAN — MANAGING DIRECTOR

M. MENON — DIRECTOR

N. RAMESH RAJAN
Partner
Membership No. - 22311
Chennai, 12th December, 2003

Mumbai, 12th December, 2003



Hindustan Cargo Limited

**SCHEDULES FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

	Rs.	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "A" : SHARE CAPITAL :			
Authorised :			
1,000,000 Equity shares of Rs.10/- each		10,000,000	10,000,000
Issued and subscribed :			
250,000 Equity shares of Rs.10/- each fully paid-up		2,500,000	2,500,000
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 of the Company 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	1,851,466		1,851,466
Add : Transferred from Profit and Loss account	474,336		—
		2,325,802	1,851,466
Profit and Loss account		10,282,947	10,470,016
		12,608,749	12,321,482
SCHEDULE "C": SECURED LOANS:			
Overdraft from bank		2,557,862	—
(Refer Note 4 of Schedule N)		2,557,862	—

SCHEDULE "D" : FIXED ASSETS :

Description	GROSS BLOCK — AT COST				DEPRECIATION				NET BLOCK	
	As at 1st November, 2002, Rs.	Additions during the year Rs.	Deduc- tions Rs.	As at 31st October, 2003 Rs.	As at 1st November, 2002 Rs.	For the year Rs.	On Deduc- tions Rs.	Upto 31st October, 2003 Rs.	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
Furniture and fixtures	1,260,464*	386,387*	22,518	1,624,333	472,366	296,320	22,509	746,177	878,156	788,098
Computers	1,709,903	246,900	314	1,956,489	1,268,445	235,713	313	1,503,845	452,644	441,458
Office equipment	2,774,436	205,882	302,269	2,678,049	845,149	138,745	147,973	835,921	1,842,128	1,929,287
Vehicles	2,361,246#	619,190	273,270	2,707,166	1,283,540	343,724	199,259	1,428,005	1,279,161	1,077,706
GRAND TOTAL	8,106,049	1,458,359	598,371	8,966,037	3,869,500	1,014,502	370,054	4,513,948	4,452,089	4,236,549
Previous year	7,750,110	920,314	564,375	8,106,049	3,371,222	955,814	457,536	3,869,500	4,236,549	

* Includes Rs. 1,103,367/- (previous year Rs. 720,430/-) on account of improvements to leasehold premises.

Includes Rs. Nil (previous year Rs. 1,337,104) assets purchased under Hire Purchase agreement.



**SCHEDULES FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003**

	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "E" : SUNDRY DEBTORS :		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	2,047,892	620,144
Unsecured, considered doubtful	121,535	1,027,430
	<u>2,169,427</u>	<u>1,647,574</u>
Less : Provision for doubtful debts	121,535	1,027,430
	<u>2,047,892</u>	<u>620,144</u>
Other debts		
Unsecured, considered good	21,751,435	14,834,950
	<u>23,799,327</u>	<u>15,455,094</u>
SCHEDULE "F" : CASH AND BANK BALANCES :		
Cash on hand (including cheques on hand)	79,024	451,367
Balances with scheduled banks :		
On current account	1,719,338	5,241,342
On fixed deposit*	350,000	185,000
	<u>2,069,338</u>	<u>5,426,342</u>
	<u>2,148,362</u>	<u>5,877,709</u>
*Margin money with Banks Rs. 350,000/- (previous year Rs. 185,000/-)		
SCHEDULE "G" : LOANS AND ADVANCES :		
Unsecured, considered good		
Advances recoverable in cash or in kind		
or for value to be received *	2,816,402	2,255,050
Balance with customs, port trust, etc.	209,247	270,052
Advance payment of tax less provision**	1,639,759	3,263,874
	<u>4,665,408</u>	<u>5,788,976</u>
* Includes 6 year National Saving Certificate deposited with customs -Rs. 25,000/- (previous year Rs. 25,000/-)		
** Net of provision of Rs. 23,473,784/- (previous year Rs. 20,473,784/-)		
SCHEDULE "H" : CURRENT LIABILITIES :		
Sundry creditors*	11,314,627	10,185,405
Other liabilities	270,938	172,991
Advance payment from customers	392,111	2,459,059
Due to holding company	4,532,131	2,979,056
	<u>16,509,807</u>	<u>15,796,511</u>
*As on 31st October, 2003, there are no dues to Small Scale Industrial Undertaking as per the information available with the company (previous year Nil)		
SCHEDULE "I" : PROVISIONS :		
Provision for Gratuity*	—	261,303
Provision for Leave Salary	545,191	436,326
	<u>545,191</u>	<u>697,629</u>

(*Note 5 in Schedule N)



Hindustan Cargo Limited

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST OCTOBER, 2003**

	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
SCHEDULE "J": INCOME FROM SERVICES RENDERED :		
Commission	16,557,280	13,392,297
Agency	22,621,549	17,660,464
	<u>39,178,829</u>	<u>31,052,761</u>
SCHEDULE "K" : OTHER INCOME :		
Interest on Fixed deposits (gross)	19,042	23,676
(tax deducted at source Nil - previous year Nil)		
Profit on sale of fixed assets	—	111,377
Exchange gain(Net)	922,118	409,553
Miscellaneous income	9,186	2,360
Liabilities/Provision no longer required written back	242,956	665,510
	<u>1,193,302</u>	<u>1,212,476</u>
SCHEDULE "L" : PERSONNEL EXPENSES :		
Salaries, wages and bonus	8,461,798	7,265,044
Contribution to provident and other funds	1,021,739	905,059
Premium on/provision for gratuity-cum-life assurance policy	145,189	458,837
Staff welfare	1,215,842	1,053,642
	<u>10,844,568</u>	<u>9,682,582</u>
SCHEDULE "M" : OTHER EXPENSES :		
Electricity charges	434,697	381,399
Rent	1,386,350	1,299,650
Repairs and maintenance	1,516,399	1,481,395
Vehicle running expenses	802,208	703,294
Insurance	37,661	51,810
Brokerage and incentives	111,565	39,740
Printing and stationery	882,992	801,251
Postage, telegrams, telex and telephones	1,976,462	1,942,059
Provision for doubtful debts and advances	60,854	423,719
Auditors' remuneration :		
For Statutory Audit	97,200	94,500
For Tax Audit	97,200	94,500
For Other Services (Tax closing)	97,200	94,500
Expenses	<u>2,850</u>	<u>5,972</u>
	294,450	289,472
Directors' fees	45,000	35,000
Legal and professional fees	510,227	294,318
Interest and bank charges	390,013	235,212
{includes Interest on Overdraft of Rs. 28,227/- (previous year Nil)}		
Travelling and subsistence	2,497,355	1,938,932
Loss on fixed assets sold/scrapped	76,146	—
Miscellaneous expenses (Note 7 in Schedule N)	9,446,450	7,213,638
	<u>20,468,829</u>	<u>17,130,889</u>



**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "N"

1. SIGNIFICANT ACCOUNTING POLICIES

- a) The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- 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 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 and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except that in respect of computers and vehicles, the depreciation rates applied are 25% and 15% respectively. Assets costing less than Rs 5,000/- are depreciated fully in the year of purchase. Improvements to leasehold premises are capitalised considering the enduring benefits and are amortised over the lease period.
- c) Accounting for foreign currency transactions :
Foreign currency transactions are recorded at the rate of exchange prevailing at the time of accounting such transactions and exchange differences are dealt with in the profit and loss account. Current assets and liabilities at year-end are converted at closing rates and exchange differences are recognised in the profit and loss account.
- d) Service Income :
Income comprises commissions, margins and recoverable expenses in the normal course of business, including as a custom house/IATA agent and as per terms and conditions agreed with the customers/agents.
- e) Retirement Benefits :
Contributions towards provident fund made as per Rules is charged to revenue. 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 agreement. Any shortfall/excess based on independent actuarial valuation is accounted for in the relevant period. 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. Leave encashment liability is accounted for as per the applicable rules of the company.
- f) Taxes on Income :
Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

2. Contingent Liability not provided for :

Claims against the company not acknowledged as debt - Nil (previous year Nil)

3. Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances -Nil (previous year Nil)
4. The overdraft facility is secured by hypothecation of book debts, all other current assets and fixed assets.
5. The company's Gratuity Scheme is administered by Life Insurance Corporation of India (LIC). The company has made premium contributions towards the Gratuity Scheme as called for by LIC. During the period the company has obtained actuarial valuation of the present value of Gratuity Service liability from LIC, so as to ascertain whether funds available with LIC are sufficient to meet the present value of Gratuity Service Liability. As per LIC's Actuary's report, the present fund size available with LIC, as compared to present value of Gratuity Service liability is sufficient.



Hindustan Cargo Limited

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
SCHEDULE "N" (contd.)		
6. The Deferred Tax Liability comprises of tax effect of timing differences on account of :		
1) Fixed Assets excess net block over written down value as per the provisions of the Income Tax Act, 1961	387,178	420,287
2) Provision for Doubtful Debts	(43,601)	(377,581)
	<u>343,577</u>	<u>42,706</u>
7. Miscellaneous expenses include clearance expenses amounting to Rs. 8,638,286/- (previous year Rs. 6,334,908/-)		
8. Managerial Remuneration under section 198 of the Companies Act, 1956 to the Managing Director (excluding gratuity contributed on a global basis)		
Salaries and allowances	422,484	471,240
Contribution to provident and other funds	114,070	115,080
Perquisites in cash and in kind	504,998	438,610
	<u>1,041,552</u>	<u>1,024,930</u>
Directors' fees	45,000	35,000
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	4,743,361	2,563,292
Add :		
Provision for taxation	3,300,871	1,932,660
Remuneration to the Managing Director	1,041,552	1,024,930
Directors' fees	45,000	35,000
Depreciation per accounts	1,014,502	955,814
Loss on fixed assets sold/scrapped per accounts	76,146	—
Net profit on fixed assets sold as per section 350	—	161,432
	<u>10,221,432</u>	<u>6,673,128</u>
Less:		
Depreciation as per section 350	579,624	767,013
Profit on fixed assets sold as per accounts	—	111,377
Net loss on fixed assets sold as per section 350	79,971	74,059
	<u>659,595</u>	<u>952,449</u>
Net profit	<u>9,561,837</u>	<u>5,720,679</u>
Maximum remuneration payable at the rate of 5 percent of the net profits as per section 309 of the Companies Act, 1956	478,092	286,034
Remuneration per section 198*	<u>927,482</u>	<u>909,850</u>
* Minimum remuneration as approved by the Shareholders of the company which is within the limits prescribed in Schedule XIII of the Companies Act, 1956		
9. Expenditure in foreign currency : Subscription / Travel	410,064	456,687



**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
SCHEDULE "N" (contd)		
10. Earnings in foreign currency : Commission on export shipment	1,178,269	1,203,138
11. Earnings per Share :		
Basic and Diluted Earnings Per Share	18.97	10.25
Earnings Per Share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below :		
Profit after taxation (Rs.)	4,743,361	2,563,292
Weighted average number of shares outstanding during the year (Nos)	250,000	250,000
12. Related Party Transactions :		
i) Relationships :		
a. Holding Company :		
Thomas Cook (India) Limited (TCIL) holds 100% equity shares in the company. Thomas Cook Overseas Limited (TCOL) holds 60% equity shares in TCIL. Thomas Cook UK Limited, the holding company of TCOL, is a subsidiary of Eurocenter Teteiligungs - und Reisevermittlung GMBH (Eurocenter) who in turn is subsidiary of Thomas Cook AG.		
b. Directors :		
Mr. A. M. Kakkar Mr. K. Narendran (Managing Director) Mr. M. Menon Mr. I. G. Shahani		
ii) The following transactions were carried out with the related parties in the ordinary course of business :		
a. Details relating to transactions with Thomas Cook (India) Limited :		
	Holding Company	
Particulars	Rs.	Rs.
Sale of services	3,571,357	2,451,614
Receiving of services	340,905	353,699
Outstanding receivables	440,888	89,029
Current Account payable	4,532,121	2,979,056
b. Details of remuneration paid to Managing Director :		
Particulars	Rs.	Rs.
Remuneration	1,041,552	979,930
Rent paid for residential flat	—	45,000
13. The company has entered in to lease arrangements for office and residential premises. These lease agreements are for a period of eleven months to three years and are cancellable at the option of either party by giving one month to three months notice. Lease payments recognised in the Profit and Loss Account Rs.1,386,350/- (previous year - Rs.1,299,650/-)		
14. The tax year for the company being the year ending 31st March, the provision for taxation for the year is the aggregate of the provision made for the five months ended 31st March, 2003 and the provision based on the figures for the remaining seven months up to 31st October, 2003, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2003 to 31st March, 2004.		



Hindustan Cargo Limited

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST OCTOBER, 2003 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE

SCHEDULE "N" (contd.)

15. 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 State Code 1 1

Balance sheet Date 3 1 1 0 2 0 0 3
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	- - N I L - - -	Private Placement	- - N I L - - -

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

Total Liabilities*	- - - 3 5 0 6 5	Total Assets**	- - - 3 5 0 6 5
* includes current liabilities		** includes current assets	

Sources of Funds

Paid-up Capital	- - - - 2 5 0 0	Reserves & Surplus	- - - 1 2 6 0 9
Secured Loans	- - - - 2 5 5 8	Unsecured Loans	- - N I L - - -

Application of Funds

Net Fixed Assets	- - - - 4 4 5 2	Investments	- - N I L - - -
Net Current Assets	- - - 1 3 2 1 5	Miscellaneous Expenditure	- - N I L - - -
Accumulated Losses	- - N I L - - -		

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

Turnover	- - - 4 0 3 7 2	Total Expenditure	- - - 3 2 3 2 8
Profit / Loss before tax	- - - - 8 0 4 4	Profit / Loss after tax	- - - - 4 7 4 3
+ (+ for profit, - for loss)			
Earning per share in Rs.	- - - 1 8 . 9 7	Dividend rate %	- - - - 1 5 8

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	C L E A R I N G & F O R W A R D I N G S E R V I C E S I N A I R & S E A E X P O R T , I M P O R T , C O N S O L I D A T I O N A N D B R E A K B U L K S E R V I C E

Item Code No. (ITC Code)	N O T A P P L I C A B L E
Product Description	- -

Item Code No. (ITC Code)	N O T A P P L I C A B L E
Product Description	- -

16. Previous year's figures have been regrouped/reclassified wherever necessary.

Signatures to Schedules "A" to "N"
For and on behalf of the Board of Directors
A. M. KAKKAR — CHAIRMAN
K. NARENDRAN — MANAGING DIRECTOR
M. MENON — DIRECTOR

Mumbai, 12th December, 2003

Thomas Cook Insurance Services (India) Limited



DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting the Fifteenth Annual Report and the Balance Sheet and Profit & Loss Account for the year ended 31st October, 2003.

OPERATIONS:

The Company has been the first Travel Management Company in India to get into Travel Insurance Segment and this business has become the most profitable one, among the businesses of various subsidiaries of Thomas Cook (India) Ltd. It is awarded as the Top Selling Business partner by TATA-AIG for the year 2001 - 2002.

Travel Insurance is being sold throughout 16 cities and all 54 locations in India, across businesses, Corporate and Channel partners including airport counters.

With targeted growth rate of around 150%, the Company is looking forward to launch diversified products in Domestic, Health & Marine Segment. There is also a scope for product enhancement with coverage increased from 90 to 180 days. With competitive pricing and high service levels the projected target for 2003-2004 would be accomplishable. Implementation of SAP back-end system for Insurance would have a better control and effective use of resources resulting in rise in productivity & performance.

FINANCIAL RESULTS:

	Nov./Oct. 2003	Nov./Oct. 2002
	(Amount in Rupees)	
Profit before Taxation	7,333,026	705,286
Provision for Taxation	2,630,723	259,193
Profit after Taxation	4,702,303	446,093
Transferred to General Reserve	470,230	-

DIVIDEND:

During the year, your Company has paid Interim Dividend @ 650% absorbing Rs.32,50,000/-.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public during the year under review.

DIRECTOR S:

Mr Pradip Madhavji resigned from the office of Chairman of the Company effective close of business hours on 24th February, 2003. The Board places on record its appreciation for the services he rendered during his long tenure on the Board of the Company.

In accordance with Article 131 of the Articles of Association of the Company, Mr. P. Sreekumar retires by rotation and being eligible, offers himself for reappointment.

AUDITORS:

M/s. Lovelock & Lewes, Chartered Accountants, Auditors of the Company will retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

Information u/s 217(1)(e) of the Companies Act, 1956 is Nil in view of the nature of business of the Company.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956:

There are no employees drawing remuneration more than the minimum limit prescribed under Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures;
- The accounting policies were selected and applied consistently and judgements and estimates were made which were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period under review and of the profit or loss of the Company for that period;
- Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities were taken;
- The annual accounts were prepared on a going concern basis.

BY ORDER OF THE BOARD

A. KAKKAR
CHAIRMAN

P. SREEKUMAR
DIRECTOR

Mumbai
Dated 12th December, 2003

AUDITORS' REPORT

To the Members of Thomas Cook Insurance Services (India) Limited

- We have audited the attached Balance Sheet of Thomas Cook Insurance Services (India) Limited as at 31st October, 2003 and the related Profit and Loss Account for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Government of India in terms of section 227(4A) of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph 3 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 as required by law have been kept by the company so far as appears from our examination of those books;
 - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the applicable accounting standards referred to in section 211(3C) of the Act;
 - On the basis of written representations received from the directors, as on 31st October, 2003, and taken on record by the Board of Directors of the company, none of the directors is disqualified as on 31st October, 2003 from being appointed as a director in terms of section 274(1)(g) of the Act;
 - In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - in the case of the Balance Sheet, of the state of affairs of the company as at 31st October, 2003; and
 - in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For Lovelock & Lewes
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number – 43229

Mumbai, 12th December, 2003

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 thereof)

- The company has not taken/granted any loans or advances in the nature of loans from/to any party.
- In our opinion and according to the information and explanations given to us, 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 purchases of raw materials including components, plant and machinery and sale of goods.
- There are no sales of services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and aggregating during the year to Rs. 50,000 or more in respect of each party.
- The company has not accepted any deposits from the public to which the provisions of section 58A of the Act or the rules framed thereunder would apply.
- During the year, the company has been regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities in India.
- According to the information and explanations given to us, there were no undisputed amounts outstanding as at the last day of the financial year in respect of income-tax and wealth-tax which were due for more than six months from the date they became payable.
- During the course of examination of the books and accounts carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses that have been charged to the Profit and Loss Account other than those payable under contractual obligations and/or accepted business practices.
- The company is not a sick industrial company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 of India.
- 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 jobs does not arise. Consequently, the authorisation and control on the issue of stores and allocation of stores and labour to jobs are not applicable.
- As per the information and explanations given to us and taking into consideration the nature of the business of the company, clauses (i) to (vi), (xii), (xiv), (xv) and (xvi) of paragraph 4(A), clauses (i) and (ii) of paragraph 4(C) and clauses (i) to (iv) of paragraph 4(D) are not applicable to the company.

For Lovelock & Lewes
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number – 43229

Mumbai, 12th December, 2003



Thomas Cook Insurance Services (India) Limited

BALANCE SHEET AS AT 31ST OCTOBER, 2003

	Schedule	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
I. SOURCES OF FUNDS : SHAREHOLDERS' FUNDS :			
Capital	A	500,000	500,000
Reserves and surplus	B	1,481,989	446,093
		<u>1,981,989</u>	<u>946,093</u>
II. APPLICATION OF FUNDS : CURRENT ASSETS, LOANS AND ADVANCES :			
Sundry debtors	C	876,530	510,279
Cash and bank balances	D	2,113,358	3,581,351
Loans and advances	E	1,789,174	237,611
		<u>4,779,062</u>	<u>4,329,241</u>
LESS : CURRENT LIABILITIES :			
Liabilities	F	2,181,128	3,383,148
Provision for tax (net of advances)		615,945	—
		<u>2,797,073</u>	<u>3,383,148</u>
NET CURRENT ASSETS		<u>1,981,989</u>	<u>946,093</u>
		<u>1,981,989</u>	<u>946,093</u>
Notes to the accounts	J		
Schedules "A" to "F" and "J" referred to above form an integral part of the Balance Sheet			
In terms of our report of even date For Lovelock & Lewes Chartered Accountants	For and on behalf of the Board of Directors		
	A. M. KAKKAR	—	CHAIRMAN
Sharmila A. Karve Partner Membership Number – 43229	P. SREEKUMAR	—	DIRECTOR
	M. MENON	—	DIRECTOR
Mumbai, 12th December, 2003	Mumbai, 12th December, 2003		

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST OCTOBER, 2003

	Schedule	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
INCOME :			
Turnover	G	10,227,329	1,800,297
Recovery of expenses		4,374,817	2,123,783
		<u>14,602,146</u>	<u>3,924,080</u>
EXPENDITURE :			
Card Product expenses		2,196,225	—
Personnel expenses	H	1,114,023	308,641
Advertisement and business promotional expenses		1,251,516	994,753
Other expenses	I	2,707,356	1,859,795
Preliminary expenses written off		—	55,605
		<u>7,269,120</u>	<u>3,218,794</u>
Profit before taxation		<u>7,333,026</u>	<u>705,286</u>
Provision for taxation - current		2,630,723	259,193
Profit after taxation		<u>4,702,303</u>	<u>446,093</u>
Balance brought forward from last year		446,093	—
Amount available for appropriations		<u>5,148,396</u>	<u>446,093</u>
Less : Appropriations			
Interim dividend		3,250,000	—
Corporate dividend tax		416,407	—
Transferred to general reserve		470,230	—
Balance carried to balance sheet		<u>1,011,759</u>	<u>446,093</u>
Basic and Diluted Earning Per Share [Note 2(c) in Schedule J]		94.05	15.43
Notes to the accounts	J		
Schedules "G" to "J" referred to above form an integral part of the Profit and Loss Account			
In terms of our report of even date For Lovelock & Lewes Chartered Accountants	For and on behalf of the Board of Directors		
	A. M. KAKKAR	—	CHAIRMAN
Sharmila A. Karve Partner Membership Number – 43229	P. SREEKUMAR	—	DIRECTOR
	M. MENON	—	DIRECTOR
Mumbai, 12th December, 2003	Mumbai, 12th December, 2003		

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST OCTOBER, 2003

	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
SCHEDULE "A" : CAPITAL :		
Authorised :		
500,000 Equity shares of Rs.10/- each	5,000,000	5,000,000
Issued and subscribed :		
50,000 Equity shares of Rs.10/- each fully paid-up, all held by the holding company, Thomas Cook (India) Limited and its nominees	500,000	500,000
SCHEDULE "B" : RESERVES AND SURPLUS :		
Profit and Loss account	1,011,759	446,093
General reserve	470,230	—
	<u>1,481,989</u>	<u>446,093</u>
SCHEDULE "C" : SUNDRY DEBTORS :		
(Unsecured, considered good)		
Debtors outstanding for less than six months	876,530	510,279
SCHEDULE "D" : CASH AND BANK BALANCES :		
Cash and cheques on hand	2,113,358	1,386,506
Balance with scheduled bank on current account	—	2,194,845
	<u>2,113,358</u>	<u>3,581,351</u>
SCHEDULE "E" : LOANS AND ADVANCES :		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	1,789,174	100,000
Tax payments less provisions	—	137,611
	<u>1,789,174</u>	<u>237,611</u>
SCHEDULE "F" : LIABILITIES :		
Sundry creditors - other than SSI units	1,363,739	3,286,030
Other liabilities	13,072	97,118
Book overdraft	804,317	—
	<u>2,181,128</u>	<u>3,383,148</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST OCTOBER, 2003

	Year ended 31st October, 2003 Rs.	Year ended 31st October, 2002 Rs.
SCHEDULE "G" : TURNOVER :		
Insurance Commission	4,371,648	1,800,297
Card Product Income	5,855,681	—
	<u>10,227,329</u>	<u>1,800,297</u>
SCHEDULE "H" : PERSONNEL EXPENSES* :		
Salaries, wages and bonus	1,014,483	250,345
Contribution to provident and other funds	56,628	33,033
Staff welfare	42,912	25,263
[*Note 2(b) in Schedule J]	<u>1,114,023</u>	<u>308,641</u>
SCHEDULE "I" : OTHER EXPENSES :		
Rent, rates and taxes	602,500	409,643
Other repairs and maintenance	600,000	407,143
Printing and stationery	—	11,520
Legal and professional fees	120,000	94,428
Service charges	1,320,000	895,715
Statutory auditors' remuneration :		
Audit fees	21,600	20,000
Miscellaneous reports	22,600	10,500
Bank charges	1,537	250
Directors' fees	500	3,000
Miscellaneous expenses	18,619	7,596
	<u>2,707,356</u>	<u>1,859,795</u>

Thomas Cook Insurance Services (India) Limited



NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST OCTOBER, 2003 AND THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE "J"

1. SIGNIFICANT ACCOUNTING POLICIES

- a) The accounts are prepared on accrual basis under the historical cost convention and to comply in all material aspects with applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- b) Turnover :
- Turnover comprises of insurance commission in the normal course of business as the corporate insurance agent of Tata AIG General Insurance Company Limited and sale of card products.
- c) Revenue Recognition :
- Commission on insurance policies sold are recognized at the time of issue of insurance policies. Card products sales are recognised on delivery of the cards to the customer.

2. NOTES TO ACCOUNTS

- a) The company has commenced business activities from 25th February, 2002. The company has obtained a Corporate Insurance Agent's Licence from the Insurance Regulatory and Development Authority, New Delhi for a period of three years commencing from 21st February, 2002. Accordingly, it entered into an agency agreement with Tata AIG General Insurance Company Limited for procuring the general insurance business as a Corporate Insurance Agent on behalf of the said company for a period of 3 years commencing from 21st February, 2002 in accordance with the Insurance Regulatory and Development Authority (Licensing of Insurance Agents) Regulations, 2000. As the company commenced operations on 25th February, 2002, figures for the current year are not comparable with those of the previous year.
- b) Personnel expenses includes salary and other allowances of an employee deputed to the company by the holding company.
- c) Earnings Per Share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below :

Particulars	Year ended 31 st October, 2003	Year ended 31 st October, 2002
Profit after taxation (Rs.)	4,702,303	446,093
Weighted average number of shares outstanding during the year (Nos)	50,000	28,908

- d) Expenditure in Foreign Currency
- Card Product expenses (Rs.) 610,935 —
- e) Earnings in Foreign Currency
- Revenue expenses recovered (Rs.) 95,100 —

- f) 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 - 5 4 7 6 0 State Code 1 1
Balance Sheet Date 3 1 1 0 2 0 0 3
Date Month Year

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

Public Issue	Rights Issue
- - N I L - - -	- - N I L - - -
Bonus Issue	Private Placement
- - N I L - - -	- - N I L - - -

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

Total Liabilities	Total Assets
- - - - 1 9 8 2	- - - - 1 9 8 2

Sources of Funds

Paid-up Capital	Reserves and Surplus
- - - - - 5 0 0	- - - - - 1 4 8 2
Secured Loans	Unsecured Loans
- - N I L - - -	- - N I L - - -

Application of Funds

Net Fixed Assets	Investments
- - N I L - - -	- - N I L - - -
Net Current Assets	Miscellaneous Expenditure
- - - - - 1 9 8 2	- - N I L - - -
Accumulated Losses	
- - N I L - - -	

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

Turnover	Total Expenditure
- - - 1 4 6 0 2	- - - - 7 2 6 9
Profit/Loss before tax	Profit/Loss after tax
+ - - - 7 3 3 3	+ - - - 4 7 0 2
(+ for Profit, - for Loss)	
Earning Per Share in Rs.	Dividend rate %
- - - 9 4 . 0 5	6 5 0
	Interim Dividend

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

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

- g) Previous year's figures have been regrouped/reclassified wherever necessary.

Signatures to Schedules "A" to "J"
For and on behalf of the Board of Directors
A. M. KAKKAR — CHAIRMAN
P. SREEKUMAR — DIRECTOR
M. MENON — DIRECTOR

Mumbai, 12th December, 2003



Thomas Cook Tours Limited

DIRECTORS' REPORT

TO THE MEMBERS:
Your Directors have pleasure in presenting the Fifteenth Annual Report and the Balance Sheet and Profit & Loss Account for the year ended 31st October 2003.

OPERATIONS:
There were no business activities carried on throughout the year ended 31st October 2003.

FINANCIAL RESULTS:
During the year 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 year under review.

FIXED DEPOSITS:
The Company has not accepted any deposit from the public during the year under review.

DIRECTORS:
Mr Pradip Madhavji resigned from the office of Chairman of the Company effective close of business hours on 24th February, 2003. The Board places on record its appreciation for the services he rendered during his long tenure on the Board of the Company.
In accordance with Article 131 of the Articles of Association of the Company, Mr. P. Sreekumar retires by rotation and being eligible, offers himself for reappointment.

AUDITORS:
M/s. Lovelock & Lewes, Chartered Accountants, Auditors of the Company will retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:
During the year under review, there was no business carried on by the Company and accordingly information u/s 217(1)(e) of the Companies Act, 1956 is Nil.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956:
No employees were employed throughout the year under review. Therefore, the particulars required under Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder are not furnished herewith.

DIRECTORS RESPONSIBILITY STATEMENT:
Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures;
- The accounting policies were selected and applied consistently and judgements and estimates were made which were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year under review and of the profit or loss of the Company for that year;
- Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities were taken;
- The annual accounts were prepared on a going concern basis.

Mumbai
Dated 12th December, 2003

BY ORDER OF THE BOARD
A. KAKKAR P. SREEKUMAR
CHAIRMAN DIRECTOR

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 October, 2003 which we have signed under reference to this report. No Profit and Loss Account has been prepared as there have been no activities during the year ended on that date. This financial statement is the responsibility of the management of the company. Our responsibility is to express an opinion on this financial statement based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- No report has been made under the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Government of India in terms of section 227(4A) of 'The Companies Act, 1956' of India (the 'Act') as the company was not engaged in any of the activities mentioned in paragraph 12(a) of the said Order, during the year ended 31st October, 2003.
- Further to our comments in paragraph 3 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 as required by law have been kept by the company so far as appears from our examination of those books;
 - The Balance Sheet dealt with by this report is in agreement with the books of account;
 - As the company was not engaged in any activity during the year, the compliance with the accounting standards referred to in section 211(3C) of the Act is not applicable;
 - On the basis of written representations received from the directors, as on 31st October, 2003, and taken on record by the Board of Directors of the company, none of the directors is disqualified as on 31st October, 2003 from being appointed as a director in terms of section 274(1)(g) of the Act;
 - In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, and give a true and fair view of the state of affairs of the company as at 31st October, 2003 in conformity with the accounting principles generally accepted in India.

Mumbai, 12th December, 2003

For Lovelock & Lewes
Chartered Accountants
Sharmila A. Karve
Partner
Membership Number – 43229

BALANCE SHEET AS AT 31ST OCTOBER, 2003

	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
I. SOURCES OF FUNDS :		
SHAREHOLDERS' FUNDS :		
Capital		
Authorised :		
500,000 equity shares of Rs.10/- each	5,000,000	5,000,000
Issued and subscribed :		
50,000 (Previous year: 9) equity shares of Rs.10/- each fully paid-up, all held by the holding company, Thomas Cook (India) Limited and its nominees	500,000	90
	500,000	90
II. APPLICATION OF FUNDS :		
CURRENT ASSETS, LOANS AND ADVANCES :		
Cash and bank balances :		
Cash on hand	30	30
Balance with scheduled bank on current account	499,910	—
LESS : CURRENT LIABILITIES AND PROVISIONS :		
Liabilities :		
Sundry creditors	39,995	36,795
NET CURRENT ASSETS	459,945	(36,765)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary expenses	40,055	36,855
	500,000	90

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.

In terms of our report of even date

For Lovelock & Lewes Chartered Accountants	For and on behalf of the Board of Directors
Sharmila A. Karve Partner Membership Number – 43229	A. M. KAKKAR — CHAIRMAN P. SREEKUMAR — DIRECTOR M. MENON — DIRECTOR
Mumbai, 12th December, 2003	Mumbai, 12th December, 2003

Annexure referred to in the balance sheet as at
31st October, 2003
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. 1 1 - 5 4 7 6 1 State Code 1 1
Balance Sheet Date 3 1 1 0 2 0 0 3
Date Month Year

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

Public Issue	Rights Issue
- - - N I L - -	- - - N I L - -
Bonus Issue	Private Placement
- - - N I L - -	- - - - - 5 0 0

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

Total Liabilities	Total Assets
- - - - - 5 0 0	- - - - - 5 0 0

Sources of Funds

Paid-up Capital

- - - - - 5 0 0

Application of Funds

Net Current Assets	Miscellaneous Expenditure
- - - - - 4 6 0	- - - - - 4 0

For and on behalf of the Board of Directors

A. M. KAKKAR — CHAIRMAN
P. SREEKUMAR — DIRECTOR
M. MENON — DIRECTOR

Mumbai, 12th December, 2003.



DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting the Fifteenth Annual Report and the Balance Sheet and Profit & Loss Account for the year ended 31st October, 2003.

OPERATIONS:

There were no business activities carried on throughout the year ended 31st October, 2003.

FINANCIAL RESULTS:

During the year 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 year under review.

FIXED DEPOSITS:

The Company has not accepted any deposit from the public during the year under review.

DIRECTORS:

Mr Pradip Madhavji resigned from the office of Chairman of the Company effective close of business hours on 24th February, 2003. The Board places on record its appreciation for the services he rendered during his long tenure on the Board of the Company.

In accordance with Article 131 of the Articles of Association of the Company, Mr. P. Sreekumar retires by rotation and being eligible, offers himself for reappointment.

AUDITORS:

M/s. Lovelock & Lewes, Chartered Accountants, Auditors of the Company will retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

During the year under review, there was no business carried on by the Company and accordingly information u/s 217(1)(e) of the Companies Act, 1956 is Nil.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956:

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

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures;
- The accounting policies were selected and applied consistently and judgements and estimates were made which were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year under review and of the profit or loss of the Company for that year;
- Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities were taken;
- The annual accounts were prepared on a going concern basis.

BY ORDER OF THE BOARD

Mumbai

Dated 12th December, 2003

A. KAKKAR

CHAIRMAN

P. SREEKUMAR

DIRECTOR

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 October, 2003 which we have signed under reference to this report. No Profit and Loss Account has been prepared as there have been no activities during the year ended on that date. This financial statement is the responsibility of the management of the company. Our responsibility is to express an opinion on this financial statement based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- No report has been made under the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Government of India in terms of section 227(4A) of 'The Companies Act, 1956' of India (the 'Act') as the company was not engaged in any of the activities mentioned in paragraph 12(a) of the said Order, during the year ended 31st October, 2003.
- Further to our comments in paragraph 3 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 as required by law have been kept by the company so far as appears from our examination of those books;
 - The Balance Sheet dealt with by this report is in agreement with the books of account;
 - As the company was not engaged in any activity during the year, the compliance with the accounting standards referred to in section 211(3C) of the Act is not applicable;
 - On the basis of written representations received from the directors, as on 31st October, 2003, and taken on record by the Board of Directors of the company, none of the directors is disqualified as on 31st October, 2003 from being appointed as a director in terms of section 274(1)(g) of the Act;
 - In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, and give a true and fair view of the state of affairs of the company as at 31st October, 2003 in conformity with the accounting principles generally accepted in India.

For Lovelock & Lewes
Chartered Accountants

Sharmila A. Karve
Partner

Membership Number – 43229

Mumbai, 12th December, 2003

BALANCE SHEET AS AT 31ST OCTOBER, 2003

	As at 31st October, 2003 Rs.	As at 31st October, 2002 Rs.
I. SOURCES OF FUNDS :		
SHAREHOLDERS' FUNDS :		
Capital		
Authorised :		
500,000 equity shares of Rs.10/- each	5,000,000	5,000,000
Issued and subscribed :		
50,000 (Previous year: 9) equity shares of Rs.10/- each fully paid-up, all held by the holding company, Thomas Cook (India) Limited and its nominees	500,000 500,000	90 90
II. APPLICATION OF FUNDS :		
CURRENT ASSETS, LOANS AND ADVANCES :		
Cash and bank balances :		
Cash on hand	30	30
Balance with scheduled bank on current account	499,910	—
LESS : CURRENT LIABILITIES AND PROVISIONS :		
Liabilities :		
Sundry creditors	40,160	36,960
NET CURRENT ASSETS	459,780	(36,930)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary expenses	40,220 500,000	37,020 90

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.

In terms of our report of even date

For Lovelock & Lewes
Chartered Accountants

For and on behalf of the Board of Directors

Sharmila A. Karve
Partner

Membership Number – 43229

Mumbai, 12th December, 2003

A. M. KAKKAR — CHAIRMAN
P. SREEKUMAR — DIRECTOR
M. MENON — DIRECTOR

Mumbai, 12th December, 2003

Annexure referred to in the balance sheet as at
31st October, 2003
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. 1 1 - 5 4 7 6 5 State Code 1 1
Balance Sheet Date 3 1 1 0 2 0 0 3
Date Month Year

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

Public Issue	Rights Issue
- - - N I L - -	- - - N I L - -
Bonus Issue	Private Placement
- - - N I L - -	- - - - - 5 0 0

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

Total Liabilities	Total Assets
- - - - - 5 0 0	- - - - - 5 0 0

Sources of Funds

Paid-up Capital
- - - - - 5 0 0

Application of Funds

Net Current Assets	Miscellaneous Expenditure
- - - - - 4 6 0	- - - - - 4 0

For and on behalf of the Board of Directors
A. M. KAKKAR — CHAIRMAN
P. SREEKUMAR — DIRECTOR
M. MENON — DIRECTOR

Mumbai, 12th December, 2003



Thomas Cook (Mauritius) Holding Company Limited

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31st October, 2003.

REVIEW OF THE BUSINESS

The principal activity of the Company is to hold investments.

RESULTS AND DIVIDENDS

The Company's profit for the financial year is USD 109,710 (2002 - loss of USD 5,421). Dividend declared by the directors for the year ended 31 October, 2003 was USD 105,000 (2002 - Nil).

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board, have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act, 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, PricewaterhouseCoopers, were appointed on 29th September, 2003.

By Order of the Board

A. M. KAKKAR DIRECTOR
M. MENON DIRECTOR

SECRETARY'S CERTIFICATE

Thomas Cook (Mauritius) Holding Company Limited

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 in terms of section 166(d).

Multiconsult Limited
CORPORATE SECRETARY

Date: 12th December, 2003

AUDITORS' REPORT

To the Members of Thomas Cook (Mauritius) Holding Company Limited

We have audited the financial statements of Thomas Cook (Mauritius) Holding Company Limited (the 'Company') which have been prepared in accordance with the accounting policies set out in the notes to the accounts.

Directors' responsibilities

The Company's directors are responsible for the preparation and presentation of financial statements which are in accordance with and comply with International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board, which give a true and fair view of the matters to which they relate, and which present fairly the financial position of the Company at 31st October, 2003 and its financial performance, changes in equity and cash flows for the year ended on that date.

Auditor's responsibilities

We are responsible for expressing an independent opinion, based on our audit, on the financial statements presented by the directors and reporting our opinion to you. This opinion has been prepared for and only for the Company's member in accordance with the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have no relationship with or interests in the Company other than in our capacity as auditors and tax advisors.

Opinion

We have obtained all the information and explanations we required.

In our opinion :

- proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- the financial statements :
 - have been prepared in accordance with and comply with International Financial Reporting Standards;
 - give a true and fair view of the matters to which they relate; and
 - present fairly the financial position of the Company at 31st October, 2003 and its financial performance, changes in equity and cash flows for the year ended on that date.

PricewaterhouseCoopers
Shyam Mohadeb
Partner

Mauritius, 12th December, 2003

BALANCE SHEET AS AT 31ST OCTOBER, 2003

Note	As at 31st October, 2003 USD	As at 31st October, 2002 USD
ASSETS :		
NON-CURRENT ASSETS :		
Investment in subsidiary company	3 588,697	588,697
CURRENT ASSETS :		
Prepayments	440	440
Cash at bank	11,918	11,992
	12,358	12,432
	601,055	601,129
EQUITY AND LIABILITIES :		
CAPITAL AND RESERVES :		
Share capital	4 590,000	590,000
Retained earnings	1	(4,709)
	590,001	585,291
CURRENT LIABILITIES :		
Trade and other payables	5 11,054	15,838
	601,055	601,129

The accounting policies and notes form an integral part of these financial statements.

PricewaterhouseCoopers	Approved by the Board of directors and signed on its behalf by :		
Shyam Mohadeb Partner	A. M. KAKKAR	—	DIRECTOR
	M. MENON	—	DIRECTOR
Mauritius, 12th December, 2003	Mumbai, 12th December, 2003		

INCOME STATEMENT FOR THE
YEAR ENDED 31ST OCTOBER, 2003

	Year ended 31st October, 2003 USD	Year ended 31st October, 2002 USD
INCOME :		
Dividend income from subsidiary company	115,694	—
Interest income	1	—
Other income	—	5
	115,695	5
EXPENSES :		
Licence fees	1,500	1,500
Secretarial fees	1,000	1,000
Professional fees	1,600	1,000
Accountancy fees	800	800
Audit fees	1,000	956
Bank charges	75	120
Disbursements	10	50
	5,985	5,426
PROFIT/(LOSS) FOR THE YEAR	109,710	(5,421)

The accounting policies and notes form an integral part of these financial statements.

PricewaterhouseCoopers	Approved by the Board of directors and signed on its behalf by :		
Shyam Mohadeb Partner	A. M. KAKKAR	—	DIRECTOR
	M. MENON	—	DIRECTOR
Mauritius, 12th December, 2003	Mumbai, 12th December, 2003		

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST OCTOBER, 2003

Note	Share Capital USD	Retained earnings USD	Total USD
At 1 st November, 2001	590,000	712	590,712
Loss for the year	—	(5,421)	(5,421)
At 31 st October, 2002	590,000	(4,709)	585,291
Profit for the year	—	109,710	109,710
Dividend paid	6 —	(105,000)	(105,000)
At 31 st October, 2003	590,000	1	590,001

Thomas Cook (Mauritius) Holding Company Limited



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST OCTOBER, 2003

	Year ended 31st October, 2003 USD	Year ended 31st October, 2002 USD
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit/(Loss) for the year	109,710	(5,421)
Adjustments for :		
Interest income	(1)	—
Dividend income	(115,694)	—
(Decrease)/increase in amount due to related parties	(4,684)	4,350
(Decrease)/increase in accruals	(100)	956
NET CASH USED IN OPERATING ACTIVITIES	(10,769)	(115)
CASH FLOW FROM INVESTING ACTIVITIES :		
Interest income	1	—
Dividends received	115,694	35,000
NET CASH FLOW FROM INVESTING ACTIVITIES	115,695	35,000
CASH FLOW FROM FINANCING ACTIVITIES :		
Dividend paid (Note 6)	(105,000)	(30,000)
NET CASH USED IN FINANCING ACTIVITY	(105,000)	(30,000)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(74)	4,885
Cash and cash equivalents at beginning of year	11,992	7,107
CASH AND CASH EQUIVALENTS AT END OF YEAR	11,918	11,992

The accounting policies and the notes form an integral part of these financial statements.

Approved by the Board of directors
and signed on its behalf by :

PricewaterhouseCoopers
Shyam Mohadeb
Partner

A. M. KAKKAR — DIRECTOR
M. MENON — DIRECTOR

Mauritius, 12th December, 2003

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2003

1 ACCOUNTING POLICIES :

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board. A summary of the more important accounting policies, which have been applied consistently, is set out below. The preparation of financial statements in accordance with International Financial Reporting Standards and generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Basis of accounting :

The financial statements are prepared under the historical cost convention.

Consolidated financial statements :

The Company owns 100% of the issued share capital of Thomas Cook (Mauritius) Operations Company Limited and has taken advantage of paragraph 8 of International Accounting Standard IAS 27, Consolidated Financial Statements and Accounting for Investments in Subsidiaries, which dispenses it from the need to present consolidated financial statements, as it is a wholly owned subsidiary of Thomas Cook (India) Limited. The registered office of Thomas Cook (India) Limited is Thomas Cook Building, Dr. D. Naoroji Road, Mumbai 400 001, India.

Foreign currency transactions :

Foreign currency transactions are translated into United States dollar ("USD") using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Revenue recognition :

Interest income is recognised on an accrual basis, and dividend income is recognised when declared.

Investment in subsidiary company :

Investment in subsidiary company is shown at cost. Where an indication of impairment exists the carrying amount of the investment is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The difference between the carrying amount and the recoverable amount is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

Deferred taxation :

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The principal temporary differences arise from tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2003

Financial instruments :

Financial instruments carried on the balance sheet include investment in subsidiary company, cash in hand, loan from holding company, trade receivables and trade payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 7.

2 TAXATION :

The Company is subject to income tax in Mauritius on its chargeable income at 15%. It is however entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritius tax on its foreign source income. At 31st October, 2003, the Company had accumulated tax losses of USD 5,421 (2002 - USD 5,421) and is therefore not liable to income tax. Capital gains of the Company are exempt from tax in Mauritius.

A reconciliation between the effective income tax rate of 0% and the actual tax rate of 15% is as follows :

	2003 %	2002 %
Actual tax rate	15.0	15.0
Effect of :		
Exempt income	(15.8)	—
Unprovided deferred tax asset	0.8	(15.0)
Effective tax rate	—	—

No deferred tax has been provided as it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

3 INVESTMENT IN SUBSIDIARY COMPANY :

	2003 USD	2002 USD
Unquoted at cost at 31st October	588,697	588,697

The investment consists of 150,000 ordinary shares of MUR 100 each representing the entire share capital of Thomas Cook (Mauritius) Operations Company Limited, a company incorporated in Mauritius.

4 SHARE CAPITAL :

	2003 Number	2002 Number	2003 USD	2002 USD
Authorised :				
Ordinary shares of USD 1 each	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid :				
Ordinary shares of USD 1 each	590,000	590,000	590,000	590,000

5 TRADE AND OTHER PAYABLES :

Amounts due to subsidiary company	7,846	12,530
Accruals	3,208	3,308
	11,054	15,838

6 DIVIDENDS PAID :

Dividends paid (USD 0.18 per share)	105,000	—
-------------------------------------	---------	---

7 FINANCIAL INSTRUMENTS :

Fair values :

The carrying amounts of cash at bank and trade and other payables approximate their fair values. The investment in the subsidiary company, which is accounted for at historical cost, is carried at a value which may differ materially from its fair value. However, management believes that the fair value exceeds the carrying amount.

Currency profile :

Apart from the investment in subsidiary company, all the Company's financial assets and liabilities are denominated in United States dollars.

Currency risk :

The Company invests in shares denominated in Mauritian Rupees ("MUR"). Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to the MUR may change in a manner which has a material effect on the reported values of the Company's assets which are denominated in MUR.

8 RELATED PARTY TRANSACTIONS :

The Company is controlled by Thomas Cook (India) Limited, a company incorporated in India which owns all the Company's shares. The ultimate parent of the Company is Thomas Cook AG, incorporated in Germany. The Company carried out the following transactions with related parties :

	2003 USD	2002 USD
Thomas Cook (India) limited		
Dividend declared and paid	105,000	—
Thomas Cook (Mauritius) Operations Company Limited		
Dividend income	115,694	—
Expenses paid on Company's behalf	3,710	—

The amount due to the subsidiary company is disclosed in note 5.

9 REPORTING CURRENCY :

The financial statements are presented in United States dollars. The Company has been granted a Category 1 Global Business Licence under the Financial Services Development Act 2001 which requires that the Company's business or other activity is carried on in a currency other than the Mauritian rupee.

10 INCORPORATION :

The Company is incorporated in Mauritius as a private company with limited liability.

A. M. KAKKAR — DIRECTOR
M. MENON — DIRECTOR

Mumbai, 12th December, 2003



Thomas Cook (Mauritius) Operations Company Limited

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Group and of the Company for the year ended 31st October, 2003.

PRINCIPAL ACTIVITY

The principal activity of the Company is to deal in foreign exchange.

REVIEW OF THE BUSINESS

The Company's profits for the financial year amount to MUR 2,973,825 (2002 – MUR 877,981).

The directors have declared and paid a dividend of MUR 3,293,000 (2002 - nil) during the year ended 31st October 2003.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

The financial statements of the Company for the year ended 31 October 2003 are set out on pages 8 to 21. The auditors' report on these financial statements is on pages 6 and 7.

DIRECTORS AND DIRECTORS' REMUNERATION

The following directors held office since 01st November, 2002 :

Mr A.M. Kakkar
Mr L.E. Ng Cheong Tin
Mr M. Menon
Mr Uday Kumar Gujadhur

During the year ended 31st October, 2003, no remuneration was paid to the directors by the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial positions, financial performances and cash flows of the Company. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board, have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act, 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The fees paid to the auditors, PricewaterhouseCoopers, for audit and other services are set out in Note 3 to the financial statements.

PricewaterhouseCoopers have indicated their willingness to continue in office and will be automatically reappointed at the Annual Meeting.

Approved by the Board of Directors on 12th December, 2003 and signed on its behalf by :

A. M. KAKKAR DIRECTOR
M. MENON DIRECTOR

SECRETARY'S CERTIFICATE

Thomas Cook (Mauritius) Operations Company Limited

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 in terms of section 166(d).

Executive Services Limited

SECRETARY

Date : 12th December, 2003

AUDITORS' REPORT

To the Members of Thomas Cook (Mauritius) Operations Company Limited

We have audited the financial statements of Thomas Cook (Mauritius) Operations Company Limited (the 'Company') which have been prepared in accordance with the accounting policies set out in the notes to the accounts.

Directors' responsibilities

The Company's directors are responsible for the preparation and presentation of financial statements which are in accordance with and comply with International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board, which give a true and fair view of the matters to which they relate, and which present fairly the financial position of the Company at 31st October, 2003 and its financial performance, changes in equity and cash flows for the year ended on that date.

Auditor's responsibilities

We are responsible for expressing an independent opinion, based on our audit, on the financial statements presented by the directors and reporting our opinion to you. This opinion has been prepared for and only for the Company's member in accordance with the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have no relationship with or interests in the Company other than in our capacity as auditors and tax advisers of the Company.

Opinion

We have obtained all the information and explanations we required.

In our opinion :

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements :
 - (i) have been prepared in accordance with and comply with International Financial Reporting Standards;
 - (ii) give a true and fair view of the matters to which they relate; and
 - (iii) present fairly the financial position of the Company at 31st October, 2003 and its financial performance, changes in equity and cash flows for the year ended on that date.

PricewaterhouseCoopers

Shyam Mohadeb

Partner

Mauritius, 12th December, 2003

BALANCE SHEET AS AT 31ST OCTOBER, 2003

	Note	As at 31st October, 2003 MUR	As at 31st October, 2002 MUR
ASSETS :			
NON-CURRENT ASSET :			
Plant and equipment	7	2,314,843	1,930,557
CURRENT ASSETS :			
Trade and other receivables	8	1,542,329	968,596
Cash at bank and in hand		30,795,057	28,204,565
		32,337,386	29,173,161
		34,652,229	31,103,718
EQUITY & LIABILITIES :			
CAPITAL AND RESERVES :			
Share capital	9	15,000,000	15,000,000
Retained earnings		876,209	1,195,384
		15,876,209	16,195,384
NON-CURRENT LIABILITIES :			
Deferred tax liabilities	10	170,000	112,866
Retirement and other benefits obligations	11	88,996	88,996
		258,996	201,862
CURRENT LIABILITIES :			
Trade and other payables	12	17,679,542	14,315,983
Income tax	6	837,482	345,528
Bank overdraft		—	44,961
		18,517,024	14,706,472
		34,652,229	31,103,718

The accounting policies and Notes form an integral part of these financial statements

Approved by the Board of Directors
and signed on its behalf by :

PricewaterhouseCoopers

Shyam Mohadeb

Partner

Mauritius, 12th December, 2003

A. M. KAKKAR — DIRECTOR

M. MENON — DIRECTOR

Mumbai, 12th December, 2003

Thomas Cook (Mauritius) Operations Company Limited



INCOME STATEMENT FOR THE YEAR ENDED 31ST OCTOBER, 2003

Note	Year ended 31st October, 2003 MUR	Year ended 31st October, 2002 MUR
Gains less losses arising from dealing in foreign currencies	12,423,830	8,144,685
Other operating income	511,716	407,930
	<u>12,935,546</u>	<u>8,552,615</u>
Administrative expenses	(9,131,779)	(7,451,213)
Operating profit	3,803,767	1,101,402
Finance income	64,674	155,830
	<u>3,868,441</u>	<u>1,257,232</u>
Profit before taxation	(894,616)	(379,251)
Taxation		
Net profit for the year	<u>2,973,825</u>	<u>877,981</u>

The accounting policies and Notes form an integral part of these financial statements

Approved by the Board of Directors
and signed on its behalf by :

PricewaterhouseCoopers

Shyam Mohadeb
Partner

Mauritius, 12th December, 2003

A. M. KAKKAR — DIRECTOR
M. MENON — DIRECTOR

Mumbai, 12th December, 2003

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST OCTOBER 2003

Note	Share capital MUR	Retained earnings MUR	Total MUR
At 01 st November, 2001	15,000,000	317,403	15,317,403
Profit for the year	—	877,981	877,981
At 31 st October, 2002	15,000,000	1,195,384	16,195,384
Profit for the year	—	2,973,825	2,973,825
Dividends paid	13	(3,293,000)	(3,293,000)
	<u>15,000,000</u>	<u>876,209</u>	<u>15,876,209</u>
At 31 st October, 2003			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST OCTOBER, 2003

Note	Year ended 31st October, 2003 MUR	Year ended 31st October, 2002 MUR
CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT BEFORE TAXATION	3,868,441	1,257,232
Adjustments for :		
Depreciation of plant and equipment	7	435,242
Interest receivable		(64,674)
	<u>4,239,009</u>	<u>1,548,314</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
(Increase)/decrease in trade and other receivables		(573,733)
Increase in trade and other payables		3,363,559
Increase in retirement benefits obligations		—
	<u>7,028,835</u>	<u>13,775,978</u>
CASH GENERATED FROM OPERATIONS		
Interest received	64,674	155,830
Income tax paid	(345,528)	(188,427)
	<u>6,747,981</u>	<u>13,743,381</u>
NET CASH FORM OPERATING ACTIVITIES		
CASH FLOW FROM INVESTING ACTIVITIES :		
Payments for purchase of plant and equipment	(819,528)	(212,057)
	<u>(819,528)</u>	<u>(212,057)</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOW FROM FINANCING ACTIVITIES :		
Dividends paid	13	(3,293,000)
	<u>(3,293,000)</u>	<u>—</u>
NET CASH USED IN FINANCING ACTIVITIES		
	<u>(3,293,000)</u>	<u>—</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,635,453	13,531,324
Cash and cash equivalents at beginning of year	28,159,604	14,628,280
	<u>30,795,057</u>	<u>28,159,604</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	

The accounting policies and Notes form an integral part of these financial statements

Approved by the Board of Directors
and signed on its behalf by :

PricewaterhouseCoopers

Shyam Mohadeb
Partner

Mauritius, 12th December, 2003

A. M. KAKKAR — DIRECTOR
M. MENON — DIRECTOR

Mumbai, 12th December, 2003

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2003

1 ACCOUNTING POLICIES :

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board. A summary of the more important accounting policies, which have been applied consistently, is set out below. The preparation of financial statements in accordance with International Financial Reporting Standards and generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Basis of accounting :

The financial statements are prepared under the historical cost convention.

Foreign currency translations :

Measurement currency :

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ('the measurement of currency'). The financial statements are presented in Mauritian rupees, which is the measurement currency of the Company.

Transactions and balances :

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

Revenue recognition :

Dealings in foreign exchange are recognised on customer acceptance. Gains and losses arising on dealings in foreign currencies are recognised on a net basis.

Fees and commissions are recognised on an accrual basis when the service has been provided.

Interest income is recognised on an accrual basis, unless collectivity is in doubt.

Employee post retirement obligations :

Where employees are not covered under any pension plan, the severance allowance payable under the Labour Act has been estimated and provided for.

Operating leases :

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Plant and equipment :

Plant and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated on the reducing balance method at the following rates per annum :

Computer	33%
Office equipment	15% (2002 – 33%)
Furniture and fittings	15%
Motor vehicles	20%

Plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amounts and are included in operating profit.

Share capital :

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Deferred taxation :

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Currently enacted tax rates are used to determine deferred tax.

The principal temporary differences arise from tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Financial instruments :

Financial instruments carried on the balance sheet include trade and other receivables excluding prepayments, cash at bank and in hand and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 16.



Thomas Cook (Mauritius) Operations Company Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st OCTOBER, 2003

Dividends :

Dividends are recorded in the financial statements on the earlier of the payment date and date they are approved by the shareholders.

Cash and cash equivalents :

Cash comprises cash in hand and balances with the bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Related parties :

Related parties are individuals and companies where the individual or company has the ability to control the Company or exercise significant influence over it in making financial and operating decisions.

International Financial Reporting Standards :

The Company has applied International Financial Reporting Standards in full for the first time as the primary accounting basis. The audited financial statements for the year ended 31st October, 2002 were prepared in accordance with and complied with Mauritius Accounting Standards. Mauritius Accounting Standards are based on International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board, except for the following applicable International Accounting Standards which did not have, for the year ended 31st October, 2002, a corresponding Mauritius Accounting Standard :

- IAS 32 (revised 1998) - Financial Instruments : Disclosure and Presentation
- IAS 39 (revised 2000) - Financial Instruments : Recognition and Measurement

The preparation of the financial statements in accordance with International Financial Reporting Standards has had no impact on the amounts reported in the financial statements for the year ended 31st October, 2002.

Comparatives :

Where necessary, comparative figures have been adjusted to confirm with changes in presentation in the current year.

2 FINANCIAL RISK MANAGEMENT :

Financial risk factors :

The Company's activities expose it to financial risks mainly on foreign currency exchange rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Limits are placed on both internal and external exposures. These limits are strictly adhered to and are monitored independently. The Company currently does not deal in forward exchange contracts with external parties.

The Group takes on judicious and calculated exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The nature of the Company's activities requires it to maintain an adequate level of foreign currencies. The Company mitigates this exposure by holding foreign currencies by using the services of Thomas Cook (India) Limited dealing room based in Mumbai, India.

The Company takes on selective exposure to credit risk based on the reputation and creditworthiness of the party. The Company mitigates this exposure by dealing with reputable and financially sound banks and other financial institutions.

Compliance risk :

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the financial services industry. Non-compliance can lead to fines, public reprimands, enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate.

Operational risk :

Operational risk, which is inherent in all business activities, is the potential for financial loss and business instability arising from failures in internal controls, operational processes or the systems that support them.

The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Company and to be consistent with the prudent management required of a responsible financial organisation.

3 OPERATING PROFIT :

	Note	2003 MUR	2002 MUR
Operating profit is arrived at after charging :			
Depreciation of plant and equipment	7	435,242	446,912
Auditors' remuneration :			
Audit fees		120,000	100,000
Non-audit services		12,000	—
Operating lease rentals		1,333,500	1,320,000

4 FINANCE INCOME (net) :

Bank interest income	64,674	155,830
----------------------	--------	---------

5 STAFF COSTS :

Wages and salaries	2,073,965	1,854,748
Other benefits	469,813	358,413
Social security costs	96,310	126,448
Retirement benefits costs	—	47,696
	2,640,088	2,387,305

	2003 Number	2002 Number
Number of employees at end of year		
— Full time	17	14

6 TAXATION :

	2003 MUR	2002 MUR
Based on the profit for the year as adjusted for tax purposes at 25%	837,482	345,528
Movement in deferred taxation account (Note 10)	57,134	47,511
Overprovision in prior year	—	(13,788)
Charge to the income statement	894,616	379,251

The reconciliation between the actual income tax rate of 23.1% for 2003 (2002—30.2%) and the applicable income tax rate of 25% is as follows :

	2003 %	2002 %
Applicable income tax rate :	25.0	25.0
Impact of : Investment allowances	(1.4)	(1.1)
Expenses not deductible for tax purposes	1.1	1.2
Deferred tax asset not provided in previous year	(1.6)	5.1
Actual tax rate	23.1	30.2

7 PLANT AND EQUIPMENT :

	Office Equipment MUR	Computer equipment MUR	Furniture & Fittings MUR	Motor Vehicles MUR	Total MUR
Cost :					
At 01 st November, 2001	506,820	671,169	760,392	806,430	2,744,811
Additions	—	209,257	2,800	—	212,057
At 31 st October, 2002	506,820	880,426	763,192	806,430	2,956,868
Additions	159,472	160,774	499,282	—	819,528
At 31 st October, 2003	666,292	1,041,200	1,262,474	806,430	3,776,396
Accumulated depreciation :					
At 01 st November, 2001	81,194	217,536	78,066	202,603	579,399
Charge for the year	63,844	159,795	102,507	120,766	446,912
At 31 st October, 2002	145,038	377,331	180,573	323,369	1,026,311
Charge for the year	67,181	174,915	96,534	96,612	435,242
At 31 st October, 2003	212,219	552,246	277,107	419,981	1,461,553
Net book amount :					
At 31 st October, 2003	454,073	488,954	985,367	386,449	2,314,843
At 31 st October, 2002	361,782	503,095	582,619	483,061	1,930,557

8 TRADE AND OTHER RECEIVABLES :

	2003 MUR	2002 MUR
Amounts due by related party (Note 15)	255,328	387,824
Rental and other deposits	384,000	300,000
Prepayments	903,001	280,772
	1,542,329	968,596

9 SHARE CAPITAL :

	2003 Number	2002 Number	2003 MUR	2002 MUR
Authorised, issued and fully paid :				
Ordinary shares of MUR100 each	150,000	150,000	15,000,000	15,000,000

10 DEFERRED TAXATION :

Deferred tax is calculated on all temporary differences under the liability method using an income tax rate of 25% (2002 – 25%).

	2003 MUR	2002 MUR
At 01 st November, 2002	112,866	65,355
Charge to income statement (Note 6)	57,134	47,511
At 31 st October, 2003	170,000	112,866
The deferred tax balance arises from :		
Accelerated capital allowances on plant and equipment	192,249	135,115
Retirement benefits obligations	(22,249)	(22,249)
	170,000	112,866

Thomas Cook (Mauritius) Operations Company Limited



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2003

	Note	2003 MUR	2002 MUR
11 RETIREMENT BENEFITS OBLIGATIONS :			
The amounts recognised in the balance sheet are determined as follows :			
Present value of unfunded obligations		88,996	88,996
Liability recognised at 31 st October, 2003		88,996	88,996
The amounts recognised in the income statement are as follows :			
Current service cost		—	47,696
Total, included in staff costs	5	—	47,696
No current service cost has been recognised during the year as the liability was over provided in the prior year.			
Movement in the liability recognised in the balance sheet :			
At 01 st November, 2002		88,996	41,300
Charge for the year		—	47,696
At 31 st October, 2003		88,996	88,996
12 TRADE AND OTHER PAYABLES :			
Trade payable		2,039,789	18,131
Amounts due to related party	15	14,217,000	13,342,500
Accruals		1,422,753	955,352
		17,679,542	14,315,983

13 DIVIDENDS PAID :
A dividend of MUR 3,293,000, representing a dividend per share of MUR 21.953, was proposed by the directors and paid on 27th October, 2003.

14 CASH AND CASH EQUIVALENTS :			
Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :			
Cash at bank and in hand - local currency		8,093,219	1,376,017
- foreign currency		22,701,838	26,828,548
Bank overdraft		—	(44,961)
		30,795,057	28,159,604

15 RELATED PARTY TRANSACTIONS :			
The Company is a wholly owned subsidiary of Thomas Cook (Mauritius) Holding Company Limited which is controlled by Thomas Cook (India) Limited, a company incorporated in India. The ultimate parent of the Company is Thomas Cook AG, incorporated in Germany. The Company carried out the following transactions with related parties :			
(a) Thomas Cook (India) Limited			
Purchases of foreign currencies		624,222,001	574,065,260
Amount payable	12	14,217,000	13,342,500
(b) Thomas Cook (Mauritius) Holding Company Limited			
Expenses paid on behalf of Company		165,004	133,223
Amount receivable	8	255,328	387,824
(c) Directors' remuneration			
No directors were remunerated during the year (2002 – Nil).			

16 FINANCIAL INSTRUMENTS :
Fair values
The carrying amounts of trade and other receivables, cash at bank and in hand, trade and other payables and bank overdraft approximate their fair values.

Currency profile :

The currency profile of the Company's financial assets and liabilities is summarised as follows :

	Financial assets 2003 MUR	Financial liabilities 2003 MUR	Financial assets 2002 MUR	Financial liabilities 2002 MUR
Pound sterling	2,768,094	—	1,787,731	—
Euro	5,623,084	339,892	8,132,470	—
United States dollar	13,903,300	15,056,469	16,163,458	13,360,633
Mauritian rupee	8,658,478	2,283,456	1,831,982	1,547,701
Others	662,687	201,588	1,132,714	—
	31,615,643	17,881,405	29,048,355	14,908,334

17 COMMITMENTS :

Operating lease commitments :

The Company does not own any property and has entered into operating leases for office space and sales outlets for a period not exceeding 5 years. The rental is subject to an annual increase, generally not exceeding 5%. The future aggregate minimum lease payments under non-cancellable operating lease arrangements are as follows :

	2003 MUR	2002 MUR
Not later than 1 year	378,000	360,000
Later than 1 year and not later than 5 years	2,601,000	780,000
	2,979,000	1,140,000

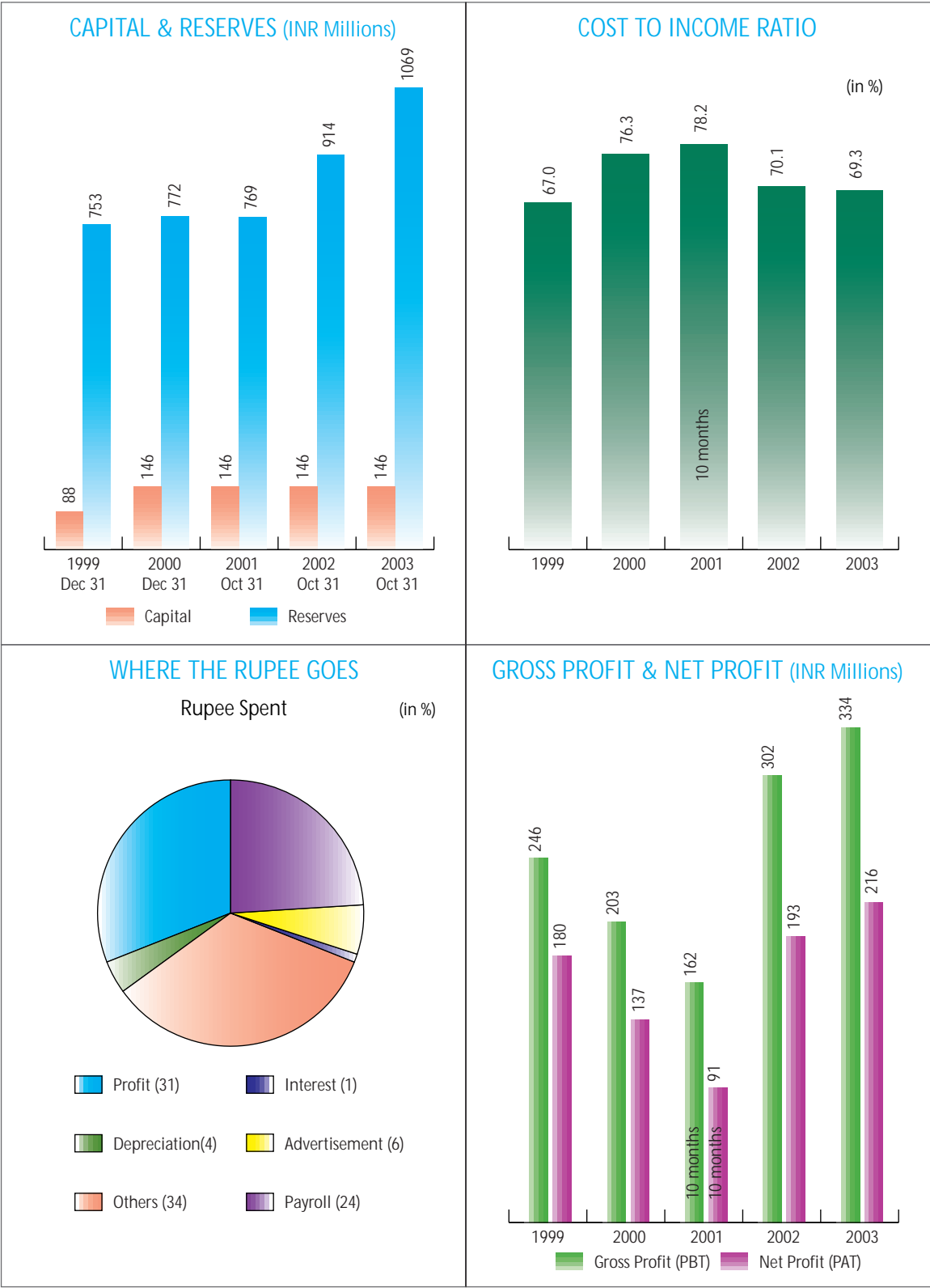
18 OTHER COMPANY INFORMATION :

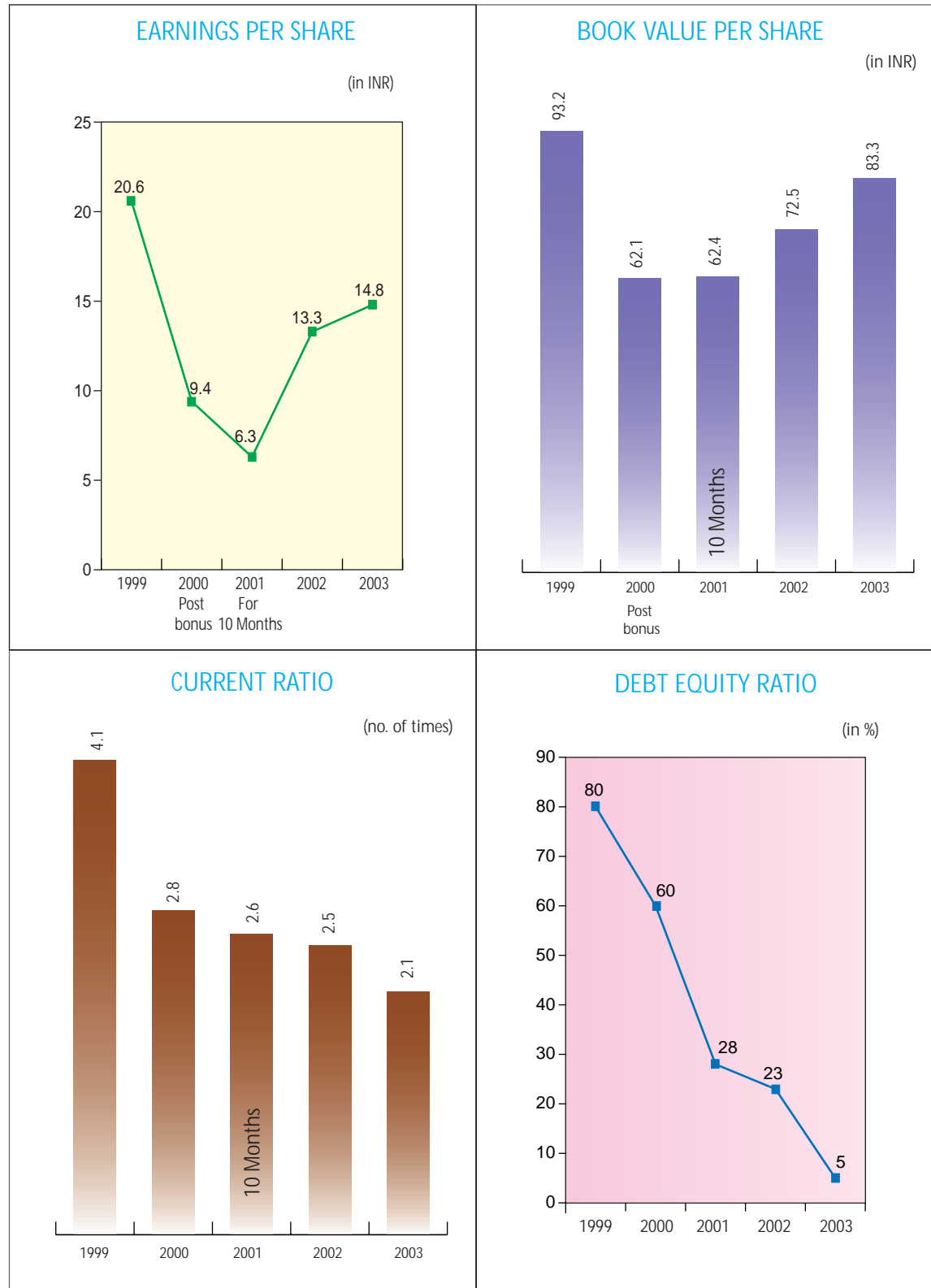
The Company is incorporated in Mauritius as a private company with limited by shares. The registered office is 10, Frère Félix de Valois Street, Port Louis. Its principal place of business is Joonas building, 1 Quay Street, Port Louis.

ADDITIONAL NOTES TO INCOME STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2003

	2003 MUR	2002 MUR
Staff Cost :		
Payroll	2,640,088	2,387,305
Other Expenses :		
Staff welfare	61,642	79,831
Telephone	615,556	440,306
Postages	—	500
Courier	8,950	4,421
Rent and related costs	1,511,779	1,320,000
General maintenance	76,810	78,984
Electricity charges	117,715	74,446
Conveyance	321,802	254,801
Overseas travelling	122,102	127,123
Vehicle running expenses	273,496	188,485
Advertisement	169,966	10,442
Business promotion	122,118	58,961
Bad debts	—	254,575
Bank charges	324,978	105,472
Counting charges	222,560	15,645
Licence fees	77,052	62,448
Insurance premium	352,470	338,985
Miscellaneous expenses	10,991	27,863
Import/export charges	757,190	364,883
Professional fees	197,910	172,875
Audit fees	336,914	311,650
Printing and stationery	37,495	56,463
Security charges	261,076	210,341
Computer stationery	75,016	57,496
Brokerage and incentive fees	860	—
Depreciation	435,243	446,912
	9,131,779	7,451,213

Mauritius, 12th December, 2003
A. M. KAKKAR — DIRECTOR
M. MENON — DIRECTOR







Thomas Cook (India) Limited

TEN FINANCIAL YEARS' PERFORMANCE

	(Rs. in Thousands)									
	1994 Rs.	1995 Rs.	1996 Rs.	1997 Rs.	1998 Rs.	1999 Rs.	2000 Rs.	2001 Rs.	2002 Rs.	2003 Rs.
Fixed Assets	117354	124866	267181	352698	429931	447509	450068	449583	445920	472869
Investments	2500	2500	2500	2500	2500	2500	74373	29774	30236	78704
Net Current Assets	295043	467014	444299	577242	844044	1018406	925157	682674#	824225#	726294#
Misc. Expenditure	—	—	—	—	—	25023	12181	4251	1959	—
Total Application of Funds	414897	594380	713980	932440	1276475	1493438	1461779	1166282	1302340	1277867
Capital	31500	52500	52500	87500	87500	87500	145833	145833	145833	145833
Reserves	261944	323298	430883	497416	621744	753092	772263	768841	913952	1068525
Shareholders' Funds	293444	375798	483383	584916	709244	840592	918096	914674	1059785	1214358
Loan Funds	121453	218582	230597	347524	567231	652846	543683	251608	242555	63509
Total Source of Funds	414897	594380	713980	932440	1276475	1493438	1461779	1166282	1302340	1277867
							(10 months)			
Total Income	346389	445721	541850	566906	752372	745575	856612	743947	1008567	1089549
Total Expenditure	176884	241415	291928	351060	509918	499361	653685	553927	706983	755498
Profit Before Taxation	169505	204306	249922	215846	242454	246214	202927	190020 †	301584	334051
Profit available for appropriation (After Tax & Adjustments for prior years, if any)	102944	108604	136460	144846	172454	180348	136505	91201	193236	216267
Retained Earnings for the year	88769	82354	107585	101533	124329	131348	77504	52171	145111	154572
Dividend Paid/Payable	14175	26250	28875	39375	43750	43750	48125	40833	48125	54688
Dividend Tax	—	—	—	3938	4375	5250	10876	(1803)	—	7007
Dividend Percentage	45	*50	55	*45	50	50	*33	28	33	37.5
Earning per share (Rs.)										
Before exceptional charge	32.7	20.7	26.0	16.5	19.7	20.6	9.4	8.2	13.3	14.8
After exceptional charge								6.3		

* On the increased Capital Base

Net of Deferred Tax Liability

† Profit before tax and exceptional charge for period ended 31st October 2001 of Rs. 27716

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.