



Directors' Report

To the Members:

Your Directors have pleasure in presenting the Twenty-Eighth Annual Report, together with the Balance Sheet and Profit and Loss Account for the year ended 31st October 2004.

Thomas Cook (India) Limited (TCIL) Financial Results

Rupees in Million

	Year ended 31st October 2004	Year ended 31st October 2003
Revenues	1313	1090
Profit before Taxation	429	334
Provision for Taxation	147	121
Provision for Deferred Taxation	7	(3)
Profit after Taxation	275	216
Transferred to Reserve U/sec. 80 HHD of the Income Tax Act, 1961	–	15
Transferred to General Reserve	27	22
Proposed Dividend	55	55
EPS	18.8	14.8

Operations & Results

FY 04 has been a year of many milestones for your Company. In recording turnover of Rs. 1313 millions, the Company has clocked a growth in revenue of more than 20% over the previous year figure of Rs. 1090 millions. Profits before tax is Rs. 429 millions and the profit after tax, Rs. 275 millions with a growth of 27% in the profit after tax. The earning per share of the Company is 18.8 compared to 14.8 for the previous year.

The Company has performed exceptionally well in all its businesses and has recorded a significant growth in both volumes and profits. With the upswing of general sentiments and turnaround in the tourism sector, your Company has been able to take advantage of the scenario, to further its growth ambitions. Overall, all segments of business have performed very satisfactorily and have been able to pursue its growth strategies.

In essence, your Company's performance has been able to capture the upswing of the market's moods and sentiments and has continued to perform well in line with its strategic vision.

Dividend

Your Directors are pleased to recommend a dividend of 37.5%. The proposed dividend absorbs Rs. 55 millions.

General Reserve

Your Directors have resolved to transfer Rs. 27 millions to General Reserve out of the profits of the Company. In view of the transfers, the total reserves are at Rs. 1281 millions as at the year ended 31st October 2004.

Directors' Responsibility Statement:

As required under Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures;
- b) 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 period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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 provided by any system on internal controls;
- d) the Directors have prepared the annual accounts on a going concern basis.





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. TCOL is a wholly owned subsidiary of Thomas Cook UK Limited, which in turn is a 100% subsidiary of Eurocenter Beteiligungs-und Reiservertmittlung GmbH, Germany. Eurocenter is a wholly owned subsidiary of Thomas Cook AG, Germany.

Thomas Cook AG, its subsidiaries and affiliates 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) Limited

Operations in India

The year commenced on an optimistic note, for the travel industry, as a result of improved economic scenario, the absence of terror attacks and disease scares. The industry was back on the recovery path that it desperately needed post SARS and the Iraq war.

The Indian travel scene witnessed a metamorphosis specifically with reference to air travel, the introduction of the open sky policy of the government, India's liberalised policies on chartered flights, increased airline seat capacity and the introduction of domestic Low Cost Airline's (LCA's).

The Travel & Related Services business has recorded a magnificent year. This is despite the fact that aviation fuel prices have risen because of fluctuating global oil prices resulting in fare hikes. In fact, the Travel & Related Services business in Thomas Cook India has recorded a high growth.

The outlook of the travel industry is promising and business sentiments for the next year are positive, as a result of the buoyant economic performance, strong GDP growth and political stability with the rapprochement in the Indo-Pak relations. The Government decision on investments in tourism marketing and earmarked financial assistance to the States, for destination development and tour circuit development, will ensure growth of the tourist numbers, both outbound and inbound.

In the financial services business, the Company continued to retain its numero uno status with both the retail and the bank notes business maintaining stable growth numbers. This was despite the sustained competition from players in the money changers segment.

During the year, all the modules of the computerised Front Office System (FOS), went live in a phased manner and the Company now uses probably the most advanced front office system in the entire travel arena across the world. Further, the Company has implemented one of the most sophisticated accounting systems, by using the SAP 4.6C version. The FOS is integrated with SAP accounting system to provide seamless transmission of transaction data.



Sales and visibility on the Internet Channel have shown impressive growth due to partnerships with Rediff.com and The Indian Railway site- www.irtc.co.in. A payment gateway contract has been signed to allow customers to pay for their transactions online.

Operations in Sri Lanka

The foreign exchange operations at Bandaranaike International Airport turned in an impressive performance far ahead of its targeted numbers. The Company today has outlets both at the Arrival and Departure terminals at vantage locations to take advantage of the growing inbound and outbound travel to and from the country. It is the only non-banking company operating Foreign Exchange counters at the Airport. The Company is also exploring the possibility of opening up a foreign exchange counter at the duty free area for re-conversions.

The travel and related services business in Sri Lanka acquired greater impetus through frequent advertising in the dailies. Regular group departures to India and neighbouring countries in Asia and South Asia were operated successfully. The inbound operations also gained momentum through captive business from India. The Company plans to open at least two new retail outlets within Colombo city and expand the holiday distributions through preferred partners in the up-country areas. Holidays on loans and through referral programmes are also being initiated.

The Company has recently commenced local General Sales Agency (GSA) operations through its subsidiary Airline Services Lanka (Private) Limited by entering into an agreement with Condor.

As the GSA for Condor, the Company shall actively promote Condor amongst the local travelling public, carry out physical booking and issue of tickets for travel, advertising and external promotions on behalf of the airline.

The GSA arm commenced active operations in July 2004 and at present, has one outlet.

Operations in Mauritius

The foreign exchange operations at Mauritius showed satisfactory growth during the year. The operations continue to promote new products, which will add larger volumes to its turnover in the coming year.

The new branch at Grand Baie has stabilised within six months of its inception. A new bigger branch at a prime location in Port Louis, Mauritius has also been opened.

The Company has also recently started General Sales Agency (GSA) business through its subsidiary Thomas Cook (Mauritius) Travel Limited (completing four months of operations) and is responsible for representing Condor in Mauritius as a Town Office for the passenger sales. The GSA has, at present, one location.

Accolades and Awards:

Thomas Cook (India) Limited has been a recipient of a number of highly prestigious awards, including:

■ Tourism Award

The Department of Tourism, Government of India bestowed the Incredible India National Tourism Award 2002- 2003 in Category I: Travel Agents / Tour Operators (second prize) for Outstanding Performance, upon Thomas Cook (India) Limited, at a function in Delhi.



■ Galileo Express Travel & Tourism Award

Thomas Cook (India) Limited also bagged the “Most Innovative Marketing Campaign by a Tour Operator” award for the 3-pronged brand building campaign run in the media during 2003.

■ Outstanding Achievers Award 2003

The Pacific Asia Writers Association (PATWA) conferred on Thomas Cook (India) Limited and the CEO & MD, Mr. Ashwini Kakkar, the Outstanding Achiever Award 2003 for the promotion of Tourism in India.

■ Airline Awards

Thomas Cook office in Delhi was felicitated as one of the top agents of Cathay Pacific in the city, while Air India recognised our Chennai office as the Best Agent in Tamil Nadu.

■ Best Travel Agency – India, by TTG Asia

Thomas Cook (India) Limited retains its position as the leader in the travel industry and bagged for the 5th consecutive year, the Best Travel Agent – India award from TTG Asia. Voted the best in the field by suppliers and industry leaders around the Asia – Pacific region, the TTG awards recognise the most outstanding organisation/s individuals in the Asia Pacific travel industry.

■ Dun & Bradstreet (D & B), the world’s leading provider of business information services had ranked Thomas Cook among India’s Top 500 Companies 2003. The D & B releases its Top 500 rankings in many countries around the globe, and these are widely accepted as key measures of corporate performance.

■ The Internet Channel has won the Best Website award from The Association of Business Communicators of India for the third year in a row.

Directors

In accordance with Article 131 of the Articles of Association of the Company, Mr. Lester Porter and Mr. Ian Ailles retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Stefan Pichler ceased to be a Director and Chairman of the Company effective 27th February 2004. Mr. P. Sreekumar resigned from the office of Executive Director – Finance effective close of business hours on 5th March 2004.

The Board places on record its special appreciation for the services Mr. Stefan Pichler and Mr. P. Sreekumar rendered during their tenure on the Board of the Company.

Mr. Heinz-Ludger Heuberg was appointed by Thomas Cook Overseas Limited (TCOL) as its nominee with effect from 27th February 2004. As TCOL nominee, Mr. Heuberg is not liable to retire by rotation. Mr. B. D. Sumitra, SBI nominee, was nominated and appointed with effect from 21st May 2004.

Mr. Robin Banerjee was appointed as an Additional Director and Executive Director – Finance at the Board Meeting held on 2nd April 2004. He holds office upto the date of this Annual General Meeting and in respect of him, the



Company has received notices in writing under Section 257 of the Companies Act, 1956 from members 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.

M/s. PricewaterhouseCoopers, Chartered Accountants, Colombo, Sri Lanka, are recommended for re-appointment as Branch Auditors of the Sri Lanka branch of the Company.

Subsidiary Companies

The Audited Statement of Accounts along with the Directors' Report of Hindustan Cargo Limited, Thomas Cook Insurance Services (India) Limited, Thomas Cook Tours Limited, Indian Horizon Travel & Tours Limited, Thomas Cook (Mauritius) Holding Company Limited and Thomas Cook (Mauritius) Operations Company Limited for the year ended 31st October, 2004 are separately attached as required under the provisions of Section 212 of the Companies Act, 1956.

The Company incorporated four step-down subsidiary companies during the year, two each in Mauritius and Sri Lanka. In Mauritius, the Company has incorporated Thomas Cook (Mauritius) Travel Limited, to undertake the business of General Sales Agent (GSA) of Airlines operating out of Mauritius while Thomas Cook (Mauritius) Holidays Limited is incorporated to undertake the Indian outbound tourist business in Mauritius. Both these companies are wholly owned subsidiaries of Thomas Cook (Mauritius) Holding Company Limited, a wholly owned subsidiary of the Company.

In Sri Lanka, the Company has incorporated Thomas Cook Lanka Holdings (Private) Limited as an investment vehicle for the Company's investments in Sri Lanka. This company is a wholly owned subsidiary of Thomas Cook (Mauritius) Holding Company Limited, a wholly owned subsidiary of the Company. The other company incorporated is Airline Services Lanka (Private) Limited, the wholly owned subsidiary of Thomas Cook Lanka Holdings (Private) Limited. This company has been incorporated to undertake the business of General Sales Agent (GSA) of Airlines operating out of Sri Lanka.

As these companies have not completed their first year after incorporation, the Audited Statement of Accounts and other reports of these companies are not prepared and considered.

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

The foreign exchange earnings during the year amounted to Rs. 550.29 millions. During the year, the Company has incurred Rs. 36.71 millions as expenditure in foreign currencies towards interest, bank charges, professional fees as well as travelling for promotional activities, subscriptions, etc., as disclosed in Schedule P Note 2(h) 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 required to be submitted.

Fixed Deposits

Your Company has not accepted deposits from the Public within the meaning of 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 2004-2005 have been paid to both the Stock Exchanges within the prescribed time limits.

Employees

Relations with the employees continued to be cordial throughout the year. Your Directors place on record their appreciation of the efforts, dedication, commendable teamwork and exemplary contribution of the employees in the 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 disclosures as required under the Corporate Governance standards have been furnished as a part of this report. 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.

BY ORDER OF THE BOARD

DR. THOMAS DOERING
CHAIRMAN

A. M. KAKKAR
CEO & MANAGING DIRECTOR

Mumbai

Dated: 16th December 2004



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 2004

Sr. No.	Name	Age	Designation	Remun-eration	Nature of Duties	Qualification	Total Experience	Date of joining TCIL	Last Employment
1	Mr. Banerjee Robin #	49	Executive Director - Finance	3127132	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.	M.Com., F. C. A., C.S., C.W.A.	24	2nd April 2004	TMD Friction Beteiligungs GmbH & Co. KG
2	Mr. Dhawan Vikram #	46	Manager - Travel, New Delhi	427943	Responsible for developing and managing the Travel business for TCIL in Delhi Region.	B.A.	23	21st January 1998	Galileo India Pvt. Ltd.
3	Mr. Gupta Sunil	43	Head of Leisure Travel	2729159	Responsible for developing and managing the Leisure Travel business for TCIL and delivering planned profits	B.Tech.(Mech. Engg.) - IT - BHU P.G.D.M. - IIM, Calcutta	19	8th May 2000	Hindustan Lever Ltd.
4	Mr. Kakkar Ashwini	50	Chief Executive Officer & Managing Director	10591191	Overall responsibility for the Company's operations and financial performance.	B.Sc.(Mech. Engg.) - P.G.D.M.- IIM, Calcutta, MBA- European Inst. of Business Admin. (INSEAD), France	27	16th June 1997	IGE India Ltd.
5	Mr. Menon Madhavan	49	Executive Director - Foreign Exchange	7487087	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. Bus.) - George Washington University, USA	26	2nd May 2000	Birla Sun Life Asset Management Company (AMC) Ltd.
6	Mr. Nadkarni Anil	43	Head of Information Technology	2406404	Responsible for developing and managing the Information Technology systems and network for TCIL	B.Sc., D.C.M.	21	14th May 1997	Cadbury India Ltd.
7	Mr. Paranjpe Parag #	39	Head of Human Resources	1485930	Responsible for formulating and managing Human Resources for TCIL	B.A., M.A. (Personnel Management)	16	11th February 2002	Bharati Cellular Ltd.
8	Mr. Sreekumar P #	45	Executive Director - Finance	3473686	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.), D.B.M., F.C.A., A.C.S.	21	16th April 2001	Enron India / Dabhol Power Company

- 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 has 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.
 - 5 # Employed for part of the year and in receipt of remuneration aggregating to Rs. 200000/- per month

Mumbai
16th December 2004

DR. THOMAS DOERING
CHAIRMAN

A. M. KAKKAR
CEO & MANAGING DIRECTOR



The Management Discussion and Analysis Report

GENERAL

With the economy showing positive sentiments and India reflecting a very favourable image across the world, the Company's business also reflected this positive flavour. Both the business segments of Travel & Financial Services, showed double digit growth with Travel and Related Services showing significant growth. The general mood in the Industry and that of the Company continues to be very positive. Strategies for further growth have been put into place to build on the recent achievements.

TRAVEL & RELATED SERVICES

The year commenced on an optimistic note for the Travel Industry. Absence of terror attacks, no significant disease scare and buoyant economic scenario, have all helped in providing a boost to the travel sentiments, after the SARS and Iraq war scares in 2002-2003. Positive developments in the world have significantly changed the outlook for the Industry as a whole. The Indian travel scene has been witnessing significant developments not seen in the past. Several liberalisation moves on the part of the Government have given fresh impetus to this industry, which has significant possibilities of further growth and progress.

The Company has taken advantage of the positive changes and has drawn its strategic intents to take advantage of the growing opportunities in travel and related services. Business structures have been put into place to take advantage of the growing segments of handling Inbound and Outbound travellers.

Another significant development, which has taken place in the market, is the role of Internet in customer servicing. The contribution of booking on the Internet is increasing steadily, and the sales through Company's website too are on the upswing. The Company, whose website www.thomascook.co.in has already won several accolades, is working on a major revamp of its website so that it becomes more customer-friendly and provide enhanced service possibilities.

Certain positive steps that have been taken in the recent times by the Government to improve the tourism sector are: - (a) limited open sky policy announced for the ensuing three winter seasons (b) allowing domestic airlines to fly to SAARC countries and perhaps to ASEAN destinations soon and (c) entry of low cost carriers leading to reduced fares and revolutionising domestic travel habits. However, in spite of such steps, there are still certain impediments, which needs to be answered to enhance growth in Indian tourism.

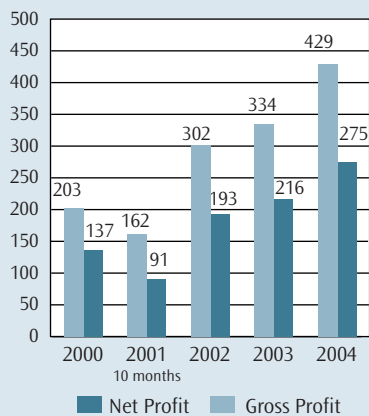
The country is facing problems in handling increased tourist inflow due to certain key reasons (a) inability of Indian Airports to handle increased number of flights (b) increasing aviation fuel prices due to rise in global oil prices (c) non-availability of quality hotel rooms especially in the tourist circuits, are some of the areas which need immediate attention and redressal to take the travel and related services to the next level of growth.

The Company will continue to strive in dovetailing its actions and strategies to take advantage of the changing and growing travel sector, and continue to interact and influence the Government, in continuing to provide the Indian tourists with global bench-marked services and an appropriate infrastructural platform to the tourism sector.

FINANCIAL SERVICES

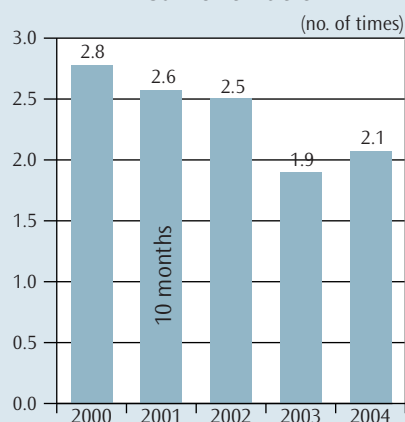
With the growth in Tourism and the liberalisation in Foreign Exchange market, the Financial Services sector showed buoyancy and growth. In the Foreign Exchange market, the Company continues to retain its numero uno status in the currency management sector of the Foreign Exchange market. This was despite sustained competition from players in the moneychangers

Gross & Net Profit



Gross Profit = Profit before Tax
Net Profit = Profit after Tax

Current Ratio



Current Ratio
= $\frac{\text{Current Assets}}{\text{Liabilities incl. Deferred Tax Liability}}$



segment. The sectoral outlook continued to be bright despite competitive pressure. There have been a host of new players who adopted aggressive pricing strategy. In spite of enhanced competition, the Company's volumes and profitability grew. The ongoing liberalisation measure of the Reserve Bank of India continues to offer the Company several windows of opportunities to grow its business.

In order to provide its customers with better services, the Company implemented a state-of-the-art "Front Office Systems". This customer-friendly computerised program would provide quick customer service, online MIS, seamless transfer of data for accounting purposes and access to a robust data bank. This system will enhance employee productivity, improve margins, and provide possibility of detailed monitoring at the transaction level and implement appropriate internal controls.

The outlook of this sector continues to be bright and the increase in tourist inflows bodes well for the business. Strategy has been drawn up to expand its network of operations. Further control over costs and focus on key profitability indicators will continue to be the superstructure on which this business would rest.

Results

The Company has posted record results this year with a growth of 20% in the revenue over the last year. The profit after tax for the same period was 27% higher. For the 4th Quarter, the Company's revenue was almost 13% higher than what it was last year. The profit after tax for the last quarter was 12% 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.

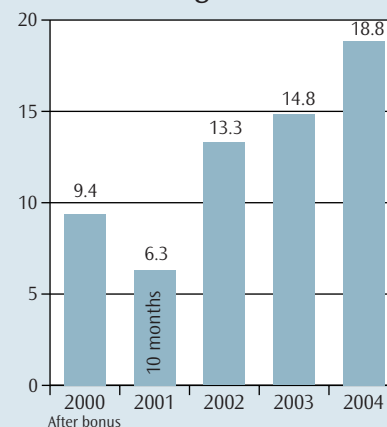
Internal Control Systems and their adequacy

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. During the year, the Company has implemented an integrated Front Office System (FOS) to give effect to various system level controls. The FOS is backed by an integrated SAP Accounting. These twin-integrated systems (FOS & SAP) form the backbone of the overall control environment.

The systems are subjected to supervision by the Board of Directors and the Audit Committee, duly supported by the Corporate Governance, voluntarily observed since last 2 decades and statutorily applicable since the 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 the 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 in-house Internal Audit department as well as outside Consultants and Agencies in the form of audit assignments such as Operations audits, Systems audits, IT audits and Statutory compliance audits. These are further supported by inspections carried out by RBI under FEMA and the audit by the Statutory Auditors, who validate the fairness of financial reporting. The Company has also adopted the system of Concurrent Audit for its branches in Foreign Exchange business with effect from October 2003, as per the requirements of RBI.

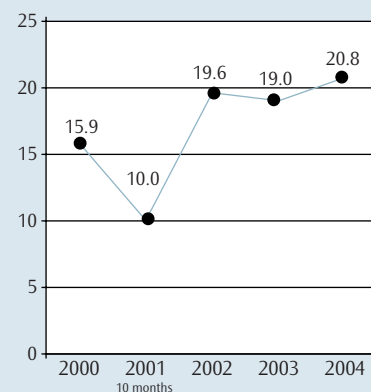
Earnings Per Share



Earnings per Share

$$= \frac{\text{Profit After Tax}}{\text{Number of Shares}}$$

Return on Net Worth

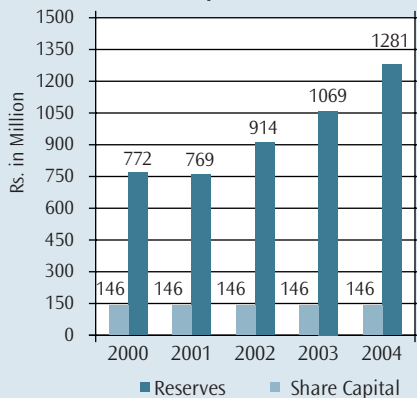


Return on Net Worth

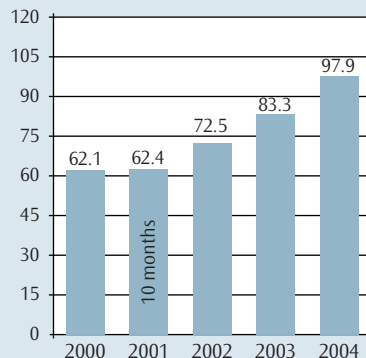
$$= \frac{\text{Profit after Tax}}{\text{Average Shareholders' Funds}}$$



Share Capital & Reserves



Book Value Per Share



Book Value Per Share

$$= \frac{(\text{Share Capital} + \text{Reserves})}{\text{Number of Shares}}$$

Risks and Concerns

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 and drawn up for the key operations of the Company to address any disaster event.

The Company has a Risk Committee chaired by the CEO & MD which meets quarterly, in addition to the emergency meetings, whenever required, to address the risk issues relating to various business and support areas and monitor the critical factors in order to effectively address them. Risk Committee has approved the risk mapping for India which lists down major risks faced by Company in India and the mitigation controls put in place to bring down their impact which were effectively reviewed through the Risk Committee Meetings held this year. To address the Information Systems related risk issues, the Company has constituted the Information Security Committee (ISC) in the year 2003, which has its quarterly meetings before the Risk Committee meeting. Minutes of ISC are put up before the Risk Committee, which then approves the recommendations made by the ISC for implementation. The 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.

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

Employee Strength:

The current employee strength is 985.

Human Resources:

- The Company continues to recruit fresh graduates under a structured manpower development program called Thomas Cook Executive Trainee Program (TCETP). All the new recruits are given structured training inputs and 'on-the-job' training for a period of 6 months. After successful completion of training, they are absorbed in the Executive cadre of employees. The success of this program has encouraged the Company to repeat this experience year on year.
- The Service Quality Cell, under the overall umbrella of Human Resources function continues to launch 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.
- The SAP HR – Payroll Module has been successfully implemented in the Company. Followed by the successful implementation of the Payroll Module, the Company intends to implement other SAP HR Modules pertaining to Recruitment, Training, Performance Appraisal etc. and thus upgrading the Company's HR Information Systems.
- The Company continued to support implementation of various HR processes and systems in its subsidiary companies and branch in Sri Lanka.



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 now rolled out across all the offices of the Company. The software has ensured that all the customer data is available to front office staff at any given time. It has also ensured that the customer data is available for various channels viz. Shops & Call Centre 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 offering for multi media integration, more investments have to be made to remain competitive and customer friendly.

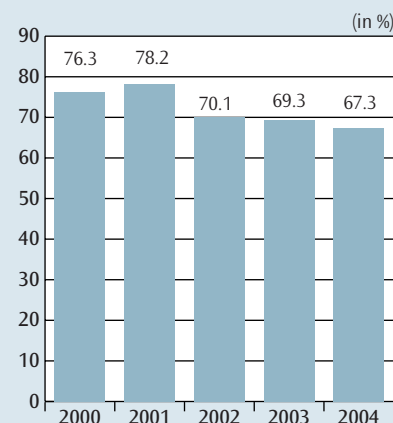
BY ORDER OF THE BOARD

DR. THOMAS DOERING
CHAIRMAN

A. M. KAKKAR
CEO & MANAGING DIRECTOR

Mumbai
Dated : 16th December 2004

Cost to Income Ratio

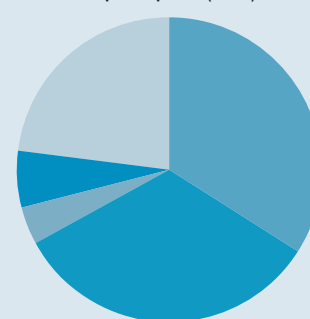


Cost to Income Ratio

$$= \frac{\text{Total Cost}}{\text{Total Income}}$$

Where the Rupee Goes

Rupee Spent (in %)



Rupee Spent

$$= \frac{\text{Components of Expenses}}{\text{Total Income}}$$



Report of the Directors on Corporate Governance

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

Thomas Cook (India) Limited has been practising the principles of good Corporate Governance over the last few decades. The Company's policy on Corporate Governance is to make it a way of life by, inter alia, adopting standard Corporate Governance practices through continual improvement of internal systems and satisfaction of customers and shareholders.

Corporate Governance aims at fairness, transparency, accountability and responsibility in the functioning of the Company with the ultimate objective of realising and enhancing shareholders' values. The Company's philosophy on the code of Corporate Governance is tuned to these aspects and 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 for 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 recognised corporate governance practices.

2. Board of Directors ('Board'):

Size of the Board

The Board consists of ten (10) members with three (3) Executive Directors and seven (7) 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, 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 include reviewing corporate performance, ensuring adequate availability of financial resources and reporting to shareholders. During the year ended 31st October 2004 the Board met five (5) times. The Board members ensure that their other responsibilities do not materially impact their responsibility as a Director of the Company. 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 and the detailed agenda is sent 10 days in advance to all the Directors. Senior Management of the Company is invited to attend the Board meetings, to make presentations 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 five (5) Board meetings during the year ended 31st October 2004, were held on 15th December 2003, 27th February 2004, 2nd April 2004, 21st May 2004 and 26th August 2004.

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.



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 Thomas Cook (India) Limited] # #	
						Public	Private	Chairman-ship	Member-ship
1.	Dr. Thomas Doering	NED	Chairman	4	YES	—	—	—	1
2.	Mr. Heinz-Ludger Heuberg **	NED	Vice-Chairman	2	YES	—	—	—	—
3.	Mr. A. Kakkar	ED	Chief Executive Officer & Managing Director	5	YES	7	1	—	2
4.	Mr. M. Menon	ED	ED – Foreign Exchange	5	YES	4	—	—	1
5.	Mr. R. Banerjee ***	ED	ED – Finance	3	NA	4	—	—	1
6.	Mr. H. S. Billimoria	I & NED	—	4	YES	5	1	3	2
7.	Mr. B. D. Sumitra ****	I & NED	State Bank of India – Nominee	1	NA	2	—	—	—
8.	Mr. K. Digvijay Singh	I & NED	—	3	YES	—	—	—	3
9.	Mr. Ian Ailles	NED	—	4	YES	—	—	—	2
10.	Mr. L. Porter	I & NED	—	4	YES	—	—	1	1
11.	Mr. Stefan Pichler *****	NED	Chairman	NIL	NA	—	—	—	—
12.	Mr. P. Sreekumar *****	ED	ED – Finance	2	YES	3	—	—	1
13.	Mr. K. S. V. Krishnama Chari*****	I & NED	State Bank of India – Nominee	NIL	NA	—	—	—	—

* ED – Executive Director

NED – Non-Executive Director

I – Independent

** Mr. Heinz-Ludger Heuberg was appointed on 27th February 2004 as nominee of Thomas Cook Overseas Limited pursuant to Article 115 of the Articles of Association of the Company

*** Mr. Robin Banerjee was appointed as an Additional Director and Executive Director – Finance at the Board Meeting held on 2nd April 2004

**** Mr. B. D. Sumitra was appointed as Nominee Director of State Bank of India on 21st May 2004

***** Mr. Stefan Pichler ceased to be Non-Executive Director and Chairman w.e.f. 27th February 2004

***** Mr. P. Sreekumar resigned w.e.f. 5th March 2004

***** Mr. K. S. V. Krishnama Chari resigned w.e.f. 15th December 2003

In Indian Companies

In Audit, Remuneration and Shareholders' Committee of Indian Companies

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

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 nominated by Thomas Cook Overseas Limited pursuant to Article 115 of the Articles of Association of the Company and appointed by the shareholders for a 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 include reviewing corporate performance, ensuring adequate availability of financial resources and reporting to the shareholders. During the year under review, the Board met five (5) times. Board members ensure that their other responsibilities do not materially impact their responsibility as a Director of the Company.

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 direct competitors of the Company 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 percentage of profits 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 Companies Act, 1956 and the Articles of Association of the Company, two third of the directors are liable to retire by rotation. One third of these retiring directors are required to retire every year by rotation and if eligible, these directors qualify for re-appointment.

In accordance with Article 131 of the Articles of Association of the Company, Mr. Ian Ailles and Mr. Lester Porter retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Mr. Robin Banerjee was appointed as an Additional Director and Executive Director – Finance of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company. Accordingly, he holds office as Director upto the date of the ensuing Annual General Meeting. Members have given notice under Section 257 of the Companies Act, 1956 for appointment of Mr. Banerjee on the Board of Directors of the Company.

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

1. Mr. Ian Ailles

Ian Ailles joined Thomas Cook UK & Ireland in 1998. He was appointed Managing Director - Specialist Businesses, in February 2003. Mr. Ailles is responsible for the overall management of Thomas Cook UK's specialist businesses, including Thomas Cook Signature, Neilson, Style Holidays, Sunworld Ireland and UP Trips.

Mr. Ailles sits on the Board of Thomas Cook UK & Ireland Limited and is a Non-Executive Director of Thomas Cook (India) Limited. Previously, Mr. Ailles has held the positions of Group Finance Director, Thomas Cook UK Limited and Director of Corporate Finance and Development.

Mr. Ailles has recently been appointed Chairman of the Federation of Tour Operators (FTO).

Mr. Ailles (39) is a qualified chartered accountant. He is married with two young children.



2. Mr. Lester Porter

Lester Porter, 58, was a member of the Executive Board of Thomas Cook Worldwide Group for thirteen years and during that time, had responsibility for Corporate Strategy and Business Development, Human Resources and latterly, the international businesses including Thomas Cook (India) Limited.

Prior to that, Mr. Porter spent many years as a Senior Marketing Executive in a number of international blue chip companies. He retired from Thomas Cook U.K. in April 2001 and now runs his own executive coaching and consultancy practice.

3. Mr. Robin Banerjee

Robin Banerjee, 49, is a Post Graduate in Commerce from the University of Calcutta. He is also a Fellow of the Institute of Chartered Accountants of India, an Associate of the Institute of Company Secretaries of India and an Associate of the Institute of Cost & Works Accountants of India.

Mr. Banerjee has been appointed as Executive Director-Finance for 3 years with effect from 2nd April 2004. He provides leadership to the Finance & Accounts, Treasury, Administration and Programs Management functions in the Company. He is also responsible for the Business Process Improvement & Audit and Secretarial & Legal functions.

His first career appointment was in 1980 as a Management Trainee in Hindustan Lever Limited (HLL). He served with HLL upto 1999 heading the Accounts function in several divisions and also as General Manager-Commercial (International Division-Exports) and General Manager-Mergers & Acquisitions.

While in HLL, Mr. Banerjee was the Co-Chairman of the International Trade Committee of The Bombay Chamber of Commerce & Industry. He also formed part of the Global Training Resource for HLL.

After 19 years with HLL, in 1999, Mr. Banerjee moved on to Germany as the Managing Director & Chief Financial Officer of ISPAT Germany GmbH, one of the largest steel manufacturing companies in Western Europe. He was also overseeing the commercial operations of several subsidiaries of ISPAT in North and South America.

In September 2003, Mr. Banerjee moved on to TMD Friction Beteiligungs GmbH & Co KG as the Finance Director of their global operations. His responsibilities in this organisation included overseeing the Finance function.

Mr. Banerjee brings with him vast professional experience in the fields of finance, accounting, corporate matters, investment and banking that will be of immense benefit to the Company.

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 four (4) Non-Executive Directors as on date.

The Audit Committee also invites at its meetings, senior executives including the Head of Internal Audit of the Company. 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, 1999 (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 2004:

The Committee met four (4) times during the year under review. The said meetings were held on 15th December 2003, 27th February 2004, 21st May 2004 and 25th August 2004.

Sr. No.	Name of Director	Designation	Category *	No. of meetings attended
1.	Mr. H. S. Billimoria **	Chairman	I & NED	3
2.	Mr. Lester Porter	Member / Chairman***	I & NED	3 / 1
3.	Mr. Ian Ailles	Member	NED	4
4.	Mr. K. Digvijay Singh ****	Member	I & NED	1
5.	Mr. A. Kakkar	Chief Executive Officer & Managing Director	Permanent Invitee	NA
6.	Mr. M. Menon	ED – Foreign Exchange	Permanent Invitee	NA
7.	Mr. R. Banerjee	ED – Finance	Permanent Invitee	NA
8.	Mr. P. Sreekumar *****	ED – Finance	Permanent Invitee	NA
9.	Mr. K. S. V. Krishnama Chari #	Member	NED	NA

* ED – Executive Director NED – Non-Executive Director I – Independent Director

** Mr. H. S. Billimoria was present at the previous Annual General Meeting held on 24th February 2004 in terms of Clause 49(II) of the Listing Agreement

*** Mr. Lester Porter took the chair at Audit Committee Meeting held on 25th August 2004 in the absence of Mr. H. S. Billimoria

**** Mr. K. Digvijay Singh was appointed as an additional member of Audit Committee by way of a circular resolution dated 17th August 2004

***** Mr. P. Sreekumar resigned w.e.f. 5th March 2004

Mr. K. S. V. Krishnama Chari resigned w.e.f. 15th December 2003

The Committee granted Leave of Absence to Mr. H. S. Billimoria for his absence at Audit Committee Meeting held on 25th August 2004

(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 – 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

Through a Leadership Assessment exercise, the Company has identified high calibre and potential employees to take over Senior Management positions in the Company in future.

Composition and attendance during the year ended 31st October 2004:

The Committee met three (3) times during the year under review. The three (3) meetings were held on 15th December 2003, 27th February 2004 and 25th August 2004.

Sr. No.	Name of the Director	Designation	Category*	No. of meetings attended
1.	Mr. Lester Porter	Chairman	I & NED	3
2.	Mr. A. M. Kakkar	Member	ED	3
3.	Mr. K. Digvijay Singh	Member	I & NED	3
4.	Mr. Ian Ailles	Member	NED	3
5.	Dr. Thomas Doering	Member	NED	3

* ED – Executive Director

NED – Non Executive Director

I - Independent Director

Details of Remuneration to all the Directors for the Year ended 31st October 2004

Name of Director	Salary (Rs.)	Benefits (Rs.)	Bonus/ Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. A. Kakkar	29,71,200/-	40,17,563/-	36,02,428/-	NIL	105,91,191/-
Mr. M. Menon	15,75,450/-	39,50,822/-	19,60,815/-	NIL	74,87,087/-
Mr. R. Banerjee	8,01,167/-	11,81,715/-	11,44,250/-	NIL	31,27,132/-
Mr. P. Sreekumar	6,15,746/-	21,81,048/-	6,76,892/-	NIL	34,73,686/-
Non-Exec. Directors	0/-	0/-	8,88,267/-	2,85,000	11,73,267/-
Total (Rs.)	59,63,563/-	113,31,148/-	82,72,652/-	2,85,000	258,52,363/-

(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 2004:

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	Chairman	I & NED	23
2.	Mr. A. Kakkar	Member	ED	21
3.	Mr. M. Menon	Member	ED	21
4.	Mr. P. Sreekumar **	Member	ED	6
5.	Mr. K. Digvijay Singh ***	Member / Chairman	I & NED	0/1
6.	Mr. K. S. V. Krishnama Chari ****	Member	I & NED	NIL
7.	Mr. R. Banerjee *****	Member	ED	12

* ED – Executive Director NED – Non-Executive Director I – Independent Director

** Mr. P. Sreekumar resigned w.e.f. 5th March 2004

*** Mr. K. Digvijay Singh took the chair at Share Transfer Committee Meeting held on 26th August 2004 in the absence of Mr. H. S. Billimoria

**** Mr. K. S. V. Krishnama Chari resigned w.e.f. 15th December 2003

***** Mr. R. Banerjee was appointed w.e.f. 2nd April 2004

The Committee granted Leave of Absence to Mr. H. S. Billimoria for his absence at Share Transfer Committee Meeting held on 26th August 2004

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
				1-7	8-15	16-22	> 22	
(1)	Inquiry pertaining to non receipt of shares sent for transfer	7	7	0	0	0	0	
(2)	Letters received from SEBI and other Statutory bodies	0	0	0	0	0	0	
(3)	Loss of shares	73	73	0	0	0	0	



II. Other Correspondence

Sr. No.	Nature of Complaint / Query	Total Recd.	Total Replied	Pending Queries (Days)				Remarks, if any
				1-7	8-15	16-22	> 22	
(1)	Non Receipt of Interest / Dividend warrants	248	248	0	0	0	0	
	(A) Warrant already paid	26	26	0	0	0	0	
	(B) Fresh cheques issued against time barred instruments and duplicate requests	189	189	0	0	0	0	
	(C) Reply sent giving warrant details (Reconciliation in process)	9	9	0	0	0	0	
	(D) Misc. queries in connection with payment	24	24	0	0	0	0	
(2)	Inquiry of dematerialisation of shares	18	18	0	0	0	0	
(3)	Name correction	1	1	0	0	0	0	
(4)	Change of address	111	111	0	0	0	0	
(5)	ECS / Mandate Registration	44	44	0	0	0	0	
(6)	Split / Consolidation / Renewal / Duplicate issue of share certificates	5	5	0	0	0	0	
(7)	Request for nomination forms	1	1	0	0	0	0	
(8)	Tax exemption forms received / updated	1	1	0	0	0	0	
(9)	Transmission of Securities	11	11	0	0	0	0	
(10)	Exchange / Sub-division of old shares	0	0	0	0	0	0	
(11)	Dividend / interest queries including request for changes on live warrants	90	90	0	0	0	0	
(12)	Document registration	6	6	0	0	0	0	
(13)	Queries related to Bonus issues	8	8	0	0	0	0	
(14)	Redemption	1	1	0	0	0	0	
(15)	Others (Miscellaneous)	110	110	0	0	0	0	
	Total (I +II)	735	735	0	0	0	0	

(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

The members of the Sub-Committee of the Board are:

Mr. Ashwini Kakkar – CEO & Managing Director

Mr. Madhavan Menon – Executive Director – Foreign Exchange

Mr. Robin Banerjee – Executive Director – Finance



Attendance

The Sub-Committee meets once in a month or as and when required. During the year, the Committee met ten (10) 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	ED	9
2.	Mr. M. Menon	Member	ED	9
3.	Mr. P. Sreekumar **	Member	ED	3
4.	Mr. R. Banerjee ***	Member	ED	5

* ED – Executive Director

** Mr. P. Sreekumar resigned w.e.f. 5th March 2004

*** Mr. Robin Banerjee was appointed on 2nd April 2004

4. Management Committees:

(i) Executive Committee (EXECOM):

There had been a “Senior Management Group (SMG)” in formal existence since the inception of the Company that 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 of the businesses.

(ii) Risk Committee:

The CEO & MANAGING DIRECTOR chairs the meetings of the Risk Committee and the Head of Business Process Improvement & Audit acts as Rapporteur for this Committee. Other members of the Committee are the Executive Directors, the Head of Travel Management, the Head of Leisure Travel and the Head of Legal & 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, Foreign exchange coverage operations, Debtors control, Advances control, Blank Travellers’ Cheques stocks exposure, Compliance Audit (FEMA & Others), Information Systems 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 Improvement & Audit and the Head of Human Resources. The Head of Information Technology (IT) acts as a 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 has overall responsibility 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 :

- The Company is one of the very active core committee members of the Heritage Mile Association. MMRDA and BMC have declared the entire stretch from Hutatma Chowk to C.S.T. in Mumbai as a Heritage Mile. The Heritage Mile Association has won an "Award of Merit" at the 2004 UNESCO (United Nations Educational Scientific and Cultural Organisation) Asia-Pacific Heritage Conservation Awards.
- The Company is committed to spreading education and literacy among the under privileged children of society. As a part of the Company's commitment, the Company has collaborated with Door Step School, a renowned NGO, working amidst the poor and under privileged children in Mumbai. The Company supported the School's projects and involved the children in its staff welfare programs. The Company also donated 10 computers to the School's newly set-up computer labs in the cities of Mumbai and Pune.
- The Company also 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 continues to award a 'Thomas Cook Scholarship' to the "best" student of recognised Travel and Tourism Colleges / Universities. This award consists of a Trophy and reimbursement of tuition fees to the student who scores the highest marks in the Travel & Tourism Course offered by a recognised University.
- The Company continues to promote Travel and Tourism related education by providing 'Vocational/ 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.

6. Annual General Meetings:

Location and time where last three Annual General Meetings held:

Location	Date	Time
M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001	28th February 2002	3.30 p.m.
Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg Next to Sachivalaya Gymkhana, Mumbai 400 021	24th February 2003 27th February 2004	3.30 p.m. 3.30 p.m.

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

For the year ended October 31, 2004, there has been no ordinary or special resolution passed by the Company's shareholders through postal ballot.



7. Related Party Transactions:

Disclosures:

- i) The Company does not have any related party transactions that may have any potential conflict with the interest of the Company at large.
- ii) 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 2004.
- 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 Limited (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 except for the fourth quarter for which the financial results of the Company are approved and taken on record within two months of the end of the 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 Exchanges, 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 Business Standard (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 website www.sebidifar.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 Analysis forms part of the Corporate Governance Report and is attached.

9. General Shareholder information:

Annual General Meeting	: 28th Annual General Meeting
Date	: 17th March 2005
Time	: 3.30 p.m.
Venue	: Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg Next to Sachivalaya Gymkhana, Mumbai-400 021
Financial Calendar	: 1st November to 31st October
Book closure	: Thursday, 24th February 2005 to Thursday, 17th March 2005 (both days inclusive)
Dividend payment date	: 4th April 2005
Listing on Stock Exchanges	: The Stock Exchange, Mumbai 1st Floor, New Trading Ring, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. Telephone: 022-2272 1233/34 Facsimile: 022-2272 1919/3027 National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 Telephone: 022-2659 8100 - 14 Facsimile: 022-2659 8237/38



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 Limited
 Symbol - THOMASCOOK
 Series - EQ
 Scrip Name – THOMAS COOK

ISIN : INE332A01019

Market Price Data : High, Low and Volume (in shares) during each month for the year ended on 31st October 2004

The Stock Exchange, Mumbai (BSE) :

Sr. No.	Month	High (Rs.)	Low (Rs.)	Volume(Shares)
1	Nov-03	392.40	264.00	216,108
2	Dec-03	495.00	343.35	284,158
3	Jan-04	585.00	421.00	274,110
4	Feb-04	526.00	455.00	80,622
5	Mar-04	528.00	357.00	92,475
6	Apr-04	535.00	450.50	68,680
7	May-04	509.00	343.35	134,117
8	Jun-04	429.00	356.25	52,919
9	Jul-04	424.90	371.00	53,070
10	Aug-04	499.00	395.00	109,986
11	Sep-04	510.00	470.50	85,683
12	Oct-04	580.00	467.00	218,621

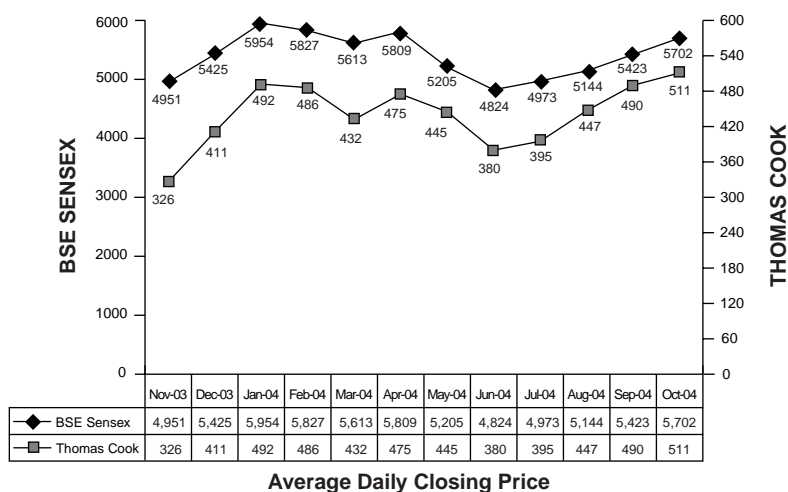
The National Stock Exchange of India Limited (NSE):

Sr. No.	Month	High (Rs.)	Low (Rs.)	Volume(Shares)
1	Nov-03	392.70	265.00	390,432
2	Dec-03	500.00	341.10	461,771
3	Jan-04	590.00	426.00	427,488
4	Feb-04	524.00	451.55	147,565
5	Mar-04	489.90	328.05	118,487
6	Apr-04	514.90	450.10	103,637
7	May-04	508.90	345.00	210,368
8	Jun-04	429.90	354.00	106,538
9	Jul-04	424.00	367.50	63,438
10	Aug-04	498.80	380.05	150,777
11	Sep-04	512.50	471.10	132,017
12	Oct-04	581.00	466.00	266,986

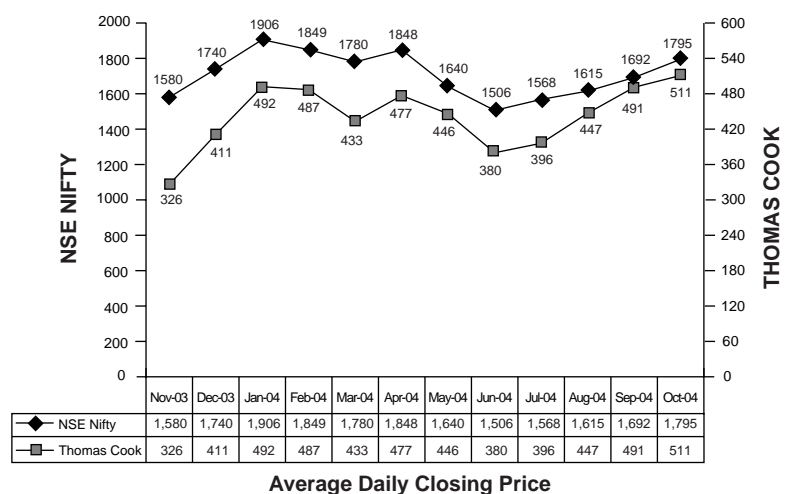


Performance in comparison to broad-based indices such as BSE Sensex, Nifty Index etc.

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



Performance of TCIL Share Price vis-à-vis NSE Index



Registrar & Transfer Agents : Tata Share Registry Limited,
 Army and Navy Building,
 148, Mahatma Gandhi Road,
 Fort, Mumbai-400 001.
 Tel. No.: 91-22- 5656 8484
 Fax. No.: 91-22- 5656 8494
 Email id: csg-unit@tatashare.com
 Website: www.tatashare.com

Transfer to Investor Education and Protection Fund (IEPF)

In terms of Section 205C of the Companies Act, 1956, an amount of Rs. 1.00 lakh being unclaimed dividend and due for payment for the financial year ended 31st December 1996, was transferred during the year to the IEPF established by the Central Government.



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.

Distribution of shareholding (as on 31.10.2004):

Sr. No.	Range of Holding	No of shares	Amount (Rs.)	% to Capital	No. of Shareholders	% to Shareholders
1	1 TO 5000	1,377,773	13,777,730	9.45	13994	88.19
2	5001 TO 10000	732,888	7,328,880	5.03	1056	6.66
3	10001 TO 20000	765,278	7,652,780	5.25	625	3.94
4	20001 TO 30000	207,025	2,070,250	1.42	86	0.54
5	30001 TO 40000	147,772	1,477,720	1.01	42	0.27
6	40001 TO 50000	81,447	814,470	0.56	18	0.11
7	50001 TO 100000	187,334	1,873,340	1.28	26	0.16
8	GREATER THAN 100000	11,083,816	110,838,160	76.00	21	0.13
	TOTAL	14,583,333	145,833,330	100.00	15868	100.00

Categories of Shareholders (as on 31.10.2004):

Sr. No.	Shares held by	No. of shares held	Percentage of shareholding
1	Foreign Holdings		
	a. Foreign Collaborators	8,750,000	60.00
	b. Foreign Institutional Investors	31,901	0.22
	c. Overseas Corporate Bodies	0	0.00
	d. Other NRI's	32,482	0.22
	Total (a+b+c+d)	8,814,383	60.44
2	Govt. / Govt. Sponsored Financial Institutions		
	a. Unit Trust Of India	286,020	1.96
	b. Nationalised Banks	1,231,425	8.45
	Total (a+b)	1,517,445	10.41
3	Foreign Banks	1,648	0.01
4	Other Banks	2,562	0.02
5	Mutual funds	139,732	0.96
6	Bodies Corporate	644,988	4.42
7	Directors & their Relatives		
	Mr. A. Kakkar & relatives	13,229	0.09
8	Trusts	235	0.00
9	Other Resident Individuals	3,449,111	23.65
	Grand Total (1+2+3+4+5+6+7+8+9):	14,583,333	100.00



Dematerialisation of shares and liquidity:

Status of dematerialisation as on 31st October 2004:

Particulars	No. of shares	% to capital	No. of Accounts
National Securities Depository Limited	13,594,843	93.22	11,838
Central Depository Securities Limited	217,653	1.49	1,243
Total Dematted	13,812,496	94.71	13,081
Physical	770,837	5.29	2,787
Total	14,583,333	100.00	15,868

Top 10 Shareholders (as on 31st October 2004)

(other than Promoters, Directors, their relatives and Associates):

Name(s) of Shareholders	Category (as per Depository)	Shares	% to capital
State Bank of India	Nationalised Banks	1,209,654	8.29
Administrator of The Specified Undertaking of The Unit Trust of India-Unit Scheme 1964	FI's	286,020	1.96
Hotel Hans Pvt. Ltd.	Bodies Corporate	269,177	1.85
Investsmart India Limited – Margin A/C	Bodies Corporate	125,000	0.86
Jhunjhunwala Rekha Rakesh	Individuals	55,000	0.38
Jhunjhunwala Rakesh Radheshyam	Individuals	50,000	0.34
Uday S Shah	Individuals	46,000	0.32
Haroon Mahmud Adam	Individuals	43,382	0.30
UTI – Regular Income Scheme	Mutual Funds	40,000	0.27
UTI – Mid Cap Fund	Mutual Funds	36,120	0.25
Total		2,160,353	14.81



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 and Call Centre through its wide network across India and also at Sri Lanka.

Address for correspondence :

Thomas Cook (India) Limited,
Thomas Cook Building,
Dr. D. N. Road, Fort,
Mumbai-400 001
Tele: (022) 2204 8556 /7 /8
Facsimile: (022) 2287 1069
Email: sharedept@in.thomascook.com
Website: www.thomascook.co.in

BY ORDER OF THE BOARD

DR. THOMAS DOERING
CHAIRMAN

A. M. KAKKAR
CEO & MANAGING DIRECTOR

Mumbai
Dated: 16th December 2004



Report of Various Committees of the Board

Report of the Audit Committee to the Members of Thomas Cook (India) Limited:

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

Mr. H. S. Billimoria

Mr. L. Porter

Mr. K. S. V. Krishnama Chari (upto 15.12.2003)

Mr. I. Ailles

Mr. K. Digvijay Singh

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

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

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 judgements 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 system 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, 2005. The Committee also recommends the appointment of internal auditors along with their scope of work.

Mumbai
16th December 2004

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
Mr. Lester Porter	Chairman
Mr. A. M. Kakkar	Member
Mr. Ian Ailles	Member
Dr. Thomas Doering	Member
Mr. K. Digvijay Singh	Member

Mr. Parag Paranjpe, Head of Human Resources, was the Rapporteur of the Committee till his resignation from services in May 2004. Since then, Mr. R. R. Kenkare, Head of Legal & Company Secretary has been 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 2003 to October 2004. The Committee deliberated and approved an average increment rate of 9.5%.

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.

The table below discloses the compensation payable to Non Executive Directors for the period ended 31st October 2004.

Name of Non Executive Director	Commission Payable Rs.
Mr. H. S. Billimoria	3,45,279.59
SBI Nominee (from 1.11.03 to 15.12.03 and from 21.05.04 to 31.10.04)	1,97,708.04
Mr. K. Digvijay Singh	3,45,279.59
Total	8,88,267.22

The following Directors representing Thomas Cook U.K. Limited & Thomas Cook AG have waived their entitlement to their share of the Commission.

Dr. Thomas Doering
Mr. Heinz-Ludger Heuberg
Mr. Ian Ailles

Mr. Lester Porter, an Independent Director on the Board, from U.K. has also waived his entitlement to his share of the Commission.

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
16th December 2004

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 2004. 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. K. Digvijay Singh

Mr. P. Sreekumar (upto 5th March, 2004)

Mr. R. Banerjee (from 2nd April, 2004)

Mr. K. S. V. Krishnama Chari (upto 15th December, 2003)

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, issue of duplicate share certificates and transmission of shares with or without legal representation.

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

No. of correspondence received	735
No. of correspondence attended to	735
No. of correspondence pending	—

H. S. Billimoria
Chairman

Mumbai
7th December 2004

Share Transfer & Shareholders' /
Investors' Grievance Committee



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

The Sub-Committee of the Board met 10 times, during the year ended 31st October, 2004. The requisite quorum was present from among the following members of the Committee.

Mr. A. Kakkar

Mr. M. Menon

Mr. P. Sreekumar (upto 5th March 2004)

Mr. R. Banerjee (from 2nd April, 2004)

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
14th December 2004

A. Kakkar
Chairman
Sub-Committee of the Board



Auditors' 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 2004, with the relevant records and documents maintained by the company, furnished to us for our examination 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 on 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 efficiency or effectiveness with which the management has conducted the affairs of the company.

3. We state that in respect of investor grievances received during the year ended 31st October 2004, no investor grievances are pending against the company for a period exceeding one month as per the records maintained by the company and presented to the Investors'/Shareholders' Grievance Committee.
4. In our opinion and to the best of our information and according to the 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 respect by the company.

Mumbai,
16th December 2004

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Sharmila A. Karve
Partner
Membership No. 43229



Information Systems Security Policy

The value of information held by any organisation in today's world is enormous and is increasing day by day and to which we are no exception. Incorporating the latest technologies helps us to run our business effectively, stay ahead of competition and deliver value to our customers. Information Technology forms the backbone of our operations and enables us to deliver world-class service.

The information systems installed at Thomas Cook (India) Limited (TCIL) hold all sorts of information relating to our business. It is our constant endeavour to keep this information accurate, complete and useful at all times to run our business operations smoothly and effectively. While our Information Systems have the potential to keep us ahead of our competition, the potential risk that these systems face from high tech intruders is a big challenge. Though the necessary measures to safeguard our systems have been taken, a need was felt to have a comprehensive tool in the form of an Information Systems Security Policy that would provide the necessary guidelines to all concerned for ensuring the desired level of security.

The Information Systems Security Policy (ISSP) of TCIL was accordingly drafted.

The ISSP has the following broad objectives :

- Confidentiality : Protection of sensitive information from unauthorised access / disclosure.
- Integrity : Accuracy, completeness and validity of information.
- Non – Repudiation : Affirmation of the source of information. In other words, person involved in a business process / transaction shall not be in a position to repudiate it.
- Availability : Ensuring access to information and associated assets to authorised users when required.
- Compliance : Compliance of the business processes with laws, regulations, Company Policies and the contractual arrangements with third parties.
- Auditability : Tracking and recording of significant deviations and non-compliance with the generally accepted Information Systems Security principles, policies and procedures.

The Scope of the ISSP would encapsulate the following :

- All information travelling over TCIL networks (TCIL includes its subsidiaries) or stored or processed on its servers, workstations and other hardware components / accessories.
- All application systems used by TCIL to process and store its information and information entrusted to it by third parties.
- All computers, servers, workstations, communications equipments and their associated software that are used to deliver the above systems or are connected to them regardless of the physical location of the equipment.
- All personnel who are responsible for developing, implementing, maintaining, operating and using any of the above. This includes TCIL staff and any contractors, consultants or third parties employed by them to work on the above systems.

The Manual, which runs into 15 chapters, lays down detailed procedures regarding maintaining hardware and software security, procedures relating to access control, input-output controls. The Manual has duly addressed issues such as prevention of computer misuse, data protection and data leakage, and third-party accessibility.

Procedures regarding Internet Security, Client Security, Personnel Securities etc., have been established to prevent misuse of the IT systems. Systems Back Up and Recovery Plans have been very well defined. Finally, constant check on the systems is essential and hence, a separate chapter on Audit of IT systems has been inserted.

Thus the Policy Manual comprehensively covers all aspects of the Information Systems of TCIL and helps keep the systems robust and running.





The Anti-Money Laundering Policy

Thomas Cook, in a pioneering effort, finalised its Anti-Money Laundering (AML) Policy as early as July, 1998, when legislation to that effect was not in place in India.

Given the nature of its business and the spate of terrorist attacks seen over the past few years, the Anti-Money Laundering and the Anti-Terrorist Action Agenda has been a top priority at Thomas Cook.

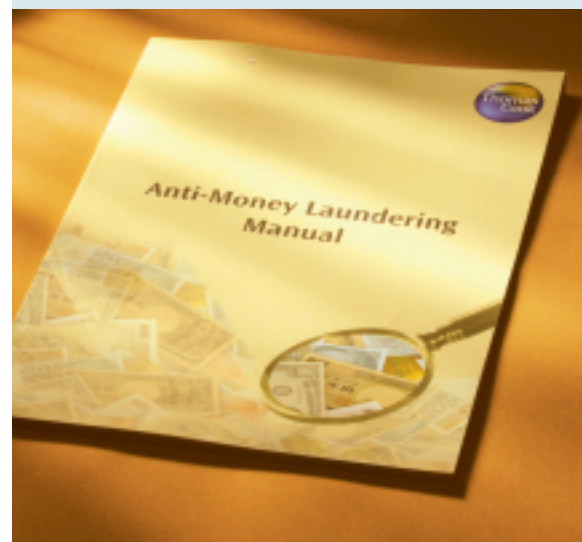
After the tragic events of 9/11, the Risk Committee of Thomas Cook (India) Limited (TCIL), at its meeting held in October, 2001, considered the issue of money laundering and resolved that in the new environment, it should review its operations and come out with an Action Plan to safeguard the interest of the organisation as foreign exchange was one of the main areas susceptible to the risks of money laundering and terrorist financing and TCIL could, unwittingly be implicated as a conduit in the cross-border money laundering and terrorist activities through its vast network, thereby posing the Company at great risk.

The Company took upon itself the responsibility to write a Policy Guideline, covering the onerous topic of “Anti-Money Laundering”.

The relevant provisions of The Prevention of Money-Laundering Act, 2002, enacted by the Government of India, have been taken into account in the Anti-Money Laundering Policy. The Policy Manual is very exhaustive and takes into consideration the various complexities and provides detailed guidelines and procedures to be followed by TCIL personnel, including its front line staff.

The Manual comprises of 10 Chapters, followed by relevant annexures, covering all aspects of TCIL’s Foreign Exchange business. The format of the book is user-friendly, with activity-wise action-plan being drawn upon. That is, for every activity, there are action plans laid down.

The Company has appointed a Money Laundering Reporting Officer (MLRO) who is the focal point in the organisation for all matters relating to Anti-Money Laundering activities. The duties and responsibilities of MLRO have been clearly defined in the Manual. The MLRO reports directly to the top management and has the freedom to act on his / her own authority.





Risk Management

The Risk Management Committee of the Company, chaired by the CEO & MD, meets at the end of every quarter. The meeting is also attended by Executive Directors, Business Process Improvement & Audit Head, as well as the Company Secretary. The Committee meets to discuss the Risk Management issues relating to various businesses and support areas and monitor critical factors in order to effectively address the same. The Risk Management Committee reports to the Audit Committee of the Company.

The following paras describe the risks associated with the Company and measures undertaken to mitigate the same.

Foreign Exchange Currency Risk

The fluctuation of rates in currencies may result in risks, which may swing either way. It may result in profits or losses, depending upon the fluctuations and changes in exchange rates of foreign currencies. The Company manages such risks basically through two methods : (i) having limits upto which a particular currency can be kept in hand (thus placing a cap of possible risks) and (ii) hedging foreign exchange positions on a continuous basis (thus passing on probable risks to the agency through which the hedging of transactions have taken place). In order to manage foreign exchange risk, the Company has a comprehensive Dealing Room. This Dealing Room covers exposure arising out of foreign exchange business on a 'real time' basis.

The Dealing Room is equipped with modern computer technology. Dealing Room has Reuters 3000 Xtra system to remain updated with the market action and a newly developed front office system to keep real time online currency position updating from various branches in different currencies. Dealing Room Back office is supported with the SAP Treasury Management Module to take care of all the internal control as well as statutory reporting requirements.

Company Management has put in place various daylight and overnight limits in different currencies to control exposure effectively. Dealing Room hedges all the risks with the help of well-defined policies and effective risk management techniques employed by the management.

In short, the Company maintains a strict eye on any possible 'open currency positions', which may be subject to foreign exchange fluctuations and a probable loss arising therefrom.

Economic / Industry Risk

The Indian Travel & Tourism Industry, unfortunately, is not considered a priority sector. However, the Government has of late realised the potential of this industry and contribution it can make to the country's economy. A steady inflow of foreign tourists, an upswing in the overall economic scenario in the country, huge foreign capital inflow, and with success of tourism in states of Goa and Kerala, Government has taken positive steps in the areas of tourism and civil aviation. Government is working on a comprehensive civil aviation as well as tourism policy. With campaigns like "Incredible India", and opening up of the Civil Aviation sector, the future augurs well for the Indian Tourism industry, which in turn will benefit the Company.

However, slowdown in the domestic economy as well as in the world economy pose great risk to the profitability of the Company. Events such as SARS, 9/11, political instability are risks that affect the travel business first hand. Increasing competition from the unorganised sector, changes in commission rates from airlines and Government regulations are risks associated with the business, which are uncontrollable. However, there is a constant vigil on the industry dynamics, and periodic reviews undertaken by the Risk Committee, which enables the Company to take appropriate decisions and adapt to such changes successfully.

Credit Risk

Just like any other business entity, the Company faces credit risk, as there is the possibility of the customer's failing to honour their commitments. Credit limits have been set, and the credits outstandings are periodically reviewed and future limits are accordingly set.

Just as the Company faces the risk of receivables, there is a risk of the Company failing to honour its commitments as well. Thomas Cook takes short term loans during the busy season. The debt content is otherwise very low. However, our Credit Ratings are very high. CRISIL has conferred "P1+" (pronounced as "P One Plus") rating on us. This rating indicates safety of timely repayment as "Very Strong".

Operational Risk

Such risks arise due to non-compliance with prevailing local as well as international laws, improper system design, inadequate internal controls etc. These risks are managed and controlled by designated personnel at all levels, which in turn is under the supervision of the management.

An adequate internal audit system has been put in place to mitigate such risks, albeit such risks cannot be completely eliminated.



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 audited the attached Consolidated Balance Sheet of Thomas Cook (India) Limited (the Company) and its subsidiaries as at 31st October, 2004, and 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 Company's management. 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 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.121,962,234 as at 31st October, 2004 and total revenues of Rs.78,332,346 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 separate audited financial statements of Thomas Cook (India) Limited and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Thomas Cook (India) Limited and its subsidiaries, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Thomas Cook (India) Limited and its subsidiaries as at 31st October, 2004;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Thomas Cook (India) Limited and its subsidiaries for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Thomas Cook (India) Limited and its subsidiaries for the year ended on that date.

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Mumbai, 16th December, 2004



Consolidated Balance Sheet as at 31st October, 2004

	Schedule	As at 31st October, 2004 Rupees		As at 31st October, 2003 Rupees	
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS :					
Capital	A	145,833,330		145,833,330	
Reserves and surplus	B	1,300,298,988		1,081,764,283	
			1,446,132,318		1,227,597,613
LOAN FUNDS :					
Secured loans	C		153,580,908		3,810,700
DEFERRED TAXATION (NET) :					
Deferred tax liability	D	75,529,606		62,298,271	
Less: Deferred tax assets		24,330,187		15,351,292	
			51,199,419		46,946,979
TOTAL			1,650,912,645		1,278,355,292
APPLICATION OF FUNDS :					
FIXED ASSETS :					
Gross block	E	878,606,974		762,074,927	
Less : Depreciation		355,230,219		316,490,315	
Net block		523,376,755		445,584,612	
Advances for capital expenditure		17,234,752		35,292,268	
			540,611,507		480,876,880
INVESTMENTS	F		6,076,316		48,974,561
CURRENT ASSETS, LOANS AND ADVANCES :					
Sundry debtors	G	736,183,966		495,297,724	
Cash and bank balances	H	983,639,351		682,543,922	
Loans and advances	I	297,986,808		304,965,920	
		2,017,810,125		1,482,807,566	
LESS : CURRENT LIABILITIES AND PROVISIONS :					
Liabilities	J	841,294,635		663,267,534	
Provisions	K	72,377,343		71,116,456	
		913,671,978		734,383,990	
NET CURRENT ASSETS			1,104,138,147		748,423,576
MISCELLANEOUS EXPENDITURE					
(to the extent not written off or adjusted)					
Preliminary and pre-operative expenses			86,675		80,275
TOTAL			1,650,912,645		1,278,355,292
Notes to the Consolidated Financial Statements	P				

Notes to the Consolidated Financial Statements P
Schedules "A" to "K" and "P" referred to above
form an integral part of the Balance Sheet.

In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Mumbai, 16th December, 2004

For and on behalf of the Board

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

Mumbai, 16th December, 2004



Consolidated Profit and Loss Account for the year ended 31st October, 2004

	Schedule	Year ended 31st October, 2004 Rupees		Year ended 31st October, 2003 Rupees	
INCOME :					
Turnover		1,320,878,807		1,109,826,897	
Other income	L	80,784,821		31,585,013	
			1,401,663,628		1,141,411,910
EXPENDITURE :					
Personnel cost	M	329,862,117		280,355,821	
Advertisement and business promotion		91,390,191		71,048,931	
Other expenses	N	477,385,468		388,571,361	
Amortisation of start up costs of new businesses		—		1,959,534	
Interest	O	6,328,214		10,528,711	
Depreciation	E	57,561,538		45,973,753	
			962,527,528		798,438,111
PROFIT BEFORE TAXATION			439,136,100		342,973,799
Provision for taxation					
Current tax		154,514,483		127,999,060	
Deferred tax		4,252,440		(2,821,767)	
			158,766,923		125,177,293
PROFIT AFTER TAXATION			280,369,177		217,796,506
Less : Transfer to reserve as required under section 80HHD of the Income-Tax Act, 1961			—		15,000,000
			280,369,177		202,796,506
Add : Transfer from reserve created under section 80HHD of the Income-Tax Act, 1961			12,500,000		15,000,000
			292,869,177		217,796,506
Balance brought forward from previous year			357,937,106		225,328,711
			650,806,283		443,125,217
APPROPRIATIONS					
Transfer to general reserve			27,467,973		22,571,275
Proposed dividend			54,687,499		54,687,499
Corporate dividend tax			7,146,973		7,929,337
Balance carried to Balance Sheet			561,503,838		357,937,106
			650,806,283		443,125,217
Earnings Per Share - Basic and diluted (Rs. per Equity share of Rs.10 each)			19.23		14.93
[Refer Note 3(j) of Schedule P]					

Notes to the Consolidated Financial Statements P

Schedules "E" and "L" to "P" referred to above form an integral part of the Profit and Loss Account.

In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Mumbai, 16th December, 2004

For and on behalf of the Board

DR. THOMAS DOERING - CHAIRMAN

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

R. BANERJEE - EXECUTIVE DIRECTOR - FINANCE

M. MENON - EXECUTIVE DIRECTOR - FOREIGN EXCHANGE

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

Mumbai, 16th December, 2004



Schedules forming part of the Consolidated Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees	As at 31st October, 2003 Rupees
SCHEDULE "A" : CAPITAL :		
Authorised :		
20,000,000 Equity shares of Rs.10 each	<u>200,000,000</u>	<u>200,000,000</u>
Issued and Subscribed :		
14,583,333 Equity shares of Rs.10 each fully paid-up	<u>145,833,330</u>	<u>145,833,330</u>
Of the above:		
(a) 279,993 shares were allotted as fully paid-up to Thomas Cook Overseas Limited, U.K. pursuant to a contract for consideration other than cash.		
(b) 13,883,333 shares were allotted as fully paid-up bonus shares by capitalisation of General Reserve and Capital Reserve.		
(c) 8,750,000 shares are held by the holding company, Thomas Cook Overseas Limited, U.K.		
SCHEDULE "B" : RESERVES AND SURPLUS :		
Reserve as required u/s 80HHD of the Income-tax Act, 1961 :		
Balance as per last Balance Sheet	106,000,000	106,000,000
Add : Transfer from Profit and Loss Account	<u>—</u>	<u>15,000,000</u>
	106,000,000	121,000,000
Less : Transfer to Profit and Loss Account	<u>12,500,000</u>	<u>15,000,000</u>
	93,500,000	106,000,000
General Reserve :		
Balance as per last Balance Sheet	617,827,177	595,255,902
Add : Transfer from Profit and Loss Account	<u>27,467,973</u>	<u>22,571,275</u>
	645,295,150	617,827,177
Profit and Loss Account	<u>561,503,838</u>	<u>357,937,106</u>
	<u>1,300,298,988</u>	<u>1,081,764,283</u>
SCHEDULE "C" : SECURED LOANS :		
Short term loan from banks	80,000,000	—
Bank overdrafts	<u>73,580,908</u>	<u>3,810,700</u>
	<u>153,580,908</u>	<u>3,810,700</u>
(Secured by hypothecation of book debts, stock of currencies and paid documents)		
SCHEDULE "D" : DEFERRED TAXATION (NET) :		
Deferred tax liability - On fiscal allowances on fixed assets	75,529,606	62,298,271
Less : Deferred tax assets :		
Provisions allowable for tax purposes when paid	7,485,615	2,880,032
Provision for doubtful debts and advances	<u>16,844,572</u>	<u>12,471,260</u>
	24,330,187	15,351,292
	<u>51,199,419</u>	<u>46,946,979</u>



Schedules forming part of the Consolidated Balance Sheet as at 31st October, 2004

SCHEDULE "E" : FIXED ASSETS : (Rupees)

Description	GROSS BLOCK – AT COST			DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st November 2003	Additions	Deductions	As at 31st October, 2004	For the year	On Deductions	As at 31st October, 2004	As at 31st October, 2004	As at 31st October, 2003
Intangible Assets									
Goodwill	8,831,169	-	-	8,831,169	2,047,673	-	8,831,169	-	2,047,673
Software	20,003,939	51,518,814	-	71,522,753	7,957,768	-	17,789,993	53,732,760	10,171,714
Tangible Assets									
Leasehold properties	23,014,187	-	-	23,014,187	6,330	-	22,518,217	495,970	502,300
Freehold properties	265,658,165	-	-	265,658,165	4,330,228	-	35,284,009	230,374,156	234,704,384
Strong room	674,425	-	-	674,425	14,633	-	524,757	149,668	164,301
Furniture and fittings	122,412,020	18,216,466	1,846,118	138,782,368	11,560,408	1,163,732	58,973,048	79,809,320	73,835,648
Computers	168,623,353	39,792,179	5,073,581	203,341,951	16,345,709	5,064,646	155,263,032	48,078,919	24,641,384
Office equipment	103,399,540	8,905,445	3,282,707	109,022,278	7,279,821	1,634,278	36,276,317	72,745,961	72,768,766
Vehicles	49,458,129	24,034,098	15,732,549	57,759,678	8,018,968	10,958,978	19,769,677	37,990,001	26,748,442
TOTAL	762,074,927	142,467,002	25,934,955	878,606,974	57,561,538	18,821,634	355,230,219	523,376,755	445,584,612
Previous year	711,992,226	65,169,204	15,086,503	762,074,927	45,973,753	11,115,669	316,490,315	445,584,612	

NOTES : 1. Intangible Assets are other than internally generated.

2. Cost of Freehold properties includes :

- 160 unquoted fully paid-up shares of Rs.8,250 in various Co-operative Societies.
 - Share application money of Rs.2,540 to various Co-operative Societies.
 - Premises of Rs.21,539,300 on freehold land where the Company is yet to be registered as the owner of a proportionate share in land.
 - Premises of Rs.150,186,286 where the Co-operative Society is yet to be formed.
- Cost of Furniture and fittings includes Rs.1,676,500 (Previous year Rs.1,103,367) on account of improvements to leasehold premises.
 - Cost of Vehicles includes vehicle of Rs.256,989 (Previous year - Nil) acquired under a hire purchase agreement.



Schedules forming part of the Consolidated Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees	As at 31st October, 2003 Rupees
SCHEDULE "F" : INVESTMENTS : (Unquoted unless otherwise stated)		
Current - Non Trade :		
In fully paid-up Units of Mutual Funds		
Nil (<i>Previous year - 4,750,522</i>) Units of		
Rs.10 each of Alliance Mutual Fund - Alliance		
Cash Manager-Institutional Plan-Daily Dividend	—	47,505,700
Long term (at cost) :		
In Subsidiary Companies		
[Refer Note 1(b) of Schedule P]		
50,000 (<i>Previous year - Nil</i>) Equity shares of		
USD 1 each of Thomas Cook Lanka Holdings	2,322,400	—
(Private) Limited		
50,000 (<i>Previous year - Nil</i>) Equity shares		
of USD 1 each of Thomas Cook	2,322,400	—
(Mauritius) Travel Limited		
	4,644,800	—
In fully paid-up Ordinary shares - Trade		
196,831 fully paid-up Ordinary shares		
of SLR 10 each of Tangerine Beach		
Hotel Limited - Quoted	1,279,624	1,279,624
1,344,300 fully paid-up Ordinary		
shares of USD 0.01 each of Bidorbuy.com	28,126,382	28,126,382
	29,406,006	29,406,006
In fully paid-up Debentures - Trade		
Zero coupon fully paid-up Redeemable		
Debentures of SLR 100 each of Tangerine		
Beach Hotel Limited	151,892	189,237
	34,202,698	77,100,943
Less : Provision for diminution in the value of investment	28,126,382	28,126,382
	6,076,316	48,974,561
Aggregate amount of quoted investments	1,279,624	1,279,624
Aggregate amount of unquoted investments	4,796,692	47,694,937
	6,076,316	48,974,561
Aggregate Market Value of quoted investments	5,994,685	5,477,807
	Units	Units
Investments purchased and sold during the year		
- Units of Rs.10 each of Birla Mutual Fund -		
Birla Cash Plus Institutional Plan - Daily Dividend	300,220,196	—
- Units of Rs.10 each of Alliance Mutual Fund -		
Alliance Cash Manager - Institutional Plan -		
Daily Dividend	243,238,908	25,641,738
- Units of Rs.10 each of JM Mutual Fund -		
JM High Liquidity Fund - Institutional Plan -		
Daily Dividend	203,537,759	27,273,998
- Units of Rs.10 each of HSBC Mutual Fund -		
HSBC Cash Fund - Institutional Plan - Daily Dividend	86,885,966	—
- Units of Rs.10 each of Deutsche Mutual Fund -		
Deutsche Insta Cash Plus -		
Institutional Plan - Daily Dividend	40,599,475	—
- Units of Rs.10 each of Grindlays Mutual Fund -		
Grindlays Cash Fund Institutional Plan B-Daily Dividend	257,230,376	—



Schedules forming part of the Consolidated Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees		As at 31st October, 2003 Rupees	
SCHEDULE "G" : SUNDRY DEBTORS :				
Unsecured, considered good				
Outstanding exceeding six months	24,324,425		13,252,874	
Others	711,859,541		482,044,850	
		736,183,966		495,297,724
Unsecured, considered doubtful				
Outstanding exceeding six months	30,761,943		23,269,321	
Others	8,214,910		—	
	38,976,853		23,269,321	
Less : Provision for doubtful debts	38,976,853		23,269,321	
		—		—
		736,183,966		495,297,724
SCHEDULE "H" : CASH AND BANK BALANCES :				
Cash and cheques on hand (including foreign currencies - Notes and paid documents)		219,726,052		207,225,929
Remittances in transit				
Foreign currencies - Notes and paid documents	563,924,714		292,386,124	
Less : Provision for remittances lost in transit	—		2,804,781	
		563,924,714		289,581,343
Balances with scheduled banks				
On current accounts	121,009,966		48,233,389	
On deposit accounts	20,122,078		86,540,769	
		141,132,044		134,774,158
Balances with non-scheduled banks				
On current accounts				
Credit Suisse, Zurich, Switzerland	5,367,770		2,591,402	
Bank of New York, New York, USA	—		2,435,648	
ABN Amro Bank, London, UK	—		74,900	
HSBC, London, UK	766,982		214,717	
Bankers Trust, New York, USA	—		777,260	
Deutsche Bank AG, Frankfurt, Germany	—		13,119,001	
Bank of Nova Scotia, Tokyo, Japan	7,303,931		3,037,973	
NDB Bank, Sri Lanka	6,035		—	
Hatton National Bank, Sri Lanka	374,226		6,633	
Standard Chartered Grindlays Bank, Sri Lanka	—		9,859	
Commercial Bank, Sri Lanka	2,929,694		2,532,528	
Deutsche Bank, Sri Lanka	3,231,529		1,834,505	
HSBC, Mauritius	751,341		1,139,082	
Barclays Bank, Mauritius	1,891,453		631,233	
State Bank, Mauritius	2,045,938		—	
Deutsche Bank, Mauritius	17,418,051		2,598,416	
	42,086,950		31,003,157	
On deposit accounts				
HSBC, Sri Lanka	—		44,132	
NDB Bank, Sri Lanka	7,475,749		8,322,806	
Standard Chartered Grindlays Bank, Sri Lanka	9,205,269		9,653,316	
HSBC, Mauritius	88,573		88,830	
Pan Asia Bank, Sri Lanka	—		1,850,251	
		58,856,541		50,962,492
		983,639,351		682,543,922



Schedules forming part of the Consolidated Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees	As at 31st October, 2003 Rupees
SCHEDULE "I" : LOANS AND ADVANCES :		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	254,458,383	300,541,189
Considered doubtful	22,653,053	11,488,946
	<u>277,111,436</u>	<u>312,030,135</u>
Less : Provision for doubtful advances	<u>22,653,053</u>	<u>11,488,946</u>
	254,458,383	300,541,189
Balance with customs, port trust, etc.	192,770	209,247
Tax payments less provisions	43,335,655	4,215,484
	<u>297,986,808</u>	<u>304,965,920</u>
SCHEDULE "J" : LIABILITIES :		
Sundry creditors other than Small Scale Industrial Undertakings*	715,463,765	555,520,529
Balance purchase consideration for acquisition of Sri Lanka Branch Operations	4,802,000	4,802,000
Advance payments from customers for which value is still to be given (including travellers cheques, drafts and transfers unpaid)	115,534,971	98,045,837
Unpaid dividend @	1,930,711	1,718,138
Fractional entitlement on bonus shares refund accounts	49,066	49,066
Other liabilities	3,514,122	3,131,964
	<u>841,294,635</u>	<u>663,267,534</u>
* Include Book Overdrafts aggregating to Rs.262,020,880 (Previous year Rs.62,406,035).		
@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
SCHEDULE "K" : PROVISIONS :		
Proposed dividend	54,687,499	54,687,499
Corporate dividend tax	7,146,973	7,006,836
Provision for gratuity	10,542,871	9,422,121
	<u>72,377,343</u>	<u>71,116,456</u>



Schedules forming part of the Consolidated Profit and Loss Account for the year ended 31st October, 2004

	Year ended 31st October, 2004 Rupees Rupees		Year ended 31st October, 2003 Rupees Rupees	
SCHEDULE “L” : OTHER INCOME :				
Interest				
On deposits with banks (Gross) [tax deducted at source Rs.179,960 - Previous year Rs.938,089]	4,238,481		8,129,633	
On income tax refund	1,398,922		—	
On others	176,544		183,373	
		5,813,947		8,313,006
Dividend on current investments - Non Trade - On units of mutual funds		6,297,755		1,660,534
Rent		505,485		77,006
Profit on sale of fixed assets		2,267,563		784,305
Exchange Variation (net) other than in the normal course of business as foreign exchange authorised dealers		7,983,516		5,230,508
Profit on sale of current investments		149,699		—
Profit on redemption of long term investment		27,442		—
Management fees		1,511,400		3,008,750
Liabilities no longer required written back		8,797,273		3,426,734
Miscellaneous income [Refer Note 3(f) of Schedule P]		47,430,741		9,084,170
		80,784,821		31,585,013
SCHEDULE “M” : PERSONNEL COST :				
Salaries, wages and bonus		220,827,539		192,071,652
Contribution to provident and other funds		22,212,547		20,139,503
Premium on / provision for gratuity-cum-life assurance policy		8,321,034		7,787,909
Staff welfare expenses		39,554,683		33,385,969
Staff training, recruitment and other costs		10,127,862		8,009,883
Incentive / Commission to staff and directors		28,818,452		18,960,905
		329,862,117		280,355,821



Schedules forming part of the Consolidated Profit and Loss Account for the year ended 31st October, 2004

	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "N" : OTHER EXPENSES :				
Rent		63,055,087		48,509,004
Rates and taxes		1,331,978		2,014,381
Insurance		9,699,820		10,109,004
Repairs and maintenance :				
Buildings	976,116		116,974	
Others	39,354,738		30,894,974	
		40,330,854		31,011,948
Electricity		18,419,813		18,164,522
Printing and stationery		15,996,539		15,027,659
Postage, telegrams, telex and telephones		45,419,350		43,558,994
Freight currency shipment		14,202,626		13,707,458
Legal and professional charges		20,931,985		22,357,065
Auditors' remuneration :				
Audit fees	1,187,948		1,364,305	
Reports under the provisions of the Income-tax Act, 1961	955,800		1,031,400	
Miscellaneous reports	350,000		515,000	
Reimbursement of expenses	51,695		50,450	
	2,545,443		2,961,155	
Branch Auditors' remuneration - Audit fees	268,386		101,866	
		2,813,829		3,063,021
Bank charges including handling charges on remittances		29,288,609		24,446,448
Travelling and subsistence		57,330,994		44,342,759
Brokerage and incentives		63,909,329		54,493,346
Directors' fees		305,000		430,500
Security services		8,870,587		7,593,720
Vehicle running and maintenance		12,327,102		10,907,265
Licence fees		11,419,228		10,530,025
Bad debts written off		14,249,940		2,283,684
Provision for doubtful debts and advances (net)		27,498,543		11,344,834
Reversal of excess interest accrued on tax refund		—		202,063
Loss on sale / write off of fixed assets		2,161,169		2,473,315
Card Product expenses		—		2,196,225
Donations		1,096,523		111,688
Miscellaneous expenses		16,726,563		9,692,433
		477,385,468		388,571,361
SCHEDULE "O" : INTEREST :				
Term Loans		2,967,738		1,333,168
Bank overdrafts		3,360,476		6,627,723
Commercial paper		—		2,567,820
		6,328,214		10,528,711



Schedules forming part of the Consolidated Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS :

1. BASIS OF CONSOLIDATION :

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

(a) List of Subsidiary Companies considered in the consolidated financial statements is as follows :

<u>Name of the Company</u>	<u>Country of incorporation</u>	<u>Proportion of ownership</u>
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%

(b) The following Subsidiary Companies incorporated during the year, have not been considered in the consolidated financial statements as either there are no activities carried out by these companies during the period or their state of affairs as at the year end and the results of operations for the period are not material in relation to the consolidated financial statements. The consolidated loss of these companies for the period is Rs.225,084.

<u>Name of the Company</u>	<u>Country of incorporation</u>	<u>Proportion of ownership</u>
Thomas Cook Lanka Holdings (Private) Limited	Sri Lanka	100%
Airline Services Lanka (Private) Limited	Sri Lanka	100%
Thomas Cook (Mauritius) Holidays Limited	Mauritius	100%
Thomas Cook (Mauritius) Travel Limited	Mauritius	100%

2. SIGNIFICANT ACCOUNTING POLICIES :

The financial statements are prepared on accrual basis to comply in all material aspects with the applicable statute. The significant accounting policies are as follows :

(a) Basis of accounting :

The financial statements are prepared in accordance with the historical cost convention.

(b) Fixed assets and depreciation :

- (i) The gross block of fixed assets is stated at the purchase price of acquisition of such fixed assets (adjusted for increase / decrease on account of exchange variation) including any attributable cost for bringing the asset to its working condition for its intended use.
- (ii) Depreciation on fixed assets is provided at the rates specified in Schedule XIV of the Act or the rates determined based on the useful lives of the assets, whichever is higher. Depreciation is provided on Straight Line Method in case of Indian Companies and on Reducing Balance Method in case of Foreign Companies. The rates adopted for depreciation determined on the basis of useful lives of fixed assets are as follows :

Description of Asset	Rate of Depreciation	
	On Straight Line Method	On Reducing Balance Method
Software	25.00%	-
Furniture and fittings	6.33%	15.00%
Computers	25.00%	33.33%
Office equipment		
VSAT and Communication router	10.00%	-
Others	4.75%	15.00%
Vehicles	15.00%	20.00%

Fixed assets costing Rs.5,000 or less are fully depreciated in the year of acquisition.

Depreciation on additions to fixed assets on account of exchange variation is provided over the remaining useful lives of the assets.

(iii) Leasehold properties are amortised over the period of the lease.



Schedules forming part of the Consolidated Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)

(c) (i) Foreign currency transactions :

In case of foreign exchange business in the 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 branch and Mauritius), and the exchange variations (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 rates obtained from HSBC, as the daily buying and selling rates are set on rates obtained from them.

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 variations are dealt with in the Profit and Loss Account. Current assets and liabilities at the year end are converted at closing rates and exchange variations are recognised in the Profit and Loss Account.

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

Profit or loss on purchase and sale of foreign exchange by the Company in its capacity as authorised dealer are accounted as a part of the turnover.

(ii) Foreign branch and subsidiaries :

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

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

Revenue items except depreciation are translated at average rate.

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

(d) Investments :

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of long term investments. Current investments are stated at lower of cost and fair value.

(e) Retirement benefits :

Contributions to 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 an independent actuary one month prior to the year end and any shortfall / excess based on such valuation is accounted for in the relevant period. A proportionate charge is accounted for the last month on the basis of above workings.

The Company provides for unutilised leave benefits on the basis of the last salary drawn and the encashable leave available to the credit of the employee on the last date of the year.

Retirement benefits of Sri Lanka branch and Mauritius operations 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 is included on the basis of margins achieved, since inclusion on the basis of 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.

(g) Revenue recognition :

Commission on tickets and service charges from customers are recognised 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 recognised at the time of purchase and sale.

Revenue on holiday packages is recognised on proportionate basis considering the actual number of days completed as at the year end to the total number of days for each tour. Hitherto, such revenue was being recognised on commencement of the tour.

In case of cargo business, 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.



Schedules forming part of the Consolidated Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)

- (h) Goodwill :
Goodwill arising on acquisitions is amortised over a period of five years commencing with the year of purchase.
- (i) Taxes on income :
Current tax is determined as the amount of tax payable in respect of estimated 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 Rs.14,289,710 (Previous year Rs.16,522,071).

	As at 31st October, 2004 Rupees	As at 31st October, 2003 Rupees
(b) Contingent liabilities		
(i) Claims against the Company not acknowledged as debts	1,176,650	1,176,650
(ii) Disputed income tax demand	18,533,792	18,533,792
(iii) Disputed demand for increase in rent raised by Brihanmumbai Municipal Corporation	11,572,851	11,572,851

- (c) 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, 2004 and the provision based on the figures for the remaining seven months up to 31st October, 2004, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2004 to 31st March, 2005.
- (d) Provision for income tax and payments have been made without considering the 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.
- (e) During the year, frauds on the Company and its subsidiary Thomas Cook (Mauritius) Operations Company Limited, through misappropriation of assets aggregating to Rs.18,902,306 by certain employees of the Company and other parties, were noticed and reported. Out of this, an amount of Rs.602,613 has been recovered from the concerned employee and the remaining amount of Rs.18,299,693 has been fully provided for. The Company is taking necessary steps to recover the remaining amount.
- (f) During the year, the Company was allotted 258,606 Ordinary Shares of US \$ 0.001 each and 19,646 Preferred Shares of US \$ 0.001 each in Bazee.com Inc. in lieu of assistance provided by the Company in selling Indian subsidiary of Bidorbuy.com Inc. The Company received an amount of Rs.24,516,841 (US \$ 529,148) equivalent to 80% of the consideration for sale of these shares, which is included in Miscellaneous Income. The remaining amount of US \$ 132,287 (approximately Rs.6,008,476) equivalent to 20% of the sale consideration would be accounted as income as and when received, on the basis of prudence.
- (g) Segment information is provided so that the users of these financial statements can appreciate the diverse nature of the businesses carried out by Thomas Cook (India) Limited and its Subsidiary Companies.
- (i) Business segments
- | | |
|-------------------------------|--|
| - 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 |
- (ii) Geographical segments
- | | |
|---------------------|--|
| - India | Include revenue from customers within India |
| - Rest of the world | Include revenue from customers outside India |



Schedules forming part of the Consolidated Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
(I) Information in respect of primary segments				
(a) Segment revenue				
Financial services		355,718,599		319,181,729
Travel and related services	927,582,151		763,032,158	
Less : Inter segment revenue	44,257		2,717,048	
		927,537,894		760,315,110
Others	38,072,921		30,540,543	
Less : Inter segment revenue	450,607		210,485	
		37,622,314		30,330,058
		1,320,878,807		1,109,826,897
(b) Segment result				
Financial services	206,694,874		193,040,704	
Travel and related services	427,150,898		328,243,223	
Others	8,525,909		13,056,697	
		642,371,681		534,340,624
Less : Interest	6,328,214		10,528,711	
Other common expenses	196,907,367		180,838,114	
		203,235,581		191,366,825
		439,136,100		342,973,799
(c) Other information				
(i) Segment assets				
Financial services	777,941,518		509,460,868	
Travel and related services	1,295,615,911		1,076,157,590	
Others	49,088,579		35,065,186	
		2,122,646,008		1,620,683,644
Add : Common assets		441,851,940		391,975,363
		2,564,497,948		2,012,659,007
(ii) Segment liabilities				
Financial services	287,982,610		105,882,653	
Travel and related services	479,750,968		416,116,109	
Others	22,536,168		15,424,306	
		790,269,746		537,423,068
Add : Common liabilities		328,182,559		247,718,601
		1,118,452,305		785,141,669
(iii) Segment capital employed (Segment Assets less Segment Liabilities)				
Financial services	489,958,908		403,578,215	
Travel and related services	815,864,943		660,041,481	
Others	26,552,411		19,640,880	
		1,332,376,262		1,083,260,576
Add : Common capital employed		113,669,381		144,256,762
		1,446,045,643		1,227,517,338



Schedules forming part of the Consolidated Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
(iv) Capital expenditure				
Financial services	24,887,568		7,332,138	
Travel and related services	82,297,993		30,418,537	
Others	2,966,158		1,458,359	
		110,151,719		39,209,034
Add : Common capital expenditure		32,315,283		25,960,170
		142,467,002		65,169,204
(v) Depreciation/Amortisation				
Financial services	7,401,582		5,600,165	
Travel and related services	27,447,567		23,813,509	
Others	1,206,516		1,014,502	
		36,055,665		30,428,176
Add : Common depreciation and amortisation		21,505,873		15,545,577
		57,561,538		45,973,753
(vi) Significant non cash expenditure				
Financial services	9,906,536		1,669,520	
Travel and related services	30,268,070		13,991,502	
Others	1,573,877		(182,102)	
		41,748,483		15,478,920
Add : Common non cash expenditure		—		109,132
		41,748,483		15,588,052
(II) Information in respect of secondary segments				
(a) Segment revenue				
India		1,189,362,068		1,024,781,268
Rest of the world		131,516,739		85,045,629
		1,320,878,807		1,109,826,897
(b) Carrying amount of segment assets				
India	1,978,417,119		1,469,040,814	
Rest of the world	144,228,889		151,642,830	
		2,122,646,008		1,620,683,644
Add : Common assets		441,851,940		391,975,363
		2,564,497,948		2,012,659,007
(c) Capital expenditure				
India	97,209,581		35,749,366	
Rest of the world	12,942,138		3,459,668	
		110,151,719		39,209,034
Add : Common capital expenditure		32,315,283		25,960,170
		142,467,002		65,169,204
(h) Related Party Disclosures				
(A) Enterprises where control exists				
Holding Company				
		Thomas Cook Overseas Limited, UK (TCOL) holds 60% of Equity Shares of the Company. Thomas Cook UK Limited, the holding company of TCOL, is a subsidiary of Eurocenter Beteiligungs-und Reisevermittlung GmbH (Eurocenter), Germany who in turn is a subsidiary of Thomas Cook AG, Germany.		



Schedules forming part of the Consolidated Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)

(B) Other Related Parties with whom the Company had transactions during the year

- (i) Fellow Subsidiaries
- Thomas Cook Tour Operations Limited, UK
 - NUR Touristic GmbH, Germany
 - Thomas Cook Belgium N.V., Belgium
 - Thomas Cook, Canada
 - Thomas Cook Overseas Limited, Egypt
 - Thomas Cook Phillipines Inc., Phillipines
 - Terramar Reisen GmbH, Germany
 - Thomas Cook DE, Germany
 - Thomas Cook Signature Limited, UK
 - TC Touristic GmbH, Germany
 - Thomas Cook Retail Limited, UK

- (ii) Key Management Personnel
- A. M. Kakkar
 - Madhavan Menon
 - R. Banerjee (from 2nd April, 2004)
 - P. Sreekumar (upto 5th March, 2004)
 - R. R. Kenkare
 - Aashutosh Akshikar
 - Sunil Gupta
 - S. Herwadkar
 - Anil Nadkarni
 - Parag Paranjpe (upto 7th May, 2004)
 - Narendran Kochat

- (iii) Relatives of Key Management Personnel

M. V. Kakkar
Usha Sreekumar

(C) Disclosure of transactions between the Company and related parties and outstanding balances as at the year end:

	Year ended 31st October, 2004 Rupees		Year ended 31st October, 2003 Rupees	
(i) Holding Company				
Income from management fees				
Thomas Cook UK Limited		1,511,400		1,534,750
Services availed				
Thomas Cook UK Limited		1,200,000		1,199,995
Licence fees paid				
Thomas Cook UK Limited		11,223,503		10,333,585
Dividend remitted				
Thomas Cook Overseas Limited		32,812,499		28,875,000
Balances as at the year end -				
Outstanding receivables				
Thomas Cook UK Limited		1,521,597		579,407
Prepaid licence fees				
Thomas Cook UK Limited		1,894,167		1,752,670
(ii) Fellow subsidiaries				
Sale of services *				
Thomas Cook Tour Operations Limited, UK	225,539,928		168,952,561	
NUR Touristic GmbH, Germany	-		45,415,042	
Thomas Cook Belgium N.V., Belgium	5,828,036		1,367,545	
Thomas Cook, Canada	168,120		-	
Thomas Cook Overseas Limited, Egypt	167,040		34,450	
Thomas Cook Phillipines Inc., Phillipines	13,500		60,177	



Schedules forming part of the Consolidated Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)

	Year ended 31st October, 2004 Rupees		Year ended 31st October, 2003 Rupees	
Terramar Reisen GmbH, Germany	426,105		1,648,712	
Thomas Cook DE, Germany	74,520		755,218	
Thomas Cook Signature Limited, UK	5,191,566		1,006,736	
TC Touristic GmbH, Germany	124,653,775		23,287,554	
Thomas Cook Retail Limited, UK	3,600		117,030	
		362,066,190		242,645,025
* Sale value of transactions				
Balances as at the year end -				
Outstanding receivables				
Thomas Cook Tour Operations Limited, UK	586,669		—	
Thomas Cook Belgium N.V., Belgium	—		698,694	
Thomas Cook, Canada	9,140		—	
Thomas Cook Overseas Limited, Egypt	—		35,100	
Thomas Cook Phillipines Inc., Phillipines	—		62,100	
Thomas Cook DE, Germany	—		251,730	
Thomas Cook Signature Limited, UK	—		1,031,670	
TC Touristic GmbH, Germany	6,295,205		2,127,595	
		6,891,014		4,206,889
Advances received				
Thomas Cook Tour Operations Limited, UK	12,533,987		50,382,277	
Thomas Cook Belgium N.V., Belgium	76,497		—	
NUR Touristic GmbH, Germany	—		48,676,714	
		12,610,484		99,058,991
(iii) Key Management Personnel				
Remuneration #				
A. M. Kakkar	10,591,191		9,262,364	
Madhavan Menon	7,487,087		6,589,979	
R. Banerjee	3,127,132		—	
P. Sreekumar	3,473,686		5,660,924	
Narendran Kochat	1,158,033		1,041,552	
Others	12,652,117		12,162,882	
		38,489,246		34,717,701
# Excludes gratuity contributed as the same is arrived at on an overall basis.				
(iv) Relative of Key Management Personnel				
Rent expense				
M. V. Kakkar	240,000		240,000	
Usha Sreekumar	82,667		240,000	
		322,667		480,000
Balance as at the year end -				
Deposit receivable				
M. V. Kakkar	39,000,000		39,000,000	
Usha Sreekumar	—		2,000,000	
		39,000,000		41,000,000



Schedules forming part of the Consolidated Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
(i) Disclosures in respect of cancellable agreements for office and residential premises taken on lease				
(i) Lease payments recognised in the Profit and Loss Account		66,802,069		52,661,789
(ii) Significant leasing arrangements				
– The Company has given refundable interest free security deposits under certain agreements.				
– The lease agreements are for a period of six months to ninety years.				
– The lease agreements are cancellable at the option of either party by giving one month to three months' notice.				
(j) Basic earnings per share has been calculated by dividing profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has not issued any potential equity shares and accordingly, the basic earnings per share and diluted earnings per share are the same. Earnings per share has been computed as under :				
Profit after taxation		280,369,177		217,796,506
Weighted average number of shares		14,583,333		14,583,333
Earnings Per Share (Rs. per Equity Share of Rs.10 each) - Basic and Diluted		19.23		14.93
(k) Previous year figures have been regrouped where necessary.				

Signatures to Schedules "A to "P"

For and on behalf of the Board

DR. THOMAS DOERING - CHAIRMAN

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

R. BANERJEE - EXECUTIVE DIRECTOR - FINANCE

M. MENON - EXECUTIVE DIRECTOR - FOREIGN EXCHANGE

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

Mumbai, 16th December, 2004



Consolidated Cash Flow Statement for the year ended 31st October, 2004

	Year ended 31st October, 2004 Rupees	Year ended 31st October, 2003 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAXATION	439,136,100	342,973,799
Adjustments for :		
Depreciation	57,561,538	45,973,753
Interest income	(5,813,947)	(8,313,006)
Unrealised exchange variation (net)	(159,681)	(80,306)
Dividend income	(6,297,755)	(1,660,534)
Profit on sale of current investments	(149,699)	—
Profit on redemption of long term investment	(27,442)	—
Profit on sale of fixed assets	(2,267,563)	(784,305)
Loss on sale / write off of fixed assets	2,161,169	2,473,315
Interest expense	6,328,214	10,528,711
Preliminary expenses incurred	(6,400)	(6,400)
Reversal of excess interest accrued on tax refund	—	202,063
Amortisation of start up costs of new businesses	—	1,959,534
	<u>51,328,434</u>	<u>50,292,825</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	490,464,534	393,266,624
Adjustments for :		
Trade and other receivables	(193,650,300)	(61,489,355)
Trade and other payables	<u>178,885,025</u>	<u>155,915,054</u>
	<u>(14,765,275)</u>	<u>94,425,699</u>
CASH GENERATED FROM OPERATIONS	475,699,259	487,692,323
Interest paid	(6,277,961)	(10,589,506)
Interest received	4,836,967	12,104,537
Direct taxes paid (net of refund of taxes)	<u>(193,634,654)</u>	<u>(118,935,622)</u>
	<u>(195,075,648)</u>	<u>(117,420,591)</u>
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	280,623,611	370,271,732
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(124,409,485)	(77,742,248)
Sale of fixed assets	7,219,716	2,281,824
Purchase of investments (net)	(4,644,800)	(47,505,700)
Sale of investments (net)	47,720,186	37,345
Dividend received	<u>6,297,755</u>	<u>1,660,534</u>
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	(67,816,628)	(121,268,245)



Consolidated Cash Flow Statement for the year ended 31st October, 2004

	Year ended 31st October, 2004 Rupees	Year ended 31st October, 2003 Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from borrowings	149,770,208	—
Repayment of borrowings	—	(207,745,111)
Dividend paid	(54,474,926)	(48,343,895)
Tax on dividend paid	(7,006,836)	(922,501)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	88,288,446	(257,011,507)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	301,095,429	(8,008,020)
Cash and cash equivalents - Opening balance	682,543,922	690,551,942
Cash and cash equivalents - Closing balance	983,639,351	682,543,922

Notes :

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements, issued by the Institute of Chartered Accountants of India.
- Previous year figures have been regrouped where necessary.

In terms of our report of even date
Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovell & Lewes
Chartered Accountants

Mumbai, 16th December, 2004

For and on behalf of the Board

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

Mumbai, 16th December, 2004



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, 2004, 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 Company's management. 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 Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give 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 the same 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 accounting standards referred to in sub-section (3C) of section 211 of the Act;
- (f) On the basis of written representations received from the directors, as on 31st October, 2004 and taken on record by the

Board of Directors, none of the directors is disqualified as on 31st October, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

- (g) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements 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, 2004;
 - (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.

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Mumbai, 16th December, 2004



Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Thomas Cook (India) Limited on the financial statements for the year ended 31st October, 2004]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. As the Company has not granted/taken any loans, secured or unsecured, to/from the parties covered in the register maintained under section 301 of the Act, clauses (iii)(b) to (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Companies (Auditor's Report)

Order, 2003 are not applicable to the Company for the current year.

3. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. There are no purchases of inventory and sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system.
4. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Act during the year that need to be entered in the register maintained under that section. As there are no contracts or arrangements referred to in section 301 of the Act, clause (v)(b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company for the current year.
5. The Company has not accepted any deposits from the public within the meaning of sections 58A, 58AA or any

other relevant provisions of the Act and the rules framed there under.

6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, customs duty, cess and other material statutory dues as applicable with the appropriate authorities in India.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax, service tax, customs duty and cess which have not been deposited on account of any dispute. The particulars of dues of income tax as at 31st October, 2004 which have not been deposited on account of a dispute, are as follows –

Name of the statute	Nature of dues	Amount Rupees	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income tax (including penalty) on disallowance of deductions under sections 80HHC and 80HHD	8,667,620	Assessment year 1991-1992	Income Tax Appellate Tribunal
	Income tax on certain disallowances	7,485,557	Assessment year 1996-1997	Income Tax Appellate Tribunal
	Penalty for disallowance of deduction under section 80HHC*	23,515,582	Assessment year 2001-2002	Commissioner of Income Tax (Appeals)

*This demand has been stayed by Assistant Commissioner of Income Tax till the disposal of the appeal.



Annexure to the Auditors' Report

- | | | |
|---|---|---|
| <p>8. The Company has no accumulated losses as at 31st October, 2004 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.</p> <p>9. The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.</p> <p>10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>11. The provisions of any special statute applicable to chit fund/ nidhi/mutual benefit fund/ societies are not applicable to the Company.</p> <p>12. The Company is not a dealer or trader in shares, securities, debentures and other investments.</p> <p>13. The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.</p> | <p>14. In our opinion, the Company has not obtained any term loans that were not applied for the purpose for which these were raised.</p> <p>15. On the basis of an overall examination of the Balance Sheet of the Company and according to the information and explanations given to us, in our opinion, there are no funds raised on short term basis which have been used for long term investment.</p> <p>16. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.</p> <p>17. The Company has not issued any debentures.</p> <p>18. The Company has not raised any money by public issues during the year.</p> <p>19. During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards</p> | <p>generally accepted in India, we have neither come across any instance of fraud by the Company, noticed or reported during the year, nor have we been informed of such case by the management. Frauds on the Company, through misappropriation of assets aggregating to Rs. 10,687,396 by certain employees of the Company and other parties, were noticed and reported.</p> <p>20. According to the information and explanations given to us and taking into consideration the nature of business of the Company, the matters specified in clauses (ii) and (viii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.</p> <p>Sharmila A. Karve
Partner
Membership No. 43229</p> <p>For and on behalf of
Lovell & Lewes
Chartered Accountants</p> <p>Mumbai, 16th December, 2004</p> |
|---|---|---|



Balance Sheet as at 31st October, 2004

	Schedule	As at 31st October, 2004 Rupees		As at 31st October, 2003 Rupees	
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS :					
Capital	A	145,833,330		145,833,330	
Reserves and surplus	B	<u>1,281,369,892</u>		<u>1,068,524,639</u>	
			1,427,203,222		1,214,357,969
LOAN FUNDS :					
Secured loans	C		150,000,000		1,252,838
DEFERRED TAXATION (NET)					
Deferred tax liability	D	74,980,106		61,609,004	
Less: Deferred tax assets		<u>21,497,985</u>		<u>15,272,730</u>	
			53,482,121		46,336,274
TOTAL			<u><u>1,630,685,343</u></u>		<u><u>1,261,947,081</u></u>
APPLICATION OF FUNDS :					
FIXED ASSETS :					
Gross block	E	856,339,201		747,344,588	
Less : Depreciation		<u>347,204,511</u>		<u>309,767,931</u>	
Net block		509,134,690		437,576,657	
Advances for capital expenditure		<u>17,234,752</u>		<u>35,292,268</u>	
			526,369,442		472,868,925
INVESTMENTS	F		35,806,216		78,704,461
CURRENT ASSETS, LOANS AND ADVANCES :					
Sundry debtors	G	750,695,272		470,621,867	
Cash and bank balances	H	908,414,896		628,352,718	
Loans and advances	I	<u>298,943,731</u>		<u>304,114,678</u>	
		1,958,053,899		1,403,089,263	
LESS : CURRENT LIABILITIES AND PROVISIONS :					
Liabilities	J	817,166,871		621,599,112	
Provisions	K	<u>72,377,343</u>		<u>71,116,456</u>	
		889,544,214		692,715,568	
NET CURRENT ASSETS			1,068,509,685		710,373,695
TOTAL			<u><u>1,630,685,343</u></u>		<u><u>1,261,947,081</u></u>
Notes to the financial statements	P				
Schedules "A" to "K" and "P" referred to above form an integral part of the Balance Sheet					

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

In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Mumbai, 16th December, 2004

For and on behalf of the Board

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

Mumbai, 16th December, 2004



Profit and Loss Account for the year ended 31st October, 2004

	Schedule	Year ended 31st October, 2004 Rupees		Year ended 31st October, 2003 Rupees	
INCOME :					
Turnover		1,246,240,118		1,050,806,176	
Other income	L	66,705,483		38,743,018	
			1,312,945,601		1,089,549,194
EXPENDITURE :					
Personnel cost	M	306,900,376		263,859,394	
Advertisement and business promotion		83,608,326		69,380,189	
Other expenses	N	432,404,019		365,574,274	
Amortisation of startup costs of new businesses		—		1,959,534	
Interest	O	5,951,193		10,429,298	
Depreciation	E	55,256,115		44,295,399	
			884,120,029		755,498,088
PROFIT BEFORE TAXATION			428,825,572		334,051,106
Provision for taxation					
Current tax		147,000,000		121,000,000	
Deferred tax		7,145,847		(3,215,988)	
			154,145,847		117,784,012
PROFIT AFTER TAXATION			274,679,725		216,267,094
Less : Transferred to reserve as required under section 80HHD of the Income-tax Act, 1961			—		15,000,000
			274,679,725		201,267,094
Add : Transfer from reserve created under section 80HHD of the Income-tax Act, 1961			12,500,000		15,000,000
			287,179,725		216,267,094
Balance brought forward from previous year			347,493,494		214,547,444
			634,673,219		430,814,538
APPROPRIATIONS					
Transfer to general reserve			27,467,973		21,626,709
Proposed dividend			54,687,499		54,687,499
Corporate dividend tax			7,146,973		7,006,836
Balance carried to balance sheet			545,370,774		347,493,494
			634,673,219		430,814,538
Earnings per share - Basic and diluted (Rs. per Equity share of Rs.10 each) [Refer Note 2 (m) of Schedule P]			18.84		14.83
Notes to the Financial Statements	P				
Schedules “E”, and “L” to “P” referred to above form an integral part of the Profit and Loss Account					

In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Mumbai, 16th December, 2004

For and on behalf of the Board

DR. THOMAS DOERING - CHAIRMAN

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

R. BANERJEE - EXECUTIVE DIRECTOR - FINANCE

M. MENON - EXECUTIVE DIRECTOR - FOREIGN EXCHANGE

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

Mumbai, 16th December, 2004



Schedules forming part of the Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees	As at 31st October, 2003 Rupees
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
Of the above :		
(a) 279,993 shares were allotted as fully paid-up to Thomas Cook Overseas Limited, U.K. pursuant to a contract for consideration other than cash		
(b) 13,883,333 shares were allotted as fully paid-up bonus shares by capitalisation of General Reserve and Capital Reserve		
(c) 8,750,000 shares 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	106,000,000
Add : Transferred from Profit and Loss Account	—	15,000,000
	106,000,000	121,000,000
Less : Transferred to Profit and Loss Account	12,500,000	15,000,000
	93,500,000	106,000,000
General Reserve :		
Balance as per last Balance Sheet	615,031,145	593,404,436
Add : Transferred from Profit and Loss Account	27,467,973	21,626,709
	642,499,118	615,031,145
Profit and Loss Account	545,370,774	347,493,494
	1,281,369,892	1,068,524,639



Schedules forming part of the Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees Rupees		As at 31st October, 2003 Rupees Rupees	
SCHEDULE "C" : SECURED LOANS :				
Short term loan from banks		80,000,000		—
Bank overdrafts		70,000,000		1,252,838
		<u>150,000,000</u>		<u>1,252,838</u>
(Secured by hypothecation of book debts, stock of currencies and paid documents)				
SCHEDULE "D" : DEFERRED TAXATION (NET) :				
Deferred tax liability - On fiscal allowances on fixed assets		74,980,106		61,609,004
Less : Deferred tax assets :				
Provisions allowable for tax purposes when paid	4,652,192		2,845,071	
Provision for doubtful debts and advances	<u>16,845,793</u>		<u>12,427,659</u>	
		21,497,985		15,272,730
		<u>53,482,121</u>		<u>46,336,274</u>

Schedules forming part of the Balance Sheet as at 31st October, 2004

SCHEDULE "E" : FIXED ASSETS :								(Rupees)
Description	GROSS BLOCK — AT COST			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 1st November, 2003	Additions	Deductions	As at 31st October, 2004	For the year Deductions	On 31st October, 2004	As at 31st October, 2004	As at 31st October, 2003
Intangible Assets								
Goodwill	8,831,169	—	—	8,831,169	2,047,673	—	—	2,047,673
Software	20,003,939	51,518,814	—	71,522,753	9,832,225	7,957,768	53,732,760	10,171,714
Tangible Assets								
Leasehold properties	23,014,187	—	—	23,014,187	6,330	—	495,970	502,300
Freehold properties	265,658,165	—	—	265,658,165	4,330,228	—	230,374,156	234,704,384
Strong room	674,425	—	—	674,425	14,633	—	149,668	164,301
Furniture and fittings	118,830,352	16,229,250	1,846,118	133,213,484	10,854,275	1,163,732	76,115,735	71,423,146
Computers	165,068,596	36,878,773	4,825,937	197,121,432	15,511,751	4,818,159	44,788,107	23,428,863
Office equipment	99,725,743	7,707,401	3,138,562	104,294,582	7,011,655	1,600,437	69,403,874	70,246,253
Vehicles	45,538,012	21,472,269	15,001,277	52,009,004	7,521,802	10,237,207	34,074,420	24,888,023
TOTAL	747,344,588	133,806,507	24,811,894	856,339,201	55,256,115	17,819,535	509,134,690	437,576,657
Previous Year	699,418,870	62,413,850	14,488,132	747,344,588	44,295,399	10,745,616	437,576,657	

NOTES : 1. Intangible Assets are other than internally generated.

2. Cost of Freehold properties includes :

- 160 unquoted fully paid-up shares of Rs.8,250 in various Co-operative Societies.
- Share application money of Rs.2,540 to various Co-operative Societies.
- Premises of Rs.21,539,300 on freehold land where the company is yet to be registered as the owner of a proportionate share in land.
- Premises of Rs.150,186,286 where the Co-operative Society is yet to be formed.



Thomas Cook (India) Limited



Schedules forming part of the Balance Sheet as at 31st October, 2004

	As at 31st October, 2004		As at 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "F" : INVESTMENTS :				
(Unquoted unless otherwise stated)				
Current - Non Trade :				
In fully paid-up Units of Mutual Funds				
Nil (<i>Previous year - 4,750,522</i>) Units of				
Rs.10 each of Alliance Mutual Fund -				
Alliance Cash Manager - Institutional Plan -				
Daily Dividend		—		47,505,700
Long Term (at cost) :				
In Subsidiary Companies				
50,000 fully paid-up Equity shares of				
Rs.10 each of Thomas Cook Insurance	500,000		500,000	
Services (India) Limited				
50,000 fully paid-up Equity shares of				
Rs.10 each of Indian Horizon Travel and	500,000		500,000	
Tours Limited				
50,000 fully paid-up Equity shares of				
Rs.10 each of Thomas Cook Tours Limited	500,000		500,000	
250,000 fully paid-up Equity shares of				
Rs.10 each of Hindustan Cargo Limited	2,500,000		2,500,000	
690,000 (<i>Previous year - 590,000</i>) fully paid-up				
Equity shares of USD 1 each of Thomas Cook				
(Mauritius) Holding Company Limited	30,374,700		25,729,900	
		34,374,700		29,729,900
In fully paid-up Ordinary shares - Trade				
196,831 fully paid-up Ordinary shares of				
SLR 10 each of Tangerine Beach Hotel				
Limited - Quoted	1,279,624		1,279,624	
1,344,300 fully paid-up Ordinary shares				
of USD 0.01 each of Bidorbuy.com Inc.	28,126,382		28,126,382	
		29,406,006		29,406,006
In fully paid-up Debentures - Trade				
Zero coupon fully paid-up redeemable				
debentures of SLR 100 each of Tangerine				
Beach Hotel Limited		151,892		189,237
		63,932,598		106,830,843
Less : Provision for diminution in the value of				
investment		28,126,382		28,126,382
		35,806,216		78,704,461
Aggregate amount of quoted investments		1,279,624		1,279,624
Aggregate amount of unquoted investments		34,526,592		77,424,837
		35,806,216		78,704,461
Aggregate Market Value of quoted investments		5,994,685		5,477,807
		Units		Units
Investments purchased and sold during the year				
- Units of Rs.10 each of Birla Mutual Fund -				
Birla Cash Plus Institutional Plan - Daily Dividend		300,220,196		—
- Units of Rs.10 each of Alliance Mutual Fund -				
Alliance Cash Manager - Institutional Plan -				
Daily Dividend		243,238,908		25,641,738
- Units of Rs.10 each of JM Mutual Fund -				
JM High Liquidity Fund - Institutional Plan -				
Daily Dividend		203,537,759		27,273,998
- Units of Rs.10 each of HSBC Mutual Fund - HSBC Cash				
Fund - Institutional Plan - Daily Dividend		86,885,966		—
- Units of Rs.10 each of Deutsche Mutual Fund -				
Deutsche Insta Cash Plus - Institutional Plan - Daily Dividend		40,599,475		—
- Units of Rs.10 each of Grindlays Mutual Fund -				
Grindlays Cash Fund Institutional Plan B -				
Daily Dividend		257,230,376		—



Schedules forming part of the Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees Rupees		As at 31st October, 2003 Rupees Rupees	
SCHEDULE “G” : SUNDRY DEBTORS :				
Unsecured, considered good				
Outstanding exceeding six months	22,269,018		11,204,982	
Others	<u>676,826,969</u>	699,095,987	<u>459,416,885</u>	470,621,867
Recoverable from Subsidiary Company (less than six months)		51,599,285		—
Unsecured, considered doubtful				
Outstanding exceeding six months	23,383,137		23,147,786	
Less : Provision for doubtful debts	<u>23,383,137</u>		<u>23,147,786</u>	
		<u>—</u>		<u>—</u>
		<u>750,695,272</u>		<u>470,621,867</u>
SCHEDULE “H” : CASH AND BANK BALANCES :				
Cash and cheques on hand		201,621,023		177,117,755
(including foreign currencies - Notes and paid documents)				
Remittances in transit				
Foreign currencies - Notes and paid documents	542,967,651		275,829,813	
Less : Provision for remittances lost in transit	<u>—</u>		<u>2,804,781</u>	
		542,967,651		273,025,032
Balances with scheduled banks				
On current accounts	111,577,959		45,514,231	
On deposit accounts	<u>15,587,078</u>		<u>86,190,769</u>	
		127,165,037		131,705,000
Balances with non-scheduled banks				
On current accounts				
Credit Suisse, Zurich, Switzerland (maximum balance during the year Rs.18,267,009 - Previous year Rs.11,919,935)	5,367,770		2,591,402	
Bank of New York, New York, USA (maximum balance during the year Rs.2,496,340 - Previous year Rs.2,526,835)	—		2,435,648	
ABN Amro Bank, London, UK (maximum balance during the year Rs.116,529 - Previous year Rs.714,201)	—		74,900	
HSBC, London, UK (maximum balance during the year Rs.766,982 - Previous year Rs.3,205,162)	766,982		214,717	



Schedules forming part of the Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees Rupees		As at 31st October, 2003 Rupees Rupees	
SCHEDULE "H" : CASH AND BANK BALANCES : (Contd.)				
Bankers Trust, New York, USA (maximum balance during the year Rs.345,603,468 - <i>Previous year</i> Rs.327,435,943)	—		777,260	
Deutsche Bank AG, Frankfurt, Germany (maximum balance during the year Rs.134,106,947 - <i>Previous year</i> Rs.113,116,801)	—		13,119,001	
Bank of Nova Scotia, Tokyo, Japan (maximum balance during the year Rs.10,048,660 - <i>Previous year</i> Rs.7,710,852)	7,303,931		3,037,973	
NDB Bank, Sri Lanka (maximum balance during the year Rs.102,035 - <i>Previous year</i> Rs.50,819)	6,035		—	
Standard Chartered Grindlays Bank, Sri Lanka (maximum balance during the year Rs.2,232,847 - <i>Previous year</i> Rs.6,976,389)	—		9,859	
Commercial Bank, Sri Lanka (maximum balance during the year Rs.19,858,735 - <i>Previous year</i> Rs.6,736,140)	2,929,694		2,532,528	
Deutsche Bank, Sri Lanka (maximum balance during the year Rs.3,231,529 - <i>Previous year</i> Rs.3,589,652)	3,231,529		1,834,505	
Hatton National Bank, Sri Lanka (maximum balance during the year Rs.1,310,699 - <i>Previous year</i> Rs.841,986)	374,226		6,633	
	<hr/>		<hr/>	
On deposit accounts	19,980,167		26,634,426	
HSBC, Sri Lanka (maximum balance during the year Rs.44,132 - <i>Previous year</i> Rs.4,147,892)	—		44,132	
NDB Bank, Sri Lanka (maximum balance during the year Rs.8,322,806 - <i>Previous year</i> Rs.8,322,806)	7,475,749		8,322,806	
Standard Chartered Grindlays Bank, Sri Lanka (maximum balance during the year Rs.9,653,316 - <i>Previous year</i> Rs.9,754,471)	9,205,269		9,653,316	
Pan Asia Bank, Sri Lanka (maximum balance during the year Rs.1,850,251 - <i>Previous year</i> Rs.5,970,856)	—		1,850,251	
	<hr/>		<hr/>	
	16,681,018		19,870,505	
	908,414,896		628,352,718	
	<hr/>		<hr/>	



Schedules forming part of the Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees Rupees		As at 31st October, 2003 Rupees Rupees	
SCHEDULE “I” : LOANS AND ADVANCES : (Unsecured, considered good unless otherwise stated)				
Advances to Subsidiary Companies		10,111,262		4,612,286
Advances recoverable in cash or in kind or for value to be received				
Considered good	247,294,361		294,994,751	
Considered doubtful	22,653,053		11,488,946	
	269,947,414		306,483,697	
Less : Provision for doubtful advances	22,653,053		11,488,946	
		247,294,361		294,994,751
Tax payments less provisions		41,538,108		4,507,641
		298,943,731		304,114,678
SCHEDULE “J” : LIABILITIES :				
Sundry creditors other than Small Scale Industrial Undertakings *		693,010,718		513,730,123
Subsidiary Companies		—		1,101,393
Balance purchase consideration for acquisition of Sri Lanka branch operations		4,802,000		4,802,000
Advance payments from customers for which value is still to be given (including travellers cheques, drafts and transfers unpaid)		114,229,060		97,653,726
Unpaid dividend @		1,930,711		1,718,138
Fractional entitlement on bonus shares refund accounts		49,066		49,066
Other liabilities		3,145,316		2,544,666
		817,166,871		621,599,112
* Include Book Overdrafts aggregating to Rs.262,020,880 (Previous year Rs.62,406,035).				
@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund.				
SCHEDULE “K” : PROVISIONS :				
Proposed dividend		54,687,499		54,687,499
Corporate dividend tax		7,146,973		7,006,836
Provision for gratuity		10,542,871		9,422,121
		72,377,343		71,116,456



Schedules forming part of the Profit and Loss Account for the year ended 31st October, 2004

	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "L" : OTHER INCOME :				
Interest				
On deposits with banks (Gross) [tax deducted at source Rs.179,960 - Previous year Rs.938,089]	3,878,158		8,004,852	
On Income tax refund	1,398,922		—	
On others	176,544		183,373	
		5,453,624		8,188,225
Dividend				
On Long term investments - From Subsidiary Companies	—		11,919,750	
On Current investments - Non trade - On units of Mutual Funds	6,297,755		1,660,534	
		6,297,755		13,580,284
Rent		595,485		167,006
Profit on sale of fixed assets		2,165,729		742,246
Exchange variation (net) other than in the normal course of business as foreign exchange authorised dealers		6,932,932		4,929,606
Profit on sale of current investments		149,699		—
Profit on redemption of long term investment		27,442		—
Management fees		1,511,400		3,008,750
Liabilities no longer required written back		8,770,534		3,426,734
Miscellaneous income [Refer Note 2(f) of Schedule P]		34,800,883		4,700,167
		<u>66,705,483</u>		<u>38,743,018</u>
SCHEDULE "M" : PERSONNEL COST :				
Salaries, wages and bonus		202,503,440		178,439,167
Contribution to provident and other funds		20,788,388		18,903,779
Premium on / provision for gratuity-cum-life assurance policy		7,989,594		7,642,720
Staff welfare expenses		36,906,666		31,902,940
Staff training, recruitment and other costs		10,107,430		8,009,883
Incentive / Commission to staff and directors		28,604,858		18,960,905
		<u>306,900,376</u>		<u>263,859,394</u>



Schedules forming part of the Profit and Loss Account
for the year ended 31st October, 2004

	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "N" : OTHER EXPENSES :				
Rent		58,096,889		44,742,604
Rates and taxes		1,331,978		2,011,881
Insurance		9,019,730		9,619,013
Repairs and maintenance :				
Buildings	976,116		116,974	
Others	37,406,872		29,378,575	
		38,382,988		29,495,549
Electricity		17,561,582		17,537,494
Printing and stationery		13,787,214		13,960,850
Postage, telegrams, telex and telephones		41,877,499		40,562,160
Freight currency shipment		13,147,667		12,680,796
Legal and professional charges		19,670,212		21,363,573
Auditors' remuneration :				
Audit fees	648,000		648,000	
Reports under the provisions of the Income-tax Act, 1961	837,000		837,000	
Miscellaneous reports	250,000		492,400	
Reimbursement of expenses	45,275		47,600	
	1,780,275		2,025,000	
Branch Auditors' remuneration - Audit fees	268,386		101,866	
		2,048,661		2,126,866
Bank charges including handling charges on remittances		27,945,613		23,546,778
Travelling and subsistence		50,515,305		41,137,168
Brokerage and incentives		63,845,831		54,380,379
Directors' fees		285,000		385,000
Security services		8,379,798		7,167,156
Vehicle running and maintenance		10,985,462		9,658,200
Licence fees		11,223,503		10,333,585
Bad debts written off		14,249,940		2,283,684
Provision for doubtful debts and advances (net)		11,399,458		11,526,936
Reversal of excess interest accrued on tax refund		—		202,063
Loss on sale / write off of fixed assets		2,161,169		2,344,110
Donations		1,096,523		111,688
Miscellaneous expenses		15,391,997		8,396,741
		<u>432,404,019</u>		<u>365,574,274</u>
SCHEDULE "O" : INTEREST :				
Short term loans from banks		2,956,371		1,233,755
Bank overdrafts		2,994,822		6,627,723
Commercial paper		—		2,567,820
		<u>5,951,193</u>		<u>10,429,298</u>



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" : NOTES TO THE FINANCIAL STATEMENTS :

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared to comply in all material aspects with the 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' of India (the 'Act'). The significant accounting policies are as follows -

(a) Basis of accounting :

The financial statements are prepared in accordance with the historical cost convention.

(b) Fixed assets and depreciation :

- (i) The gross block of fixed assets is stated at the purchase price of acquisition of such fixed assets (adjusted for increase/decrease on account of exchange variation) including any attributable cost for bringing the asset to its working condition for its intended use.
- (ii) Depreciation on fixed assets is provided at the rates specified in Schedule XIV of the Act or the rates determined based on the useful lives of the assets, whichever are higher. Depreciation is provided on Straight Line Method. The rates adopted for depreciation determined on the basis of useful lives of fixed assets are as follows :

<u>Description of Asset</u>	<u>Rate of Depreciation</u>
Software	25%
Computers	25%
Office equipment - VSAT and Communication router	10%
Vehicles	15%

Fixed assets costing Rs.5,000 or less are fully depreciated in the year of acquisition.

Depreciation on additions to fixed assets on account of exchange variation is provided over the remaining useful lives of the assets.

- (iii) Leasehold properties are amortised over the period of the lease.

(c) (i) 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 variations (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 rates obtained from HSBC, as the daily buying and selling rates are set on rates obtained from them.

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

Profit or loss on purchase and sale of foreign exchange by the Company in its capacity as authorised dealer are accounted as a part of the turnover.



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)

(ii) Foreign branch :

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

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

Revenue items except depreciation are translated at average rate.

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

(d) Investments :

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of Long term investments. Current investments are stated at lower of cost and fair value.

(e) Retirement benefits :

Contributions to 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 an independent actuary one month prior to the year end and any shortfall / excess based on such valuation is accounted for in the relevant period. A proportionate charge is accounted for the last month on the basis of above workings.

The Company provides for unutilised leave benefits on the basis of the last salary drawn and the encashable leave available to the credit of the employee on the last date of the year.

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 is included on the basis of margins achieved, since inclusion on the basis of 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 recognised 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 recognised at the time of purchase and sale.

Revenue on holiday packages is recognised on proportionate basis considering the actual number of days completed as at the year end to the total number of days for each tour. Hitherto, such revenue was being recognised on commencement of the tour.

Revenue from other income is accounted on accrual basis.

(h) Goodwill :

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

(i) Taxes on income :

Current tax is determined as the amount of tax payable in respect of estimated 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.



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)

2. NOTES TO THE ACCOUNTS

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.14,289,710 (Previous year Rs.16,522,071).

	As at 31st October, 2004 Rupees	As at 31st October, 2003 Rupees
(b) Contingent liabilities :		
(i) Claims against the Company not acknowledged as debts	1,176,650	1,176,650
(ii) Disputed income tax demand	18,533,792	18,533,792
(iii) Disputed demand for increase in rent raised by Brihanmumbai Municipal Corporation	11,572,851	11,572,851

- (c) 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, 2004 and the provision based on the figures for the remaining seven months up to 31st October, 2004, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2004 to 31st March, 2005.
- (d) Provision for income tax and payments have been made without considering the 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.
- (e) During the year, frauds on the Company, through misappropriation of assets aggregating to Rs.10,687,396 by certain employees of the Company and other parties, were noticed and reported. Out of this, an amount of Rs.602,613 has been recovered from the concerned employee and the remaining amount of Rs.10,084,783 has been fully provided for. The Company is taking necessary steps to recover the remaining amount.
- (f) During the year, the Company was allotted 258,606 Ordinary shares of US \$ 0.001 each and 19,646 Preferred shares of US \$ 0.001 each in Bazee.com Inc. in lieu of assistance provided by the Company in selling Indian subsidiary of Bidorbuy.com Inc. The Company received an amount of Rs.24,516,841 (US \$ 529,148) equivalent to 80% of the consideration for sale of these shares, which is included in Miscellaneous income. The remaining amount of approximately US \$ 132,287 (approximately Rs.6,008,476) equivalent to 20% of the sale consideration would be accounted as income as and when received, on the basis of prudence.
- (g) Managerial Remuneration under section 198 of the Act to Whole time Directors (excluding gratuity contributed for the Company as a whole)

	Year ended 31st October, 2004 Rupees	Year ended 31st October, 2003 Rupees
Salaries	5,963,563	5,768,100
House rent allowance / Perquisite	2,636,233	2,308,600
Commission	7,384,384	5,956,941
Contribution to provident and other funds	1,610,162	1,557,387
Perquisites in cash and in kind	7,084,753	5,922,239
	24,679,095	21,513,267
Commission to non executive directors	888,267	953,214
	25,567,362	22,466,481
Directors' fees	285,000	385,000

Note : The appointment of Executive Director - Finance and his remuneration of Rs.3,127,132 with effect from 2nd April, 2004 are subject to approval of members at the forthcoming Annual General Meeting.



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
Computation of net profits in accordance with section 198 read with section 309(5) of the Act				
Profit before taxation as per Profit and Loss Account		428,825,572		334,051,106
Add :				
Remuneration to directors	25,567,362		22,466,481	
Directors' fees	285,000		385,000	
Depreciation as per Profit and Loss Account	55,256,115		44,295,399	
Loss on sale / write off of fixed assets as per Profit and Loss Account	2,161,169		2,344,110	
Profit on sale of fixed assets as per section 350 of the Act	1,197,375		663,000	
		84,467,021		70,153,990
		513,292,593		404,205,096
Less :				
Depreciation as per section 350 of the Act	42,968,273		34,114,761	
Loss on sale / write off of fixed assets as per section 350 of the Act	4,770,699		2,364,406	
Profit on sale of fixed assets as per Profit and Loss Account	2,165,729		742,246	
		49,904,701		37,221,413
Net Profit		463,387,892		366,983,683
Commission to non executive directors @ 1%		4,633,879		3,669,837
Commission to executive directors @ 10%		46,338,789		36,698,368
Commission payable to directors, restricted by the Board of Directors to		8,272,651		6,910,155
(h) Expenditure in foreign currency : (Other than in normal course of the business as foreign exchange authorised dealers)				
Interest and bank charges		12,479,829		19,307,114
Professional fees		1,227,303		2,459,217
Travelling, subscription and others		22,999,587		22,648,601
(i) Remittance of dividend to non-resident shareholders :				
Number of shareholders		1*		1*
Number of Equity shares held		8,750,000		8,750,000
Amount remitted		32,812,499		28,875,000
Year to which the dividend relates		31st October, 2003		31st October, 2002
*Thomas Cook Overseas Limited				
(j) 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		787,413		1,197,117
Communication charges		300,172		617,577
Receipts from independent tours and travel		511,251,616		435,987,586
Commission on travellers cheques		3,358,265		2,308,255
Management fees		1,511,400		3,008,750
Cash passport		5,458,089		3,410,980
Dividend		—		4,719,750
Incentive on exports volume		3,104,000		2,244,757
Miscellaneous income [Refer Note (f) above]		24,516,841		—



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)

(k) Related party disclosures :

(A) Enterprises where control exists

(i) Holding Company

Thomas Cook Overseas Limited, UK (TCOL) holds 60% of Equity shares of the Company. Thomas Cook UK Limited, the Holding Company of TCOL, is a Subsidiary of Eurocenter Beteiligungs- und Reisevermittlung GmbH (Eurocenter), Germany who in turn is a Subsidiary of Thomas Cook AG, Germany.

(ii) Subsidiary Companies

Thomas Cook Insurance Services (India) Limited
Indian Horizon Travel and Tours Limited
Thomas Cook Tours Limited
Hindustan Cargo Limited
Thomas Cook (Mauritius) Holding Company Limited
Thomas Cook (Mauritius) Operations Company Limited
Thomas Cook Lanka Holdings (Private) Limited
Airline Services Lanka (Private) Limited
Thomas Cook (Mauritius) Holidays Limited
Thomas Cook (Mauritius) Travel Limited

(B) Other Related Parties with whom the company had transactions during the year

(i) Fellow Subsidiaries

Thomas Cook Tour Operations Limited, UK
NUR Touristic GmbH, Germany
Thomas Cook Belgium N.V., Belgium
Thomas Cook, Canada
Thomas Cook Overseas Limited, Egypt
Thomas Cook Phillipines Inc., Phillipines
Terramar Reisen GmbH, Germany
Thomas Cook DE, Germany
Thomas Cook Signature Limited, UK
TC Touristic GmbH, Germany
Thomas Cook Retail Limited, UK

(ii) Key Management Personnel

A. M. Kakkar
Madhavan Menon
R. Banerjee (from 2nd April, 2004)
P. Sreekumar (upto 5th March, 2004)
R. R. Kenkare
Aashutosh Akshikar
Sunil Gupta
S. Herwadkar
Anil Nadkarni
Parag Paranjpe (upto 7th May, 2004)

(iii) Relatives of Key Management Personnel

M. V. Kakkar
Usha Sreekumar



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)

	Year ended 31st October, 2004 Rupees Rupees		Year ended 31st October, 2003 Rupees Rupees	
(C) Disclosure of transactions between the Company and related parties and outstanding balances as at the year end :				
(i) Holding Company				
Income from management fees				
Thomas Cook UK Limited		1,511,400		1,534,750
Services availed				
Thomas Cook UK Limited		1,200,000		1,199,995
Licence fees paid				
Thomas Cook UK Limited		11,223,503		10,333,585
Dividend remitted				
Thomas Cook Overseas Limited		32,812,499		28,875,000
Balances as at the year end -				
Outstanding receivables				
Thomas Cook UK Limited		1,521,597		579,407
Prepaid licence fees				
Thomas Cook UK Limited		1,894,167		1,752,670
(ii) Subsidiary Companies				
Sale of services				
Thomas Cook Insurance Services (India) Limited	2,700,000		2,700,000	
Hindustan Cargo Limited	134,000		430,905	
		2,834,000		3,130,905
Export of foreign currencies*				
Thomas Cook (Mauritius) Operations Company Limited		964,603,567		1,012,780,260
Services availed				
Hindustan Cargo Limited		7,510,116		3,508,139
Dividend income				
Thomas Cook Insurance Services (India) Limited	—		3,250,000	
Hindustan Cargo Limited	—		3,950,000	
Thomas Cook (Mauritius) Holding Company Limited	—		4,719,750	
				11,919,750



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)

	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
Sale of fixed assets				
Hindustan Cargo Limited		—		11,000
Subscription to Share Capital				
Indian Horizon Travel and Tours Limited	—		499,910	
Thomas Cook Tours Limited	—		499,910	
Thomas Cook (Mauritius) Holding Company Limited	4,644,800		—	
		4,644,800		999,820
Balances as at the year end - Outstanding receivables				
Thomas Cook Insurance Services (India) Limited	3,908,705		—	
Indian Horizon Travel and Tours Limited	43,360		40,160	
Thomas Cook Tours Limited	43,195		39,995	
Hindustan Cargo Limited	6,116,002		4,532,131	
Thomas Cook (Mauritius) Operations Company Limited	51,599,285		—	
		61,710,547		4,612,286
Outstanding payables				
Thomas Cook Insurance Services (India) Limited		—		1,101,393
(iii) Fellow Subsidiaries				
Sale of services*				
Thomas Cook Tour Operations Limited, UK	225,539,928		168,952,561	
NUR Touristic GmbH, Germany	—		45,415,042	
Thomas Cook Belgium N.V., Belgium	5,828,036		1,367,545	
Thomas Cook, Canada	168,120		—	
Thomas Cook Overseas Limited, Egypt	167,040		34,450	
Thomas Cook Phillipines Inc., Phillipines	13,500		60,177	
Terramar Reisen GmbH, Germany	426,105		1,648,712	
Thomas Cook DE, Germany	74,520		755,218	
Thomas Cook Signature Limited, UK	5,191,566		1,006,736	
TC Touristic GmbH, Germany	124,653,775		23,287,554	
Thomas Cook Retail Limited, UK	3,600		117,030	
		362,066,190		242,645,025
*Sale value of transactions				



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
Balances as at the year end - Outstanding receivables				
Thomas Cook Tour Operations Limited, UK	586,669		—	
Thomas Cook Belgium N.V., Belgium	—		698,694	
Thomas Cook, Canada	9,140		—	
Thomas Cook Overseas Limited, Egypt	—		35,100	
Thomas Cook Phillipines Inc., Phillipines	—		62,100	
Thomas Cook DE, Germany	—		251,730	
Thomas Cook Signature Limited, UK	—		1,031,670	
TC Touristic GmbH, Germany	6,295,205		2,127,595	
		6,891,014		4,206,889
Advances received				
Thomas Cook Tour Operations Limited, UK	12,533,987		50,382,277	
Thomas Cook Belgium N.V., Belgium	76,497		—	
NUR Touristic GmbH, Germany	—		48,676,714	
		12,610,484		99,058,991
(iv) Key Management Personnel Remuneration #				
A. M. Kakkar	10,591,191		9,262,364	
Madhavan Menon	7,487,087		6,589,979	
R. Banerjee	3,127,132		—	
P. Sreekumar	3,473,686		5,660,924	
Others	12,652,117		12,162,882	
		37,331,213		33,676,149
# Excludes gratuity contributed as the same is arrived at on an overall basis.				
(v) Relative of Key Management Personnel				
Rent expense				
M. V. Kakkar	240,000		240,000	
Usha Sreekumar	82,667		240,000	
		322,667		480,000



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "P" (contd.)

	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
Balance as at the year end -				
Deposit receivable				
M. V. Kakkar	39,000,000		39,000,000	
Usha Sreekumar	—		2,000,000	
		39,000,000		41,000,000
(l) Disclosures in respect of cancellable agreements for office and residential premises taken on lease				
(i) Lease payments recognised in the Profit and Loss Account		61,843,871		48,895,390
(ii) Significant leasing arrangements				
- The Company has given refundable interest free security deposits under certain agreements.				
- The lease agreements are for a period of six months to ninety years.				
- The lease agreements are cancellable at the option of either party by giving one month to three months' notice.				
(m) Basic earnings per share has been calculated by dividing profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has not issued any potential equity shares and accordingly, the basic earnings per share and diluted earnings per share are the same. Earnings per share has been computed as under :				
Profit after taxation		274,679,725		216,267,094
Weighted average number of shares		14,583,333		14,583,333
Earnings per share (Rs. per Equity share of Rs.10 each) - Basic and diluted		18.84		14.83
(n) Previous year figures have been regrouped where necessary.				



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

o) 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 4
Date Month Year

II. Capital raised during the year (Rupees in 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 (Rupees in Thousands)

Total Liabilities*

- - 1 6 3 0 6 8 5

Total Assets

- - 1 6 3 0 6 8 5

Sources of Funds

Paid-up Capital

- - - 1 4 5 8 3 3

Reserves and Surplus

- - 1 2 8 1 3 7 0

Secured Loans

- - - 1 5 0 0 0 0

Unsecured Loans

- - - N I L - - -

* Total Liabilities include Deferred Taxation (net) of Rs.53,482 thousands.

Application of Funds

Net Fixed Assets

- - - 5 2 6 3 6 9

Investments

- - - - 3 5 8 0 6

Net Current Assets

- - 1 0 6 8 5 1 0

Miscellaneous Expenditure

- - - N I L - - -

Accumulated Losses

- - - N I L - - -



Schedules forming part of the Financial Statements
for the year ended 31st October, 2004

SCHEDULE “P” (contd.)

IV. Performance of Company (Rupees in Thousands)
Turnover

- - 1 3 1 2 9 4 6

Profit / Loss before tax

+ - - - 4 2 8 8 2 6

(+ for Profit, – for Loss)

Earning per share in Rs.

- - 1 8 . 8 4

Total Expenditure

- - - 8 8 4 1 2 0

Profit / Loss after tax

+ - - - 2 7 4 6 8 0

Dividend rate %

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 - - - - - - -

Signatures to Schedules “A” to “P”

For and on behalf of the Board

DR. THOMAS DOERING — CHAIRMAN

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

R. BANERJEE — EXECUTIVE DIRECTOR - FINANCE

M. MENON — EXECUTIVE DIRECTOR - FOREIGN EXCHANGE

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

Mumbai, 16th December, 2004.



Cash Flow Statement for the year ended 31st October, 2004

	Year ended 31st October, 2004 Rupees	Year ended 31st October, 2003 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAXATION	428,825,572	334,051,106
Adjustments for :		
Depreciation	55,256,115	44,295,399
Interest income	(5,453,624)	(8,188,225)
Unrealised exchange variation (net)	(159,681)	(80,306)
Dividend income	(6,297,755)	(13,580,284)
Profit on sale of current investments	(149,699)	-
Profit on redemption of long term investment	(27,442)	-
Profit on sale of fixed assets	(2,165,729)	(742,246)
Loss on sale / write off of fixed assets	2,161,169	2,344,110
Interest expense	5,951,193	10,429,298
Reversal of excess interest accrued on tax refund	-	202,063
Amortisation of start up costs of new businesses	-	1,959,534
	<u>49,114,547</u>	<u>36,639,343</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	477,940,119	370,690,449
Adjustments for :		
Trade and other receivables	(235,336,408)	(49,068,767)
Trade and other payables	196,425,683	151,363,014
	<u>(38,910,725)</u>	<u>102,294,247</u>
CASH GENERATED FROM OPERATIONS	439,029,394	472,984,696
Interest paid	(5,900,940)	(10,490,093)
Interest received	3,077,722	11,979,756
Direct taxes paid (net of refund of taxes)	<u>(184,030,467)</u>	<u>(115,069,635)</u>
	<u>(186,853,685)</u>	<u>(113,579,972)</u>
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	252,175,709	359,404,724
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(115,748,991)	(74,986,894)
Sale of fixed assets	6,996,919	2,140,652
Purchase of investments (net)	(4,644,800)	(48,505,520)
Sale of investments (net)	47,720,186	37,345
Dividend received	6,297,755	13,580,284
	<u>(59,378,931)</u>	<u>(107,734,133)</u>
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	(59,378,931)	(107,734,133)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from borrowings	148,747,162	-
Repayment of borrowings	-	(210,302,973)
Dividend paid	(54,474,926)	(48,343,895)
Tax on dividend paid	<u>(7,006,836)</u>	<u>-</u>
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	87,265,400	(258,646,868)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>280,062,178</u>	<u>(6,976,277)</u>
Cash and cash equivalents - Opening balance	628,352,718	635,328,995
Cash and cash equivalents - Closing balance	908,414,896	628,352,718

Notes :

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements, issued by the Institute of Chartered Accountants of India.
- Previous year figures have been regrouped where necessary.

In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovell & Lewes
Chartered Accountants
Mumbai, 16th December, 2004

For and on behalf of the Board

DR. THOMAS DOERING - CHAIRMAN
A. M. KAKKAR - CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR
R. BANERJEE - EXECUTIVE DIRECTOR - FINANCE
M. MENON - EXECUTIVE DIRECTOR - FOREIGN EXCHANGE
R. R. KENKARE - HEAD OF LEGAL & COMPANY SECRETARY
Mumbai, 16th December, 2004



Information regarding Subsidiary Companies pursuant to Section 212(1)(e) of the Companies Act, 1956

(a) Subsidiary Companies	Hindustan Cargo Limited	Thomas Cook Insurance Services (India) Limited	Thomas Cook Tours 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 690,000 shares of USD 1 each fully paid-up	Thomas Cook (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, 2004	Rs. 5,327,660	Rs.6,494,265			USD (6,475)	MUR (3,792,271)
ii) For the Subsidiary Company's previous financial years	Rs.12,608,749	Rs.1,481,989			USD 1	MUR 876,209
(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, 2004						
ii) For the Subsidiary Company's previous financial years						

For and on behalf of the Board

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

Mumbai, 16th December, 2004.



Directors' Report

TO THE MEMBERS:

Your Directors have pleasure in presenting the Twelfth Annual Report together with the Balance Sheet and Profit and Loss Account for the year ended 31st October 2004.

FINANCIAL RESULTS:

Your Company continues to produce consistent results. During the year ended 31st October 2004, despite keen competition, your Company's results were better from the previous year and were as follows: -

	(Rupees in Millions)	
	Year ended 31st October 2004	Year ended 31st October 2003
Profit before Taxation	8.4	8.0
Provision for Taxation	3.8	3.0
Provision for Deferred Taxation	(0.7)	0.3
Profit after Taxation	5.3	4.7
Interim Dividend	—	3.9
Corporate Dividend Tax	—	0.5
Transferred to General Reserve	—	0.4

At present your Company operates through its 7 offices at Mumbai, Bangalore, New Delhi, Hyderabad, Pune, Kolkata & Chennai as Cargo Agents offering a wide range of clearing and forwarding services in air and sea export, import, consolidation and break bulk services. Door to door servicing of clients, is your Company's speciality.

During the year 2003-2004 the Company signed an agreement as Channel Partner with "Nextlinx" a web based global trade management and logistic solution provider of USA.

Trade Lane development, one of the initiatives taken during the year, has resulted in Import business growth of 55% in terms of revenue and 67% in tonnage. The thrust for Import business will continue in the coming year.

DIVIDEND:

In order to conserve resources for the Company's future plans, the Directors do not recommend any dividend for the year under review.

GENERAL RESERVE:

Your Directors have not transferred any amount to the General Reserve out of the profits of the Company. The total

Reserves & Surplus now stands at Rs. 17,936,409 as at 31st October 2004.

DIRECTORS:

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

At the meeting of the Board of Directors held on 20th May, 2004, Mr. Robin Banerjee was appointed as an Additional Director. Pursuant to section 260 of the Companies Act, 1956, he holds the office upto the date of this Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Robin Banerjee as a candidate for the office of Director liable to retire by rotation.

Mr. Banerjee is a Master of Commerce, Chartered Accountant, Company Secretary and Cost Accountant and has a varied experience of about 23 years at various levels. He is presently working with Thomas Cook (India) Limited, as its Executive Director – Finance.

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

The foreign exchange earnings during the year amounted to Rs. 13,72,442/-.

During the year, the Company has incurred expenditure in foreign currency towards subscription and travel amounting to Rs. 4,92,847/- as disclosed under Schedule O Note 5.

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 being eligible, offer themselves 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;
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 was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts were prepared on a going concern basis.

COMPLIANCE CERTIFICATE FROM PRACTISING 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. M. Kakkar M. Menon
Chairman Director

Mumbai, 14th December 2004



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 2004. 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 4 times on 12th December 2003, 26th February 2004, 20th May 2004 and 17th August 2004 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 2003 was held on 23rd February 2004 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. 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) transferred the shares on lodgement within the time, 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 are 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 are 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 appointment of additional director has been duly made.
15. The company has not appointed any managing director / whole-time director / manager during the financial year.
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.
21. There was no redemption of preference shares or debentures during the year.
22. There are no pending / keeping in abeyance rights to dividend, rights shares and bonus shares.



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- | | | |
|--|---|---|
| 23. The company has not accepted deposits within the meaning of section 58A of the Companies Act, 1956. | 27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny. | during the financial year for offences under the Act. |
| 24. The amounts borrowed by the company during the financial year ended 31st October 2004 are within the borrowing limits of the company. | 28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny. | 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. |
| 25. The company has not made any loans and investments or given guarantees or provided securities to other bodies corporate and consequently no entries are made in the Register kept for the purpose. | 29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny. | 33. The company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act. |
| 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. | 30. The company has not altered its Articles of Association during the year under scrutiny. | For P. C. SHAH & CO.
(PRADIP C. SHAH)
Practising Company Secretary
Proprietor |
| | 31. There was no prosecution initiated against or show cause notices received by the company | Mumbai, 3rd December 2004 |



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.

(PRADIP C. SHAH)
Practising Company Secretary
Proprietor

Mumbai, 3rd December 2004

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 ending 31st October 2004:

1. Form No. 32 dated 27th May 2004 in respect of appointment of Mr. Robin Banerjee as an additional director of the company with effect from 20th May 2004, was filed with the Registrar of Companies, Maharashtra on 4th June 2004.
2. Form No. 29 dated 20th May 2004 in respect of consent to act as Director received from Mr. Robin Banerjee as director of the company, was filed with the Registrar of Companies, Maharashtra on 4th June 2004.
3. Balance Sheet for the year ended 31st October 2003 filed u/s 220 of the Act filed with the Registrar of Companies, Maharashtra on 17th March 2004.
4. Compliance Report of M/s. P. C. Shah & Co. for the year ended 31st October 2003 as required u/s 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 17th March 2004.
5. Annual Return made under Schedule V to the Companies Act, 1956 in respect of AGM held on 23rd February 2004, was filed with the Registrar of Companies, Maharashtra on 21st April 2004.
6. Form No. III dated 17th August 2004 in respect of beneficial interest u/s 187C (4) of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 24th August 2004.

For P. C. SHAH & CO.

(PRADIP C. SHAH)
Practising Company Secretary
Proprietor

Mumbai, 3rd December 2004



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, 2004 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 Company's management. 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 Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of section 227 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 give 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 comply in all material aspects with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 31st October, 2004 and

taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st October, 2004 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 said financial statements 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, 2004;
and
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

N. Ramesh Rajan
Partner
Membership No. 22311

For Lovelock & Lewes
Chartered Accountants

Chennai, 14th December, 2004



Annexure to the Auditors' Report

[Referred to in Paragraph 3 of the Auditors' report to the members of Hindustan Cargo Limited on the financial statement for the year ended 31st October, 2004].

1. (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained u/s 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained u/s 301 of the Act.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
4. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register maintained u/s 301 of the Act.
5. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for any of the products of the Company.
8. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
9. The Company has no accumulated losses as at 31st October, 2004 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceeding financial year.
10. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
15. The Company has not obtained any term loans.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year.
18. The Company has not issued debentures during the year.
19. The Company has not raised any money by public issue during the year.
20. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
21. Clause (ii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

N. Ramesh Rajan
Partner
Membership No. 22311

For Lovelock & Lewes
Chartered Accountants

Chennai, 14th December, 2004



Balance Sheet as at 31st October, 2004

	Schedule	As at 31st October, 2004 Rupees	As at 31st October, 2003 Rupees
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Capital	A	2,500,000	2,500,000
Reserves and surplus	B	17,936,409	12,608,749
		20,436,409	15,108,749
LOAN FUNDS :			
Secured loans	C	3,580,908	2,520,137
Unsecured loans	D	154,636	37,725
		3,735,544	2,557,862
TOTAL		24,171,953	17,666,611
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross block	E	10,809,134	8,966,037
Less : Depreciation		4,718,369	4,513,948
Net block		6,090,765	4,452,089
DEFERRED TAX ASSET		386,874	(343,577)
CURRENT ASSETS, LOANS AND ADVANCES :			
Sundry debtors	F	32,870,898	23,898,893
Cash and bank balances	G	3,732,170	2,148,362
Loans and advances	H	6,394,746	4,565,842
		42,997,814	30,613,097
LESS : CURRENT LIABILITIES AND PROVISIONS :			
Liabilities	I	24,570,855	16,509,807
Provisions	J	732,645	545,191
		25,303,500	17,054,998
NET CURRENT ASSETS		17,694,314	13,558,099
TOTAL		24,171,953	17,666,611
Notes to the accounts	O		

Schedules "A" to "J" and "O" referred to above form an integral part of the Balance Sheet

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

N. RAMESH RAJAN
Partner
Membership No. 22311

For Lovelock & Lewes
Chartered Accountants

Chennai, 14th December, 2004

For and on behalf of the Board

A. M. KAKKAR — CHAIRMAN
KOCHAT NARENDRA — MANAGING DIRECTOR
MADHAVAN MENON — DIRECTOR
ROBIN BANERJEE — DIRECTOR
I. G. SHAHANI — DIRECTOR

Mumbai, 14th December, 2004



Profit and Loss Account for the year ended 31st October, 2004

	Schedule	Year ended 31st October, 2004 Rupees Rupees		Year ended 31st October, 2003 Rupees Rupees	
INCOME :					
Income from services rendered	K	38,072,920		30,540,543	
Other income	L	889,719		1,193,302	
			38,962,639		31,733,845
EXPENDITURE :					
Personnel cost	M	14,205,824		10,844,568	
Other expenses	N	15,141,704		11,830,543	
Depreciation	E	1,206,516		1,014,502	
			30,554,044		23,689,613
PROFIT BEFORE TAXATION			8,408,595		8,044,232
Provision for taxation					
Current tax		3,900,000		3,000,000	
Earlier years tax		(88,614)		—	
Deferred tax liability / (asset)		(730,451)		300,871	
			3,080,935		3,300,871
PROFIT AFTER TAXATION			5,327,660		4,743,361
Balance brought forward from last year			10,282,947		10,470,016
Amount available for appropriations			15,610,607		15,213,377
Less : Appropriations					
Interim dividend paid			—		3,950,000
Corporate dividend tax			—		506,094
Transferred to general reserve			—		474,336
Balance carried to Balance Sheet			15,610,607		10,282,947
Earning Per Share - Basic and diluted (Refer Note 8 of Schedule O)			21.31		18.97
Notes to the accounts	O				
Schedules “E”, “K” to “N” and “O” 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

N. RAMESH RAJAN
Partner
Membership No. 22311

For Lovelock & Lewes
Chartered Accountants

Chennai, 14th December, 2004

For and on behalf of the Board

A. M. KAKKAR — CHAIRMAN
KOCHAT NARENDRA — MANAGING DIRECTOR
MADHAVAN MENON — DIRECTOR
ROBIN BANERJEE — DIRECTOR
I. G. SHAHANI — DIRECTOR

Mumbai, 14th December, 2004



Schedules forming part of the Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees	As at 31st October, 2003 Rupees
SCHEDULE "A" : 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	2,325,802	1,851,466
Add : Transferred from Profit and Loss Account	—	474,336
	2,325,802	2,325,802
Balance in Profit and Loss Account	15,610,607	10,282,947
	17,936,409	12,608,749
SCHEDULE "C" : SECURED LOANS :		
From banks		
Cash Credit *	3,580,908	2,520,137
	3,580,908	2,520,137
* The cash credit facility is secured by hypothecation of book debts, all other current assets and fixed assets.		
SCHEDULE "D" : UNSECURED LOANS :		
Book overdraft	154,636	37,725

SCHEDULE "E" : FIXED ASSETS :

(Rupees)

Description	GROSS BLOCK — AT COST				DEPRECIATION				NET BLOCK	
	As at 1st November, 2003	Additions	Deductions	As at 31st October, 2004	As at 1st November, 2003	For the year	On Deductions	As at 31st October, 2004	As at 31st October, 2004	As at 31st October, 2003
Furniture and fixtures*	1,624,333	605,483	—	2,229,816	746,177	405,296	—	1,151,473	1,078,343	878,156
Computers	1,956,489	1,827,123	247,644	3,535,968	1,503,845	336,895	246,487	1,594,253	1,941,715	452,644
Office equipment	2,678,049	276,563	144,145	2,810,467	835,921	124,800	33,841	926,880	1,883,587	1,842,128
Vehicles	2,707,166	256,989#	731,272	2,232,883	1,428,005	339,525	721,767	1,045,763	1,187,120	1,279,161
TOTAL	8,966,037	2,966,158	1,123,061	10,809,134	4,513,948	1,206,516	1,002,095	4,718,369	6,090,765	4,452,089
Previous year	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	

* Includes Rs.1,676,500 (Previous year Rs.1,103,367) on account of improvements to leasehold premises.

Includes Rs.256,989 (Previous year - Nil) assets purchased under hire purchase agreement.



Schedules forming part of the Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees		As at 31st October, 2003 Rupees	
SCHEDULE "F" : SUNDRY DEBTORS :				
Debts outstanding for a period exceeding six months				
Unsecured, considered good		1,977,067		2,047,892
Unsecured, considered doubtful	1,668,674		121,535	
Less: Provision for doubtful debts	1,668,674		121,535	
		1,977,067		2,047,892
Other debts				
Unsecured, considered good		30,893,831		21,851,001
		32,870,898		23,898,893
SCHEDULE "G" : CASH AND BANK BALANCES :				
Cash on hand (including cheques on hand)		257,101		79,024
Balances with scheduled banks :				
On current account	2,940,069		1,719,338	
On fixed deposit*	535,000		350,000	
		3,475,069		2,069,338
		3,732,170		2,148,362
* Margin money with Banks Rs.335,000 (Previous year - Rs.350,000)				
SCHEDULE "H" : LOANS AND ADVANCES :				
Unsecured, considered good				
Advances recoverable in cash or in kind or for value to be received *		4,162,210		2,716,836
Balance with customs, port trust, etc.		192,770		209,247
Advance payment of tax less provision**		2,039,766		1,639,759
		6,394,746		4,565,842
* Includes 6 year National Saving Certificate deposited with Customs -Rs.25,000 (Previous year Rs.25,000)				
** Net of provision of Rs.26,323,784 (Previous year Rs.23,473,784)				
SCHEDULE "I" : LIABILITIES :				
Sundry creditors*		16,793,783		11,314,627
Other liabilities		355,159		270,938
Advance payment from customers		1,305,911		392,111
Due to holding company		6,116,002		4,532,131
		24,570,855		16,509,807
* As at 31st October, 2004, there are no dues to Small Scale Industrial Undertaking as per the information available with the company (Previous year - Nil)				
SCHEDULE "J" : PROVISIONS :				
Provision for leave salary		732,645		545,191
		732,645		545,191



Schedules forming part of the Profit and Loss Account for the year ended 31st October, 2004

	Year ended 31st October, 2004 Rupees Rupees		Year ended 31st October, 2003 Rupees Rupees	
SCHEDULE "K" : INCOME FROM SERVICES RENDERED :				
Commission		21,553,221		16,557,280
Agency		16,519,699		13,983,263
		<u>38,072,920</u>		<u>30,540,543</u>
SCHEDULE "L" : OTHER INCOME :				
Interest on fixed deposits		28,258		19,042
Profit on sale of fixed assets		101,834		—
Exchange gain (net)		726,570		922,118
Miscellaneous income		6,318		9,186
Liabilities / Provision no longer required written back		26,739		242,956
		<u>889,719</u>		<u>1,193,302</u>
SCHEDULE "M" : PERSONNEL COST :				
Salaries, wages and bonus		10,572,974		8,461,798
Contribution to provident and other funds		1,200,101		1,021,739
Premium on / Provision for gratuity-cum-life assurance policy		331,440		145,189
Staff welfare		2,101,309		1,215,842
		<u>14,205,824</u>		<u>10,844,568</u>
SCHEDULE "N" : OTHER EXPENSES :				
Electricity charges		561,850		434,697
Rent		1,634,900		1,386,350
Repairs and maintenance		1,740,140		1,516,399
Vehicle running expenses		703,064		802,208
Insurance		50,885		37,661
Brokerage and incentives		63,498		111,565
Printing and stationery		865,882		882,992
Postage, telegrams, telex and telephones		2,348,045		1,976,462
Provision for doubtful debts		1,573,878		60,854
Auditors' remuneration :				
For statutory audit	99,180		97,200	
For tax audit	97,200		97,200	
For other services (tax closing)	97,200		97,200	
Expenses	6,420		2,850	
		<u>300,000</u>		<u>294,450</u>
Directors' sitting fees		20,000		45,000
Legal and professional fees		500,617		510,227
Interest and bank charges		676,540		390,013
[includes Interest on Cash Credit of Rs.365,654 (Previous year - Rs.28,227)]				
Travelling and subsistence		3,314,376		2,497,355
Loss on fixed assets sold/scrapped		—		76,146
Miscellaneous expenses		788,029		808,164
		<u>15,141,704</u>		<u>11,830,543</u>



Notes annexed to and forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "O" :

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 percent and 15 percent 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. Provision for deferred tax is made for timing differences arising between the taxable income and accounting income computed at current applicable tax rates. Deferred tax assets are recognised only if there is a virtual certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

2. 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.



Notes annexed to and forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "O" (contd.)	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
3. The Deferred Tax (Asset) / Liability comprises of tax effect of timing differences on account of :				
i) Fixed Assets excess net block over written down value as per the provisions of the Income Tax Act, 1961		491,829		387,178
ii) Provision for doubtful debts		(610,610)		(43,601)
iii) Others		(268,093)		—
		<u>(386,874)</u>		<u>343,577</u>
4. Managerial Remuneration u/s 198 of the Companies Act, 1956 to the Managing Director (excluding gratuity contributed on a global basis)				
Salaries & allowances		454,300		422,484
Contribution to provident and other funds		122,661		114,070
Perquisites in cash and in kind		581,072		504,998
		<u>1,158,033</u>		<u>1,041,552</u>
Directors' sitting fees		<u>20,000</u>		<u>45,000</u>
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		5,327,660		4,743,361
Add :				
Provision for taxation	3,080,935		3,300,871	
Remuneration to the Managing Director	1,158,033		1,041,552	
Directors' fees	20,000		45,000	
Depreciation as per accounts	1,206,516		1,014,502	
Loss on fixed assets sold/scrapped as per accounts	—		76,146	
Net profit on fixed assets sold as per section 350 of the Companies Act, 1956	<u>77,859</u>		<u>—</u>	
		<u>5,543,343</u>		<u>5,478,071</u>
		<u>10,871,003</u>		<u>10,221,432</u>
Less :				
Depreciation as per section 350 of the Companies Act, 1956	700,171		579,624	
Profit on fixed assets sold as per accounts	101,834		—	
Net loss on fixed assets sold as per section 350 of the Companies Act, 1956	<u>—</u>		<u>79,971</u>	
		<u>802,005</u>		<u>659,595</u>
Net profit		<u>10,068,998</u>		<u>9,561,837</u>
Maximum remuneration payable at the rate of 5 percent of the net profits as per section 309 of the Companies Act, 1956		503,450		478,092
Minimum remuneration as approved by the Shareholders of the Company which is within the limits prescribed in Schedule XIII of the Companies Act, 1956		<u>1,035,372</u>		<u>927,482</u>
5. Expenditure in foreign currency : Subscription / Travel		492,847		410,064



Notes annexed to and forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "O" (contd.)		Year ended 31st October, 2004 Rupees	Year ended 31st October, 2003 Rupees
6.	Earnings in foreign currency : Revenue on export shipment	1,372,442	1,178,269
7.	Revenue is net off clearance expenses amounting to Rs.11,175,517 (Previous year-Rs.8,638,286)		
8.	Earnings Per Share : Earnings Per Share is calculated by dividing the profit attributable to the Equity Shareholders by the average number of Equity Shares outstanding during the year. The numbers used in calculating basic earnings are stated below :		
	Profit after taxation	5,327,660	4,743,361
	Average number of shares outstanding during the year (Nos.)	250,000	250,000
	Basic and diluted Earnings Per Share	21.31	18.97
9.	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 the company of TCIL. Thomas Cook UK Limited, the holding company of TCOL, is a subsidiary of Eurocenter Beteiligungs - und Reisevermittlung GMBH (Eurocenter) who in turn is subsidiary of Thomas Cook AG.		
	b) Directors :		
	Mr. Kochat Narendran (Managing Director)		
	Mr. A. M. Kakkar		
	Mr. Madhavan Menon		
	Mr. Robin Banerjee		
	Mr. I. G. Shahani		
	(ii) Disclosure of transactions between the Companies and related parties and outstanding balances as at the year end :		
		Holding Company	
		Year ended 31st October, 2004 Rupees	Year ended 31st October, 2003 Rupees
	Particulars		
	a) Details relating to transactions with Thomas Cook (India) Limited		
	Sale of services	7,510,116	3,571,357
	Receiving of services	781,168	340,905
	Outstanding receivables	545,218	440,888
	Current account payable	6,116,002	4,532,121
	b) Details of remuneration paid / payable to Managing Director		
	Remuneration	1,050,033	1,041,552
	Rent paid for residential flat	108,000	—
10.	Disclosure in respect of assets acquired under hire purchase		
	Cost of vehicles acquired	256,989	—
	Net carrying amount of vehicles	221,390	—
	Minimum hire purchase payments		
	Due not later than one year	77,760	—
	Due after one year but not later than five years	77,760	—
	Hire charges recognised in the statement of Profit and Loss Account for the year.	16,577	—
11.	The Company has entered into lease arrangements for office and residential premises. These lease agreements are for a period of eleven months to nine 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.1,634,900 (Previous year - Rs 1,386,350)		
12.	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, 2004 and the provision based on the figures for the remaining seven months up to 31st October, 2004, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2004 to 31st March, 2005.		



Notes annexed to and forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "O" (contd.)

13. 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	4
---	---	---	---

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**									
-	-	-	4	9	4	7	5			-	-	-	4	9	4	7	5		

* includes current liabilities ** includes current assets

Sources of Funds

Paid-up Capital										Reserves & Surplus									
-	-	-	-	2	5	0	0			-	-	-	1	7	9	3	6		
Secured Loans										Unsecured Loans									
-	-	-	-	3	5	8	1			-	-	-	-	1	5	5			

Application of Funds

Net Fixed Assets										Investments									
-	-	-	-	6	0	9	1			-	-	N	I	L	-	-	-		
Net Current Assets ***										Miscellaneous Expenditure									
-	-	-	1	8	0	8	1			-	-	N	I	L	-	-	-		
Accumulated Losses																			
-	-	N	I	L	-	-	-												

*** includes deferred tax assets

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

Turnover										Total Expenditure									
-	-	-	3	8	9	6	3			-	-	-	3	0	5	5	4		
Profit / Loss before tax										Profit / Loss after tax									
<table border="1"><tr><td>+</td></tr></table>	+	-	-	-	8	4	0	9			<table border="1"><tr><td>+</td></tr></table>	+	-	-	-	5	3	2	8
+																			
+																			

(+ for profit, - for loss)

Earning per share in Rs.										Dividend rate %									
-	-	-	2	1	.	3	1			-	-	N	I	L	-	-	-		

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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

14. Previous year figures have been regrouped/reclassified wherever necessary.

Signatures to Schedules "A" to "O"
For and on behalf of the Board
A. M. KAKKAR — CHAIRMAN
KOCHAT NARENDRA — MANAGING DIRECTOR
MADHAVAN MENON — DIRECTOR
ROBIN BANERJEE — DIRECTOR
I. G. SHAHANI — DIRECTOR

Mumbai, 14th December, 2004



Directors' Report

TO THE MEMBERS:

Your Directors have pleasure in presenting the Sixteenth Annual Report and the Balance Sheet and Profit & Loss Account for the year ended 31st October 2004.

OPERATIONS:

The Company's business has completed three years of operations. The Company was awarded as the Top Selling Business partner by TATA-AIG for the third consecutive year 2003 – 2004.

Travel Insurance is being sold throughout the expanded territory of 16 cities and 54 locations in India, across businesses, Corporate and Channel partners including airport counters. Various new Insurance products catering to different sets of customers have been launched and these are receiving enthusiastic response. Customers are fast realising your Company's efforts in positioning "Travel Insurance" as an integral Part of International Travel requirement and the travellers are enthusiastic about the products on offer.

FINANCIAL RESULTS:

	(Amount in Rupees Millions)	
	Year ended 31st October 2004	Year ended 31st October 2003
Profit before Taxation	10.2	7.3
Provision for Taxation	3.7	2.6
Profit after Taxation	6.5	4.7
Transferred to General Reserve	—	0.5

DIVIDEND:

In order to conserve resources for the Company's future plans, the Directors do not recommend any dividend for the year under review.

FIXED DEPOSITS:

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

DIRECTORS:

Mr. P. Sreekumar resigned from the office of Director of the Company w.e.f. 12th April 2004. The Board places on record its appreciation for the services rendered by him during his tenure on the Board of the Company.

Mr. Robin Banerjee was appointed as a Director on 12th April 2004 under Article 118 of the Articles of Association of the Company in the Casual Vacancy occurred due to resignation of Mr. P. Sreekumar. Mr. Banerjee will hold office upto the date on which M. Sreekumar would have held the office if he were on the Board of the Company.

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

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 beyond monetary ceilings 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:

1. In the preparation of the annual accounts, the applicable accounting standards were followed;
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 period under review and of the profit or loss of the company for that period;
3. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies 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.

For and on behalf of the Board

A. M. Kakkar M. Menon
Chairman Director

Mumbai, 14th December 2004



Auditors' Report

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

1. We have audited the attached Balance Sheet of Thomas Cook Insurance Services (India) Limited, as at 31st October, 2004, 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 Company's management. 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 Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of

section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give 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 comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - (e) On the basis of written representations received from

the directors, as on 31st October, 2004 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st October, 2004 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 said financial statements 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, 2004;
 - and
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

Sharmila A. Karve
Partner
Membership No. 43229
For and on behalf of
Lovell & Lewes
Chartered Accountants
Mumbai, 14th December, 2004



Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Thomas Cook Insurance Services (India) Limited on the financial statements for the year ended 31st October, 2004]

1. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under section 301 of the Act. As the Company has not granted / taken any loans, secured or unsecured, to / from the parties covered in the register maintained under section 301 of the Act, clauses (iii)(b) to (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the current year.
2. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the sale of services. There are no purchases of inventory and fixed assets and sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system.
3. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Act during the year that need to be entered in the register maintained under that section. As there are no contracts or arrangements referred to in section 301 of the Act, clause (v)(b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company for the current year.
4. The Company has not accepted any deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder.
5. As the Company is not listed on any stock exchange or the paid-up capital and reserves as at the commencement of the financial year did not exceed Rupees Fifty Lakhs or the average annual turnover for a period of three consecutive financial years immediately preceeding the financial year did not exceed Rupees Five Crores, clause (vii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 in respect of internal audit, is not applicable to the Company for the current year.
6. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including income tax, cess and other material statutory dues as applicable with the appropriate authorities in India.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax and cess which have not been deposited on account of any dispute.
7. The Company has no accumulated losses as at 31st October, 2004 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceeding financial year.
8. The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
9. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
10. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
11. The Company is not a dealer or trader in shares, securities, debentures and other investments.
12. The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
13. The Company has not obtained any term loans.
14. On the basis of an overall examination of the Balance Sheet of the Company and according to the information and explanations given to us, in our opinion, there are no funds raised on short term basis which have been used for long term investment.
15. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
16. The Company has not issued any debentures.
17. The Company has not raised any money by public issues during the year.
18. During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
19. According to the information and explanations given to us and taking into consideration the nature of business of the Company, the matters specified in clauses (i), (ii) and (viii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

Sharmila A. Karve
Partner
Membership No. 43229
For and on behalf of
Lovelock & Lewes
Chartered Accountants
Mumbai, 14th December, 2004



Thomas Cook Insurance
Services (India) Limited

Balance Sheet as at 31st October, 2004

	Schedule	As at 31st October, 2004 Rupees		As at 31st October, 2003 Rupees	
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS :					
Capital	A	500,000		500,000	
Reserves and surplus	B	<u>7,976,254</u>		<u>1,481,989</u>	
			8,476,254		1,981,989
TOTAL			<u><u>8,476,254</u></u>		<u><u>1,981,989</u></u>
APPLICATION OF FUNDS :					
CURRENT ASSETS, LOANS AND ADVANCES :					
Sundry debtors	C	3,608,535		876,530	
Cash and bank balances	D	9,528,557		2,113,358	
Loans and advances	E	<u>573,320</u>		<u>1,789,174</u>	
		<u>13,710,412</u>		<u>4,779,062</u>	
LESS : CURRENT LIABILITIES AND PROVISIONS :					
Liabilities	F	4,991,939		2,181,128	
Provisions	G	<u>242,219</u>		<u>615,945</u>	
		<u>5,234,158</u>		<u>2,797,073</u>	
NET CURRENT ASSETS			8,476,254		1,981,989
TOTAL			<u><u>8,476,254</u></u>		<u><u>1,981,989</u></u>
Notes to the Financial Statements	L				
Schedules "A" to "G" and "L" referred to above form an integral part of the Balance Sheet.					

In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovell & Lewes
Chartered Accountants

Mumbai, 14th December, 2004

For and on behalf of the Board

A. M. KAKKAR — CHAIRMAN

R. BANERJEE — DIRECTOR

M. MENON — DIRECTOR

Mumbai, 14th December, 2004



Profit and Loss Account for the year ended 31st October, 2004

	Schedule	Year ended 31st October, 2004 Rupees Rupees		Year ended 31st October, 2003 Rupees Rupees	
INCOME :					
Turnover	H		11,482,428		10,227,329
Other income	I		15,386,545		4,374,817
			<u>26,868,973</u>		<u>14,602,146</u>
EXPENDITURE :					
Personnel cost	J	2,310,122		1,114,023	
Advertisement and business promotion		7,475,714		1,251,516	
Other expenses	K	6,887,872		2,707,356	
Card product expenses		<u>—</u>		<u>2,196,225</u>	
			16,673,708		7,269,120
PROFIT BEFORE TAXATION			10,195,265		7,333,026
Provision for taxation - current tax			3,701,000		2,630,723
PROFIT AFTER TAXATION			6,494,265		4,702,303
Balance brought forward from previous year			1,011,759		446,093
			<u>7,506,024</u>		<u>5,148,396</u>
APPROPRIATIONS					
Transfer to general reserve			—		470,230
Interim dividend			—		3,250,000
Corporate dividend tax			—		416,407
Balance carried to Balance Sheet			7,506,024		1,011,759
			<u>7,506,024</u>		<u>5,148,396</u>
Earnings Per Share - Basic and diluted (Rs. per Equity Share of Rs.10 each) [Refer Note 2(d) of Schedule L]			129.89		94.05
Notes to the Financial Statements	L				
Schedules “H” to “L” referred to above form an integral part of the Profit and Loss Account.					

In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovell & Lewes
Chartered Accountants

Mumbai, 14th December, 2004

For and on behalf of the Board

A. M. KAKKAR — CHAIRMAN
R. BANERJEE — DIRECTOR
M. MENON — DIRECTOR

Mumbai, 14th December, 2004



Thomas Cook Insurance
Services (India) Limited

Schedules forming part of the Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees	As at 31st October, 2003 Rupees
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 :		
General Reserve		
Balance as per last Balance Sheet	470,230	—
Add: Transfer from Profit and Loss Account	—	470,230
	470,230	470,230
Profit and Loss Account	7,506,024	1,011,759
	7,976,254	1,481,989
SCHEDULE "C" : SUNDRY DEBTORS :		
Unsecured, considered good		
Outstanding for less than six months	3,608,535	876,530
SCHEDULE "D" : CASH AND BANK BALANCES :		
Cash and cheques on hand	36,439	2,113,358
Balances with scheduled banks		
On current accounts	5,492,118	—
On deposit account	4,000,000	—
	9,492,118	—
	9,528,557	2,113,358
SCHEDULE "E" : LOANS AND ADVANCES :		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	573,320	1,789,174
SCHEDULE "F" : LIABILITIES :		
Sundry creditors other than Small Scale Industrial Undertakings *	4,978,292	2,168,056
Other liabilities	13,647	13,072
	4,991,939	2,181,128
* Include Book Overdraft of - Nil (Previous year Rs.804,317)		
SCHEDULE "G" : PROVISIONS :		
Provision for taxation (net of payments)	242,219	615,945



Schedules forming part of the Profit and Loss Account for the year ended 31st October, 2004

	Year ended 31st October, 2004		Year ended 31st October, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "H" : TURNOVER :				
Insurance commission		10,709,768		4,371,648
Card product income		772,660		5,855,681
		<u>11,482,428</u>		<u>10,227,329</u>
SCHEDULE "I" : OTHER INCOME :				
Interest on deposit with bank		76,594		—
[tax deducted at source Rs. 13,710 - Previous year - Nil]				
Recovery of expenses		15,309,951		4,374,817
		<u>15,386,545</u>		<u>4,374,817</u>
SCHEDULE "J" : PERSONNEL COST :				
[Refer Note 2(a) of Schedule L]				
Salaries, wages and bonus		2,151,412		1,071,111
Staff welfare expenses		158,710		42,912
		<u>2,310,122</u>		<u>1,114,023</u>
SCHEDULE "K" : OTHER EXPENSES :				
Rent		600,000		600,000
Rates and taxes		4,700		2,500
Repairs and maintenance - others		600,000		600,000
Printing and stationery		1,180,973		—
Legal and professional charges		148,650		120,000
Service charges		1,872,285		1,320,000
Auditors' remuneration :				
Audit fees	21,600		21,600	
Reports under the provisions of the				
Income-tax Act, 1961	21,600		21,600	
Miscellaneous reports	2,800		1,000	
		<u>46,000</u>		<u>44,200</u>
Bank charges		330		1,537
Travelling		2,433,241		—
Directors' fees		—		500
Miscellaneous expenses		1,693		18,619
		<u>6,887,872</u>		<u>2,707,356</u>



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

SCHEDULE "L" : NOTES TO THE FINANCIAL STATEMENTS :

1. SIGNIFICANT ACCOUNTING POLICIES :

The financial statements are prepared to comply in all material aspects with the 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' of India (the 'Act'). The significant accounting policies are as follows –

(a) Basis of accounting :

The financial statements are prepared in accordance with the historical cost convention.

(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 is recognized at the time of issue of insurance policies. Card products sales are recognised on delivery of the cards to the customers.

2. NOTES TO ACCOUNTS :

(a) Personnel cost includes salary and other allowances of employees deputed to the Company by the holding company.

(b) Expenditure in foreign currency :

Card product expenses

(c) Earnings in foreign exchange :

Recovery of expenses

(d) Basic earnings per share has been calculated by dividing profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has not issued any potential equity shares and accordingly, the basic earnings per share and diluted earnings per share are the same. Earnings per Share has been computed as under :

Profit after taxation

Weighted average number of shares

Earnings Per Share (Rs. per Equity Share of Rs.10 each) - Basic and diluted

(e) Previous year figures have been regrouped where necessary.

Year ended 31st October, 2004 Rupees	Year ended 31st October, 2003 Rupees
—	610,935
—	95,100
6,494,265	4,702,303
50,000	50,000
129.89	94.05



Schedules forming part of the Financial Statements for the year ended 31st October, 2004

f. 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	4
---	---	---	---

Date Month Year

II. Capital raised during the year (Rupees in 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 (Rupees in Thousands)

Total Liabilities	Total Assets
- - - - 8 4 7 6	- - - - 8 4 7 6
Sources of Funds	Reserves & Surplus
Paid-up Capital	- - - - 7 9 7 6
- - - - - 5 0 0	Unsecured Loans
Secured Loans	- - N I L - - -
- - N I L - - -	
Application of Funds	Investments
Net Fixed Assets	- - N I L - - -
- - N I L - - -	Miscellaneous Expenditure
Net Current Assets	- - N I L - - -
- - - - 8 4 7 6	
Accumulated Losses	
- - N I L - - -	

IV. Performance of Company (Rupees in Thousands)

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

(+ for profit, - for loss)

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

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

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

A. M. KAKKAR — CHAIRMAN
R. BANERJEE — DIRECTOR
M. MENON — DIRECTOR

Mumbai, 14th December, 2004



Thomas Cook Tours Limited

Directors' Report

TO THE MEMBERS:

Your Directors have pleasure in presenting the Sixteenth Annual Report and the Balance Sheet as at 31st October, 2004.

OPERATIONS:

There were no business activities carried on throughout the year ended 31st October, 2004.

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 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. P. Sreekumar resigned from the office of Director of the Company w.e.f. 12th April, 2004. The Board places on record its appreciation for the services rendered by him during his tenure on the Board of the Company.

Mr. Robin Banerjee was appointed as a Director on 12th April, 2004 under Article 118 of the Articles of Association of the Company in the Casual Vacancy occurred due to resignation of Mr. P. Sreekumar. Mr. Banerjee will hold office upto the date on which Mr. P. Sreekumar would have held the office if he were on the Board of the Company.

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

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;
- 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;
- Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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. M. KAKKAR M. MENON
CHAIRMAN DIRECTOR

Mumbai, 14th December, 2004

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, 2004, 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 Company's management. 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 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 Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we report that the matters specified in paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
- 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 are in agreement with the books of account;
 - The accounting standards referred to in sub-section (3C) of section 211 of the Act are not applicable to the Company for the current year;
 - On the basis of written representations received from the directors, as on 31st October, 2004 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st October, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 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 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, 2004.

Sharmila A. Karve
Partner
Membership No. 43229
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Mumbai, 14th December, 2004

Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees	As at 31st October, 2003 Rupees
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 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
TOTAL	500,000	500,000
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	499,910
	499,940	499,940
LESS : CURRENT LIABILITIES AND PROVISIONS :		
Liabilities :		
Sundry creditors	43,195	39,995
NET CURRENT ASSETS	456,745	459,945
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary and pre-operative expenses	43,255	40,055
TOTAL	500,000	500,000

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 and on behalf of the Board
Sharmila A. Karve	A. M. KAKKAR — CHAIRMAN
Partner	
Membership No. 43229	R. BANERJEE — DIRECTOR
For and on behalf of Lovelock & Lewes	M. MENON — DIRECTOR
Chartered Accountants	
Mumbai, 14th December, 2004	Mumbai, 14th December, 2004

Annexure referred to in the Balance Sheet as at 31st October, 2004

Balance Sheet Abstract and Company's General Business Profile

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 4
	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
- - - - - 5 0 0	- - - - - 5 0 0

Sources of Funds

Paid-up Capital	Reserves & Surplus
- - - - - 5 0 0	- - - - - N I L
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
- - - - - 4 5 7	- - - - - 4 3
Accumulated Losses	
- - - - - N I L	

For and on behalf of the Board
A. M. KAKKAR — CHAIRMAN
R. BANERJEE — DIRECTOR
M. MENON — DIRECTOR

Mumbai, 14th December, 2004

Indian Horizon Travel & Tours Limited



Directors' Report

TO THE MEMBERS:
Your Directors have pleasure in presenting the Sixteenth Annual Report and the Balance Sheet as at 31st October, 2004.

OPERATIONS:
There were no business activities carried on throughout the year ended 31st October, 2004.

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 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. P. Sreekumar resigned from the office of Director of the Company w.e.f. 12th April, 2004. The Board places on record its appreciation for the services rendered by him during his tenure on the Board of the Company.
Mr. Robin Banerjee was appointed as a Director on 12th April, 2004 under Article 118 of the Articles of Association of the Company in the Casual Vacancy occurred due to resignation of Mr. P. Sreekumar. Mr. Banerjee will hold office upto the date on which Mr. P. Sreekumar would have held the office if he were on the Board of the Company.
In accordance with Article 131 of the Articles of Association of the Company, Mr. Ashwini Kakkar retires by rotation and being eligible, offers himself for re-appointment.

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;
- 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;
- Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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, 14th December, 2004

BY ORDER OF THE BOARD
A. M. KAKKAR M. MENON
CHAIRMAN DIRECTOR

Auditors' Report

To the members of Indian Horizon Travel and Tours Limited

- We have audited the attached Balance Sheet of Indian Horizon Travel and Tours Limited, as at 31st October, 2004, 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 Company's management. 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 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 Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we report that the matters specified in paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the current year.
- 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;
 - The accounting standards referred to in sub-section (3C) of section 211 of the Act are not applicable to the Company for the current year;
 - On the basis of written representations received from the directors, as on 31st October, 2004 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st October, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 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 note 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, 2004.

Mumbai, 14th December, 2004

Sharmila A. Karve
Partner
Membership No. 43229
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Balance Sheet as at 31st October, 2004

	As at 31st October, 2004 Rupees	As at 31st October, 2003 Rupees
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 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
TOTAL	500,000	500,000
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	499,910
	499,940	499,940
LESS : CURRENT LIABILITIES AND PROVISIONS :		
Liabilities :		
Sundry creditors	43,360	40,160
NET CURRENT ASSETS	456,580	459,780
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary and pre-operative expenses	43,420	40,220
TOTAL	500,000	500,000

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 and on behalf of the Board
Sharmila A. Karve A. M. KAKKAR — CHAIRMAN
Partner
Membership No. 43229 R. BANERJEE — DIRECTOR
For and on behalf of
Lovelock & Lewes M. MENON — DIRECTOR
Chartered Accountants
Mumbai, 14th December, 2004 Mumbai, 14th December, 2004

Annexure referred to in the Balance Sheet
as at 31st October, 2004
Balance Sheet Abstract and Company's General
Business Profile

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 4
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 - - - - 5 0 0 Total Assets - - - - 5 0 0

Sources of Funds
Paid-up Capital - - - - 5 0 0 Reserves & Surplus - - - - N I L
Secured Loans - - - - N I L Unsecured Loans - - - - N I L

Application of Funds
Net Fixed Assets - - - - N I L Investments - - - - N I L
Net Current Assets - - - - 4 5 7 Miscellaneous Expenditure - - - - 4 3
Accumulated Losses - - - - N I L

For and on behalf of the Board
A. M. KAKKAR — CHAIRMAN
R. BANERJEE — DIRECTOR
M. MENON — DIRECTOR

Mumbai, 14th December, 2004



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, 2004.

REVIEW OF THE BUSINESS

The principal activity of the Company is to hold investments.

RESULTS AND DIVIDENDS

The Company's loss for the financial year is USD 6,475 (2003 - profit of USD 109,710).

The directors do not recommend the payment of dividend for the year under review (2003 - USD 105,000).

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 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

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

By Order of the Board

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

Secretary's Certificate

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

14th December, 2004

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 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 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, 2004 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 members 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 :

- (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, 2004 and its financial performance, changes in equity and cash flows for the year ended on that date.

PricewaterhouseCoopers
Shyam Mohadeb
Partner

Mauritius, 14th December, 2004

Balance Sheet as at 31st October, 2004

	Note	As at 31st October, 2004 USD	As at 31st October, 2003 USD
ASSETS :			
NON-CURRENT ASSETS :			
Investment in subsidiary companies	4	638,697	588,697
Subscription for equity shares	5	50,000	—
		<u>688,697</u>	<u>588,697</u>
CURRENT ASSETS :			
Prepayments		440	440
Cash at bank		22,447	11,918
		<u>22,887</u>	<u>12,358</u>
TOTAL		<u>711,584</u>	<u>601,055</u>
EQUITY AND LIABILITIES :			
CAPITAL AND RESERVES :			
Share capital	6	690,000	590,000
Retained earnings		(6,474)	1
		<u>683,526</u>	<u>590,001</u>
CURRENT LIABILITIES :			
Trade and other payables	7	28,058	11,054
		<u>28,058</u>	<u>11,054</u>
TOTAL		<u>711,584</u>	<u>601,055</u>

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

Approved by the Board
and signed on its behalf by :

PricewaterhouseCoopers

Shyam Mohadeb
Partner

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

Mauritius, 14th December, 2004

Mumbai, 14th December, 2004

Income Statement for the year ended 31st October, 2004

	Year ended 31st October, 2004 USD	Year ended 31st October, 2003 USD
INCOME :		
Dividend income from subsidiary company	—	115,694
Interest income	75	1
	<u>75</u>	<u>115,695</u>
EXPENSES :		
Licence fees	1,500	1,500
Secretarial fees	1,250	1,000
Professional fees	1,720	1,600
Accountancy fees	800	800
Audit fees	1,000	1,000
Bank charges	240	75
Disbursements	40	10
	<u>6,550</u>	<u>5,985</u>
(LOSS)/PROFIT FOR THE YEAR	<u>(6,475)</u>	<u>109,710</u>

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

Approved by the Board
and signed on its behalf by :

PricewaterhouseCoopers

Shyam Mohadeb
Partner

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

Mauritius, 14th December, 2004

Mumbai, 14th December, 2004

Statement of changes in Equity for the year ended 31st October, 2004

	Note	Share capital USD	Retained earnings USD	Total USD
At 1st November, 2002				
		590,000	(4,709)	585,291
Loss for the year				
		—	109,710	109,710
Dividend paid				
	8	—	(105,000)	(105,000)
At 31st October, 2003				
		590,000	1	590,001
Issue of shares				
	6	100,000	—	100,000
Loss for the year				
		—	(6,475)	(6,475)
At 31st October, 2004		<u>690,000</u>	<u>(6,474)</u>	<u>683,526</u>

Thomas Cook (Mauritius)
Holding Company Limited



Cash Flow Statement
for the year ended 31st October, 2004

	Note	Year ended 31st October, 2004 USD	Year ended 31st October, 2003 USD
CASH FLOW FROM OPERATING ACTIVITIES :			
(Loss) / Profit for the year		(6,475)	109,710
Less adjustments :			
Interest income		(75)	(1)
Dividend income		(—)	(115,694)
Increase / (decrease) in amount due to subsidiary company		16,527	(4,684)
Increase / (decrease) in accruals		477	(100)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES		10,454	(10,769)
CASH FLOW FROM INVESTING ACTIVITIES :			
Payment for purchase of investments in subsidiary companies	4	(50,000)	—
Subscription for equity shares	5	(50,000)	—
Interest income		75	1
Dividends received		—	115,694
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		(99,925)	115,695
CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from issue of shares	6	100,000	—
Dividend paid	8	—	(105,000)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		100,000	(105,000)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		10,529	(74)
Cash and cash equivalents at beginning of year		11,918	11,992
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	22,447	11,918

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

	Approved by the Board and signed on its behalf by :		
PricewaterhouseCoopers			
Shyam Mohadeb	A. M. KAKKAR	—	DIRECTOR
Partner	M. MENON	—	DIRECTOR
Mauritius, 14th December, 2004	Mumbai, 14th December, 2004		

Notes to the Financial Statements
for the year ended 31st October, 2004

1 ACCOUNTING POLICIES :

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards. 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 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 holds shares in subsidiary companies 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 translations :

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in United States dollar ("USD"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into 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 at year end exchange rates 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.

Notes to the Financial Statements
for the year ended 31st October, 2004

Investments in subsidiary companies :

Investments in subsidiary companies are 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 temporary difference arising from tax losses are 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.

Share capital :

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

Dividends :

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

Financial instruments :

Financial instruments carried on the balance sheet include investments in subsidiary companies, cash at bank, trade receivables 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 2.

Cash and cash equivalents :

Cash comprises balance 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.

2 FINANCIAL RISK MANAGEMENT :

Financial risk factors :

The Company's activities expose it to financial risks mainly on foreign currency exchange rates.

Current risk :

The Company invests in shares denominated in Mauritian rupees and Sri Lankan rupees. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to these currencies may change in a manner which has a material effect on the reported values of the Company's assets which are denominated in these currencies.

Currency profile :

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

	Financial assets 2004 USD	Financial liabilities 2004 USD	Financial assets 2003 USD	Financial liabilities 2003 USD
Sri Lankan rupee	50,000	—	—	—
Mauritian rupee	638,697	—	588,697	—
United States dollar	22,447	28,058	11,918	11,054
	711,144	28,058	600,615	11,054

Fair values :

The carrying amounts of cash at bank and trade and other payables approximate their fair values. The investments in the subsidiary companies, which are accounted for at historical cost, are carried at a value which may differ materially from their fair value. However, management believes that their fair values exceed the carrying amounts.



Thomas Cook (Mauritius) Holding Company Limited

Notes to the Financial Statements for the year ended 31st October, 2004

3. 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, 2004, the Company had accumulated tax losses of USD 5,421 (2003 - 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:

	2004 %	2003 %
Actual tax rate	15.0	15.0
Effect of :		
Exempt income	0.2	(15.8)
Disallowed expenses	(15.2)	0.8
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.

4. INVESTMENTS IN SUBSIDIARY COMPANIES :

	2004 USD	2003 USD
<i>Unquoted at cost :</i>		
Opening balance	588,697	588,697
Additions	50,000	—
Closing balance	638,697	588,697

Details of the investments held in the subsidiary companies are as follows :

<i>Name of subsidiaries</i>	Number of shares	2004 % Interest	2003 % Interest
Thomas Cook (Mauritius) Operations Company Limited	150,000	100	100
Thomas Cook (Mauritius) Travel Limited	13,100	100	—
Thomas Cook Lanka Holdings (Private)Limited	3	100	—

All subsidiary companies are incorporated in Mauritius except Thomas Cook Lanka Holdings (Private) Limited which is incorporated in Sri Lanka.

5. SUBSCRIPTION FOR EQUITY SHARES :

At 31st October, 2004, USD 50,000 has been advanced to Thomas Cook Lanka Holdings (Private) Limited representing a payment for the subscription of equity shares in that Company. The shares have not yet been issued to the Company at 31st October, 2004.

6. SHARE CAPITAL :

	2004 Number	2003 Number	2004 USD	2003 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	690,000	590,000	690,000	590,000
Opening balance	590,000	590,000	590,000	590,000
Issue of new shares on 4th August, 2004	100,000	—	100,000	—
Closing balance	690,000	590,000	690,000	590,000

7. TRADE AND OTHER PAYABLES :

	2004 USD	2003 USD
Amounts due to subsidiary company	24,373	7,846
Accruals	3,685	3,208
	28,058	11,054

8. DIVIDENDS PAID :

Dividends paid (2003 — USD 0.18 per share)	—	105,000
--	---	---------

9. CASH AND CASH EQUIVALENTS :

Cash and cash equivalents consist of cash and bank balance.

10. 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 :

	2004 USD	2003 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	5,833	3,710

The amounts due to Thomas Cook (Mauritius) Operations Company Limited are disclosed in note 7.

11. CAPITAL COMMITMENT :

The Board of Directors has approved an investment of USD 100,000 in Thomas Cook Lanka Holdings (Private) Limited of which USD 50,000 has been paid at 31st October, 2004.

12. 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.

13. INCORPORATION AND REGISTERED OFFICE :

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

Approved by the Board
and signed on its behalf by :

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

Mumbai, 14th December, 2004

Thomas Cook
(Mauritius) Operations
Company Limited



Directors' Report

The directors present their annual report and the audited financial statements of the Company for the year ended 31st October, 2004.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS

The Company's loss for the financial year amounts to MUR 3,792,271 (2003 – profit of MUR 2,973,825).

The directors have not declared any dividends during the year ended 31st October, 2004 (2003 – MUR 3,293,000).

FINANCIAL STATEMENTS AND AUDITORS' REPORT

The financial statements of the Company for the year ended 31st October, 2004 and the auditors' report on these financial statements are set out hereunder.

DIRECTORS AND DIRECTORS' REMUNERATION

The following directors have held office since 1st November, 2003 :

Mr. A. M. Kakkar

Mr. L.E. Ng Cheong Tin

Mr. M. Menon

Mr. Uday Kumar Gujadhur

During the year ended 31st October, 2004, 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 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 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 4 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 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

14th December, 2004

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, 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, 2004 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 members in accordance with the Mauritian Companies Act 2001 and the Banking Act 2004 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;
 - (iii) present fairly the financial position of the Company at 31st October, 2004 and its financial performance, changes in equity and cash flows for the year ended on that date; and
 - (iv) have been prepared on a basis consistent with that of the preceding year.

PricewaterhouseCoopers

Shyam Mohadeb
Partner

Mauritius, 14th December, 2004

Balance Sheet as at 31st October, 2004

Note	As at 31st October, 2004 MUR	As at 31st October, 2003 MUR
ASSETS :		
NON-CURRENT ASSET :		
Plant and equipment	8	5,171,763
Deferred tax assets	9	1,210,000
		6,381,763
		2,314,843
CURRENT ASSETS :		
Trade and other receivables	10	2,622,727
Cash at bank and in hand		38,259,064
		40,881,791
		32,337,386
TOTAL		47,263,554
		34,652,229
EQUITY & LIABILITIES :		
CAPITAL AND RESERVES :		
Share capital	11	15,000,000
Retained earnings		(2,916,062)
		12,083,938
		15,876,209
NON-CURRENT LIABILITIES :		
Deferred tax liabilities	9	—
Retirement benefits obligations	12	154,000
Obligations under finance leases	13	895,350
		1,049,350
		258,996
CURRENT LIABILITIES :		
Trade and other payables	14	34,130,266
Current Income tax	7	—
		34,130,266
		18,517,024
TOTAL		47,263,554
		34,652,229

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

Approved by the Board
and signed on its behalf by :

PricewaterhouseCoopers

Shyam Mohadeb
Partner

Mauritius, 14th December, 2004

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

Mumbai, 14th December, 2004



Thomas Cook
(Mauritius) Operations
Company Limited

Income Statement
for the year ended 31st October, 2004

	Note	Year ended 31st October, 2004 MUR	Year ended 31st October, 2003 MUR
Net gains arising from dealing in foreign currencies		14,943,180	12,423,830
Other operating income		707,408	511,716
		15,650,588	12,935,546
Administrative expenses		(12,033,047)	(9,131,779)
Exceptional items	3	(8,887,568)	—
Operating (loss) / profit	4	(5,270,027)	3,803,767
Finance income, net	5	155,587	64,674
(Loss) / Profit before taxation		(5,114,440)	3,868,441
Taxation	7	1,322,169	(894,616)
Net (loss) / profit for the year		(3,792,271)	2,973,825

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

Approved by the Board
and signed on its behalf by :

PricewaterhouseCoopers	A. M. KAKKAR	—	DIRECTOR
Shyam Mohadeb	M. MENON	—	DIRECTOR
Partner			

Mauritius, 14th December, 2004

Mumbai, 14th December, 2004

Statement of changes in Equity
for the year ended 31st October, 2004

	Note	Share capital MUR	Retained earnings MUR	Total MUR
At 1st November, 2002		15,000,000	1,195,384	16,195,384
Profit for the year		—	2,973,825	2,973,825
Dividends paid	15	—	(3,293,000)	(3,293,000)
At 31st October, 2003		15,000,000	876,209	15,876,209
Loss for the year		—	(3,792,271)	(3,792,271)
At 31st October, 2004		15,000,000	(2,916,062)	12,083,938

Cash Flow Statement
for the year ended 31st October, 2004

	Note	2004 MUR	2003 MUR
CASH FLOW FROM OPERATING ACTIVITIES : (LOSS) / PROFIT BEFORE TAXATION		(5,114,440)	3,868,441
Adjustments for :			
Depreciation of plant and equipment	8	694,373	435,242
Increase in retirement benefits obligations		65,004	—
Interest receivable		(162,542)	(64,674)
Finance lease charges		6,955	—
OPERATING (LOSS) / PROFIT BEFORE WORKING CAPITAL CHANGES		(4,510,650)	4,239,009
Increase in trade and other receivables		(1,080,398)	(573,733)
Increase in trade and other payables		16,277,754	3,363,559
CASH GENERATED FROM OPERATIONS		10,686,706	7,028,835
Interest received		162,542	64,674
Finance lease charges paid		(6,955)	—
Income tax paid		(895,313)	(345,528)
NET CASH FROM OPERATING ACTIVITIES		9,946,980	6,747,981
CASH FLOW FROM INVESTING ACTIVITIES : Payments for purchase of plant and equipment	8	(2,246,543)	(819,528)
NET CASH USED IN INVESTING ACTIVITIES		(2,246,543)	(819,528)
CASH FLOW FROM FINANCING ACTIVITIES : Payment of finance lease obligations		(236,430)	—
Dividends paid		—	(3,293,000)
NET CASH USED IN FINANCING ACTIVITIES		(236,430)	(3,293,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,464,007	2,635,453
Cash and cash equivalents at beginning of year		30,795,057	28,159,604
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	38,259,064	30,795,057

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

Approved by the Board
and signed on its behalf by :

PricewaterhouseCoopers	A. M. KAKKAR	—	DIRECTOR
Shyam Mohadeb	M. MENON	—	DIRECTOR
Partner			

Mauritius, 14th December, 2004

Mumbai, 14th December, 2004

Notes to the Financial Statements
for the year ended 31st October, 2004

1 ACCOUNTING POLICIES :
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied.

Basis of preparation :

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards. The financial statements are prepared under the historical cost convention. 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, the 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.

Foreign currency translations :

(a) Functional and presentation currency :

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

(b) Transactions and balances :

Foreign currency transactions are translated into Mauritian rupees 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 at year end exchange rates 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.

Finance leases :

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased equipment and the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges using the effective interest rate method. The corresponding rental obligations, net of the finance charges, are included under non current liabilities, except for the portion that is repayable within one year which is included under current liabilities. The interest element of the finance cost is charged to the income statement over the lease period.

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 historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the purchase of the items.

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

Computer	33%
Office equipment	15%
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 levels for which there are separately identifiable cash flows.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in the income statement.

Deferred taxation :

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Trade receivables :

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Share capital :

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

Dividends :

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

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 18.

Thomas Cook
(Mauritius) Operations
Company Limited



Notes to the Financial Statements for the year ended 31st October, 2004

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.

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 Company 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 the Thomas Cook (India) Ltd. 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 EXCEPTIONAL ITEMS :

	Note	2004 MUR	2003 MUR
Provision for impairment of receivables	10	3,644,455	—
Capital loss as a result of misappropriation of assets		5,243,113	—
		8,887,568	—

4 OPERATING (LOSS) / PROFIT :

Operating (loss) / profit is arrived at after charging :			
Depreciation of plant and equipment	8	694,373	435,242
Auditors' remuneration :			
Audit fees		130,000	120,000
Non audit services		12,100	12,000
Operating lease rentals		2,102,226	1,333,500

5 FINANCE INCOME (net) :

Bank interest income		162,542	64,674
Finance lease charges		(6,955)	—
		155,587	64,674

6 STAFF COSTS :

Wages and salaries		3,053,900	2,073,965
Other benefits		503,100	469,813
Social security costs		137,095	96,310
Retirement benefits obligation costs	12	65,004	—
		3,759,099	2,640,088

	2004 Number	2003 Number
Number of employees at end of year	20	17

7 TAXATION :

	2004 MUR	2003 MUR
Based on the profit for the year as adjusted for tax purposes at 25%	—	837,482
Movement in deferred taxation account	9 (1,380,000)	57,134
Underprovision of current income tax in prior year	57,831	—
Charge / (Credit) to the income statement	(1,322,169)	894,616

The reconciliation between the actual income tax rate of 25.9% for 2004 (2003—23.1%) and the applicable income tax rate of 25.0% is as follows :

	2004 %	2003 %
Applicable income tax rate	25.0	25.0
Impact of :		
Investment allowances	2.5	(1.4)
Expenses not deductible for tax purposes	(0.5)	1.1
Deferred tax asset not provided in previous year	—	(1.6)
Under provision of current income tax in prior year	(1.1)	—
Actual tax rate	25.9	23.1

8 PLANT AND EQUIPMENT :

	Office equipment MUR	Computer equipment MUR	Furniture & fittings MUR	Motor vehicles MUR	Total MUR
Cost :					
At 1st November, 2002	506,820	880,426	763,192	806,430	2,956,868
Additions	159,472	160,774	499,282	—	819,528
At 31st October, 2003	666,292	1,041,200	1,262,474	806,430	3,776,396
Additions	573,230	659,303	853,980	1,464,780	3,551,293
At 31st October, 2004	1,239,522	1,700,503	2,116,454	2,271,210	7,327,689
Accumulated depreciation :					
At 1st November, 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 31st October, 2003	212,219	552,246	277,107	419,981	1,461,553
Charge for the year	92,225	307,975	190,676	103,497	694,373
At 31st October, 2004	304,444	860,221	467,783	523,478	2,155,926
Net book amount :					
At 31st October, 2004	935,078	840,282	1,648,671	1,747,732	5,171,763
At 31st October, 2003	454,073	488,954	985,367	386,449	2,314,843

At 31st October, 2004, motor vehicles acquired under finance leases had a net book value of MUR 1,438,572 (2003 – Nil).

Non-cash transactions

During the year, the Company acquired motor vehicles by means of finance leases. The amount financed totalled MUR 1,304,750 (2003 – Nil).

Payments made to purchase plant and equipment were as follows:

	Note	2004 MUR	2003 MUR
Additions		3,551,293	—
New leases taken during the year	13	(1,304,750)	—
Payments made		2,246,543	—

9 DEFERRED TAXATION :

Deferred tax is calculated on all temporary differences under the liability method using an income tax rate of 25% (2003 – 25%).

	2004 MUR	2003 MUR
Opening balance	(170,000)	(112,866)
(Credit) / charge to income statement	7 1,380,000	(57,134)
Closing balance	1,210,000	(170,000)

The deferred tax assets / (liabilities) arises from :

Accelerated capital allowances on plant and equipment	(275,000)	(192,249)
Future finance lease charges	(75,000)	—
Tax losses	610,000	—
Provision for impairment of receivables	910,000	—
Retirement benefits obligations	40,000	22,249
	1,210,000	(170,000)

10 TRADE AND OTHER RECEIVABLES :

Trade receivables	4,032,855	—
Less : Provisions for impairment	3 (3,644,455)	—
	388,400	—
Amounts due by related parties	17	
Thomas Cook (Mauritius) Holding Company Limited	706,612	255,328
Thomas Cook (Mauritius) Travel Limited	420,809	—
Rental and other deposits	464,013	384,000
Prepayments	642,893	903,001
	2,622,727	1,542,329

11 SHARE CAPITAL :

	2004 Number	2003 Number	2004 MUR	2003 MUR
Authorised, issued and fully paid :				
Ordinary shares of MUR 100 each	150,000	150,000	15,000,000	15,000,000



Thomas Cook
(Mauritius) Operations
Company Limited

Notes to the Financial Statements for the year ended 31st October, 2004

12 RETIREMENT BENEFITS OBLIGATIONS :
The amounts recognised in the balance sheet are determined as follows :

	Note	2004 MUR	2003 MUR
Opening balance		88,996	88,996
Charge to income statement		65,004	—
Closing balance		154,000	88,996

The amounts recognised in the income statement are as follows :

Current service cost included in staff costs	6	65,004	—
--	---	--------	---

13 OBLIGATIONS UNDER FINANCE LEASES

Finance leases due :			
Within one year		276,991	—
Between one and five years		1,098,668	—
		1,375,659	—
Finance charges allocated to future periods		(307,339)	—
		1,068,320	—
Amount falling due :			
Within one year	14	172,970	—
Between one and five years		895,350	—
		1,068,320	—

14 TRADE AND OTHER PAYABLES :

Trade payable		—	2,039,789
Amounts due to related party	17		
Thomas Cook (India) Limited		32,932,910	14,217,000
Finance lease obligations	13	172,970	—
Accruals		1,024,386	1,422,753
		34,130,266	17,679,542

15 DIVIDENDS PAID :

A dividend of MUR 3,293,000, representing a dividend per share of MUR 21,953 was declared by the directors and paid on 27th October, 2003.

16 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 :

		2004 MUR	2003 MUR
Cash at bank and in hand	- local currency	4,630,129	8,093,219
	- foreign currency	33,628,935	22,701,838
		38,259,064	30,795,057

17 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. Thomas Cook (Mauritius) Travel Limited is a subsidiary of Thomas Cook (Mauritius) Holding Company Limited. The Company carried out the following transactions with related parties:

	Note	2004 MUR	2003 MUR
(a) Thomas Cook (India) Limited			
Purchases of foreign currencies		558,118,050	624,222,001
Amount payable	14	32,932,910	14,217,000
(b) Thomas Cook (Mauritius) Holding Company Limited			
Expenses paid on behalf of Company		150,482	165,004
Amount receivable	10	706,612	255,328
(c) Thomas Cook (Mauritius) Travel Limited			
Expenses paid and assets purchased on behalf of the Company		1,420,809	—
Amount receivable	10	420,809	—
(d) Thomas Cook (UK) Limited			
Issue of travellers' cheques		1,711,949	2,694,315
(e) Directors' remuneration			
No directors were remunerated during the year (2003 – Nil).			

18 FINANCIAL INSTRUMENTS :

Fair values

The carrying amounts of trade and other receivables, cash at bank and in hand and trade and other payables approximate their fair values.

Currency profile

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

	Financial assets 2004 MUR	Financial liabilities 2004 MUR	Financial assets 2003 MUR	Financial liabilities 2003 MUR
Pound sterling	537,385	—	2,768,094	—
Euro	11,042,269	—	5,623,084	339,892
United States dollar	22,196,487	32,932,910	13,903,300	15,056,469
Mauritian rupee	5,564,951	2,092,706	8,658,478	2,283,456
Others	897,806	—	662,687	201,588
	40,238,898	35,025,616	31,615,643	17,881,405

19 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 noncancellable operating lease arrangements are as follows :

	2004 MUR	2003 MUR
Not later than 1 year	1,299,078	378,000
Later than 1 year and not later than 5 years	4,557,636	2,601,000
	5,856,714	2,979,000

20 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, 2004

	2004 MUR	2003 MUR
Staff Cost:		
Payroll	3,759,099	2,640,088
Other Expenses		
Staff welfare	68,733	61,642
Staff training	12,502	—
Telephone	703,745	615,556
Postages	2,216	—
Courier	24,495	8,950
Rent and related costs	2,088,502	1,511,779
General maintenance	127,102	76,810
Electricity charges	181,347	117,715
Conveyance	401,380	321,802
Overseas travelling	279,223	122,102
Vehicle running expenses	390,727	273,496
Advertisement	104,476	169,966
Business promotion	119,561	122,118
Bank charges	368,749	324,978
Counting charges	255,886	222,560
Licence fees	78,000	77,052
Insurance premium	488,661	352,470
Miscellaneous expenses	13,815	10,991
Import / export charges	921,213	757,190
Professional fees	269,823	197,910
Audit fees	228,638	336,914
Printing and stationery	51,868	37,495
Security charges	300,300	261,076
Computer stationery	47,544	75,016
Brokerage and incentive fees	—	860
Depreciation	694,373	435,243
Business loss	51,069	—
	12,033,047	9,131,779

Approved by the Board
and signed on its behalf by :

Mumbai, 14th December, 2004

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



Additional Information to Investors

Human Resource Accounting (HRA)

HRA is an attempt to identify, quantify and report investments made in human resources on the lines of definition of wealth which recognises human capital as one of the several forms of wealth.

The Lev-Schwartz model has been used to compute the value of human resources.

The evaluation is based on the present value of the future earnings of the employees and based on following assumptions :

1. Employee compensation includes all direct and indirect benefits.
2. The incremental earnings based on age-group has been taken into consideration.
3. The future earnings have been discounted at 7.55% (previous year - 7.44%) being the cost of equity.

Return on Human Resource value is based upon PBT as % of 'Value of Human Resources'

HRA Analysis :	Rupees in Million	
Year ended 31st October,	2004	2003
Total number of employees (A)	985	952
Employee cost (B)	307	264
Value of Human Resources (C)	8619	7521
Profit Before Tax (D)	429	334
Value of Human Resource per employee (C/A)	8.75	7.90
Employee cost / Human Resource value (%) (B/C)	3.56	3.51
Return on Human Resource value (%) (D/C)	4.98	4.44



Economic Value Added (EVA) Statement

EVA measures the value a commercial enterprise has created for its shareholders. It is a performance matrix which calculates the creation of such shareholder value.

EVA distinguishes itself from traditional financial performance measurement techniques such as Net Profit, PBT, EBIT, EPS etc.

EVA is the calculation of the excess profit which remains after deducting the Company's cost of capital (viz. debt and equity). It is thus a post tax return on capital employed minus the cost of capital employed.

Thus, EVA charges the Company 'rent' for tying up investors' cash to support operations since there is a hidden opportunity cost that goes to investors to compensate them for forfeiting the use of their own cash. EVA captures this hidden cost of capital that conventional measures ignore. To put it simply, EVA helps in measuring the wealth created by the Company.

The Companies in which the returns are higher than cost of capital are said to create value.

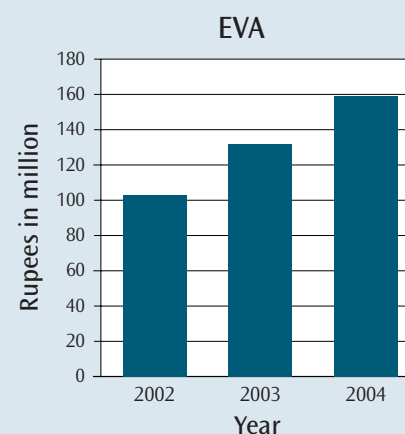
EVA Analysis		Rupees in Million		
Year ended 31st October,	2004	2003	2002	
Share Capital	146	146	146	
Reserves	1281	1069	914	
Misc. Expenditure	-	-	(2)	
Capital Employed	1427	1215	1058	
Average Capital Employed (A)	1321	1136	984	
Risk-free Debt Cost (%)	5.15	5.04	6.31	
Market Risk Premium (%)	5.00	5.00	6.00	
Beta Variant	0.48	0.48	0.48	
Adjusted Market Risk Premium	2.40	2.40	2.88	
Cost of Equity (%) (B)	7.55	7.44	9.19	
Cost of Capital (C=A*B)	100	84	90	
Profit After Tax (D) #	259	216	193	
EVA (D - C)	159	132	103	

Note :

The cost of capital is calculated by using the following formula :

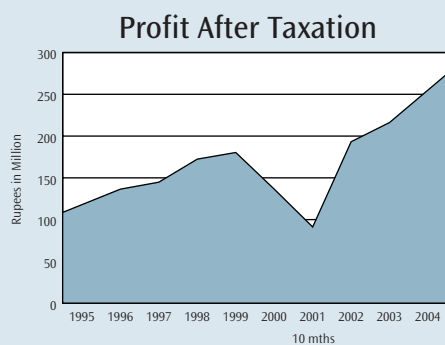
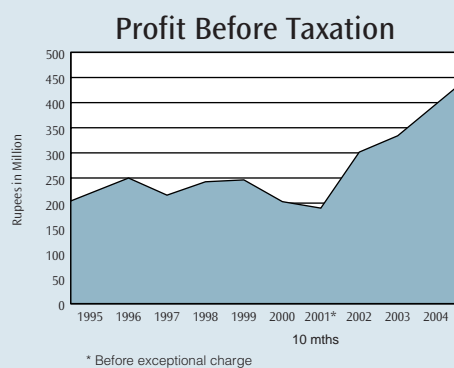
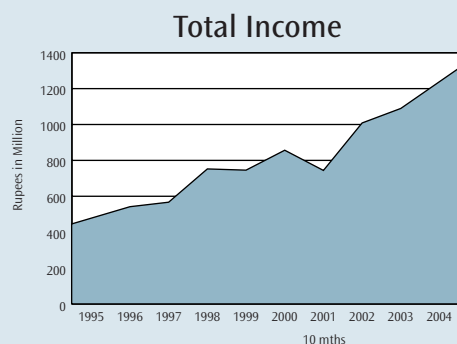
Return on risk free investment + Expected risk premium on equity investment adjusted for the beta variant.

Profit After Tax is after removing the impact of exceptional items.





Ten Financial Years' Performance



	2004 Rupees	2003 Rupees	2002 Rupees	2001 Rupees (10 mths.)
Total Income	1312946	1089549	1008567	743947
Total Expenditure	884120	755498	706983	553927
Profit Before Taxation	428826	334051	301584	190020 †
Profit Available for Appropriation (After Tax & Adjustments for Prior Years, if any)	287180	216267	193236	91201
Retained Earnings for the Year	225345	154572	145111	52171
Dividend Paid / Payable	54688	54688	48125	40833
Dividend Tax	7147	7007	—	(1803)
Dividend Percentage	37.5	37.5	33	28
Earnings per Share (Rs.)				
Before Exceptional Charge	18.8	14.8	13.3	8.2
After Exceptional Charge				6.3
Fixed Assets	526369	472869	445920	449583
Investments	35806	78704	30236	29774
Net Current Assets #	1015028	664038	824225	682674
Misc. Expenditure	—	—	1959	4251
Total Application of Funds	1577203	1215611	1302340	1166282
Share Capital	145833	145833	145833	145833
Reserves	1281370	1068525	913952	768841
Shareholders' Funds	1427203	1214358	1059785	914674
Loan Funds	150000	1253	242555	251608
Total Source of Funds	1577203	1215611	1302340	1166282

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

* On the increased capital base

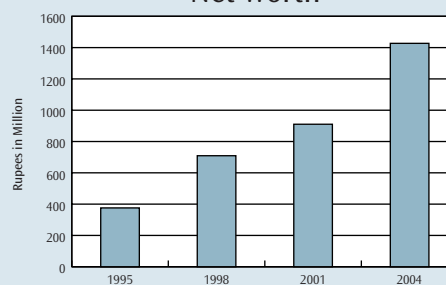
Net of Deferred Tax Liability



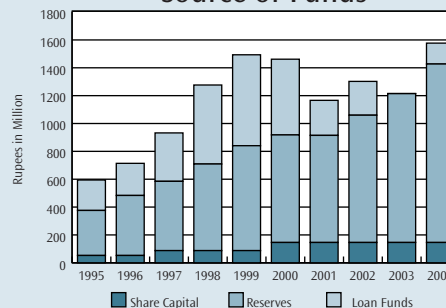
(Rupees in Thousands)

2000 Rupees	1999 Rupees	1998 Rupees	1997 Rupees	1996 Rupees	1995 Rupees
856612	745575	752372	566906	541850	445721
653685	499361	509918	351060	291928	241415
202927	246214	242454	215846	249922	204306
136505	180348	172454	144846	136460	108604
77504	131348	124329	101533	107585	82354
48125	43750	43750	39375	28875	26250
10876	5250	4375	3938	—	—
*33	50	50	*45	55	*50
9.4	20.6	19.7	16.5	26.0	20.7
450068	447509	429931	352698	267181	124866
74373	2500	2500	2500	2500	2500
925157	1018406	844044	577242	444299	467014
12181	25023	—	—	—	—
1461779	1493438	1276475	932440	713980	594380
145833	87500	87500	87500	52500	52500
772263	753092	621744	497416	430883	323298
918096	840592	709244	584916	483383	375798
543683	652846	567231	347524	230597	218582
1461779	1493438	1276475	932440	713980	594380

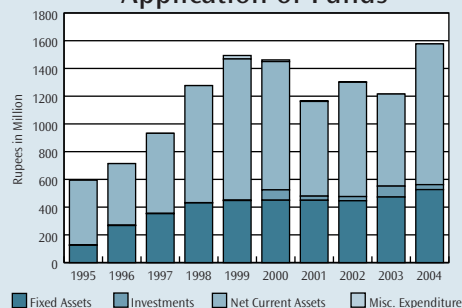
Net Worth



Source of Funds



Application of Funds





Frequently asked Questions about Thomas Cook

Q. 1 In which year was Thomas Cook (India) Limited (TCIL) incorporated?

Ans. Thomas Cook began its operations in India in 1881. However, TCIL came into existence w.e.f. 21st October, 1978.

Q. 2 When did TCIL announce its first public issue?

Ans. TCIL made its first public issue in February, 1983

Q. 3 Where is the Head Quarter of Thomas Cook Group?

Ans. The Head Quarter of Thomas Cook AG (TCAG), the Holding Company of the Thomas Cook Group, is in Oberursel (near Frankfurt), Germany.

Q. 4 Is TCIL listed on any foreign stock exchange?

Ans. No, TCIL is not listed on any stock exchange outside India.

Q. 5 On Which Indian Stock Exchanges are TCIL's shares traded?

Ans. TCIL's shares are traded on the BSE (The Stock Exchange, Mumbai) as well as on NSE (National Stock Exchange of India Limited).

Q. 6 Does TCIL own aircrafts?

Ans. TCIL does not own any aircrafts, however, the Thomas Cook Group owns a fleet of over 70 aircrafts.

Q. 7 Why is TCIL's year ending October and not March or December?

Ans. Tourist season has two components – winter and summer. The winter season is between November to April and summer season is between May to October. In order to capture the full one year impact of a freshly started tourist season, TCAG has decided to have its reporting year as November to October and TCIL also follows the same.

Q. 8 Is there an Investor Grievance Cell in TCIL?

Ans. Yes, there is an Investor Grievance Cell in TCIL that looks into shareholder correspondence / complaints.

Q. 9 Are TCIL's shares in demat form?

Ans. Yes. 94.72% of total shares issued are in demat form. The ISIN of the Company is INE332A01019

Q. 10 Can I receive dividend through ECS?

Ans. Yes, you can receive dividend payment through ECS. Please inform the Registrars and Share Transfer Agents.

Q. 11 Is TCIL a debt-free Company?

Ans. TCIL has a very low debt content. There are no substantial borrowings and the Company is not dependent on external funds for its business operations, except for seasonal requirements.

Q. 12 Why has the TCIL's logo been changed and what do the colours signify?

Ans. A new contemporary corporate identity was developed which combined the strength of the Thomas Cook brand with the "Holiday Colours" of Thomas Cook AG and was launched globally. Accordingly, the logo of TCIL has been changed. The colours signify the sun, sea and sand. These are fresh colours which go with the concept of holiday and leisure travel.

Q. 13 Why is the Thomas Cook building at D. N. Road (Mumbai) classified as a Heritage building?

Ans. The Thomas Cook building at D. N. Road (Mumbai) is over 100 years old and has housed the office of Thomas Cook for over a 100 years.

Thomas Cook Building is a Grade II Heritage Structure as declared by the Heritage Committee of the BMC and protected under the Heritage Regulations of Greater Bombay 1995 of the Maharashtra Regional and Town Planning Act. It has a magnificent neo classical frontage / facade.

Q. 14 When did TCIL acquire Sri Lankan business?

Ans. TCIL acquired Sri Lankan Operations from Thomas Cook Overseas Ltd, UK, in the year 2000.

Q. 15 When did operations commence in Mauritius?

Ans. Mauritius operations of Thomas Cook commenced in the year 2000 by opening its first office at the SSR International Airport.