



Thomas Cook (India) Ltd.

Directors' Report

TO THE MEMBERS:

Your Directors have pleasure in presenting the Twenty-Ninth Annual Report, together with the Balance Sheet and Profit and Loss Account for the year ended 31st October 2005.

Thomas Cook (India) Limited (TCIL) Financial Results

Rupees in Million

	Year ended 31st October 2005	Year ended 31st October 2004
Revenues	1305	1313
Profit before Taxation	415	429
Provision for Taxation	140	147
Provision for Deferred Taxation	2	7
Provision for Fringe Benefit Tax	4	-
Profit after Taxation	269	275
Transferred from Reserve U/sec. 80 HHD of the Income Tax Act, 1961	15	13
Transferred to General Reserve	27	27
Proposed Dividend	55	55
EPS	18.4	18.8

Operations & Results

Financial Year 2004-05 has been a year with many challenges. The worst natural disaster in the form of Tsunami (affecting the Sri Lankan and South Indian operations), lower rates of interest on NRI deposits (affecting foreign exchange business), lowering of commission on international airfares (impacting travel related business), unprecedented torrential rains in several parts of India, were some of the significant events creating difficulties and impediments. The travel advisories issued by many countries in response to the natural disasters negatively impacted business segments that your Company is involved in.

The Company recorded turnover of Rs. 1218 million, and profits before tax of Rs. 415 million with the profit after tax, Rs. 269 million. The earning per share of the Company is 18.4, more or less in line with the previous year.

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, inspite of difficult environmental and market conditions.

Dividend

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

General Reserve

Your Directors have resolved to transfer Rs. 27 million to General Reserve out of the profits of the Company. With the transfer, the total reserves stand at Rs. 1488 million as at the year ended 31st October 2005.

Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- 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;



Attendees of the Board Meeting dated 21.01.06

- 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.

Change of Ownership

Thomas Cook (India) Limited was a part of Thomas Cook Group. It was 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 held 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 Reisevermittlung GmbH, Germany. Eurocenter is a wholly owned subsidiary of Thomas Cook AG, Germany. Among other subsidiary Companies, TCIM (Thomas Cook International Markets) Limited was a 100% subsidiary company of Thomas Cook AG, Germany.

Thomas Cook Overseas Limited (TCOL) has, by way of a Share Purchase Agreement dated December 19th, 2005, transferred its entire shareholding of 60% of the total paid up capital of TCIL to TCIM Limited.

The acquisition of TCIM Limited, UK, by Dubai Financial (LLC) has been completed on 21st January 2006. On 21st December 2005, Dubai Financial (LLC) agreed to acquire 100% of Thomas Cook International Markets Ltd., UK and accordingly an open

offer was launched. Dubai Financial (LLC) is a 100% subsidiary of Dubai Investment Group, the global investment arm of Dubai Holdings. Dubai Investment Group has offices in USA, UK and Asia and this is their first deal in India.

Dubai Investment Group

Dubai Investment Group (DIG) is the global financial investor of Dubai Holdings. Headquartered in Dubai, UAE, and with local offices that stretch from New York through London to Kuala Lumpur, the Group focuses on long and short-term investments with the potential to deliver exceptional and sustainable performance.

DIG is structured as a conglomerate of investment companies operating around core expertise in the asset classes of Global Securities, Real Estate and Fund Management. The Group has created and manages a diversified and rapidly expanding portfolio of direct and indirect investments. It focuses on key sectors including Financials, Industrials, Telecommunications and Hotels.

Dubai Holdings

Dubai Holdings was launched in October 2004 to consolidate the various large scale infrastructure and investment projects in Dubai that were created over the past five years as well as research, identify and execute future major projects that will benefit the UAE and the region.

Dubai Holdings currently has 21 companies operating in a variety of sectors ranging from health, technology, finance, real estate, research, education, humanitarianism, tourism, energy, communication, industry, biotechnology and hospitality.

These companies include: Dubai Internet City, Dubai Media City, Dubai Healthcare City, Dubailand, Dubai International Capital, Dubai Industrial City, Dubai Properties, Dubai International Properties, Dubai Humanitarian City, Dubai Investment Group, Dubai Energy, Dubai Knowledge Village, Arabian Radio Network, Dubai Outsource Zone, International Media Production Zone, E-Hosting Datafort, Empower,

SamaCom, Jumeirah International, Dubiotech and Dubai Studio City.

Thomas Cook (India) Limited

Operations in India

The Indian economy is doing well with all round optimism prevailing across business sectors. With the upswing of the economic mood, it is natural to expect that new avenues of business opportunities will be available in the segments in which your Company operates.

The travel and related services business segment is showing encouraging signs with the growth in Inbound and Outbound traffic. More and more Indians are travelling abroad to experience what lies beyond the Indian geography (outbound traffic) and larger number of foreign visitors are coming to explore the mystiques of India (inbound traffic).

The Travel Management sector during the year 2004-05 suffered a few setbacks due to Tsunami and heavy rains. However, this segment is expected to grow significantly due to positive business outlook prevalent in the country, resulting in enhanced domestic travel requirements. Profitability will however be under pressure due reduction and restructuring of airlines commission. Such restructuring will have to be offset by cost reduction, newer product offerings and enhanced customer servicing.

Your Company continues to be the number one Company in the Financial Services sector involved in retail foreign exchange and bank notes business. The Numero Uno status continues inspite of severe competitive activity. Actions are being taken to enhance operations in new locations and add new product lines (e.g. multi-currency pre-paid cash cards).

The computerised system, which has been recently introduced to enhance customer service capability, is stabilising itself. The financial accounting system in the form of SAP4.6C has stabilised and is providing the state-of-the-art accounting services to the businesses as well as the shareholders.

The online travel segment has gained momentum and an exclusive Warehouse has been set up to execute all online bookings. Your Company's website has seen an overall growth of 50% in Sales primarily due to an upswing in the Flight sales. To provide the best products at the best prices to customers, we have entered into various promotional tie-ups including Auctions with Kingfisher and Etihad.

Operations in Sri Lanka

Tsunami in Sri Lanka followed by the assassination of the Finance Minister ahead of the elections in the country, created serious challenges for the business. However, Foreign Exchange operations at the Bandaranaike International Airport continued their steady performance this year. The Company has two outlets both at the departure and arrival terminals at vantage locations to take advantage of the outbound and inbound travel from and into the country.

The Company opened a new outlet at Union Place, the prime area in Colombo for retail businesses, with high visibility and growth opportunities. Significant investments were made to enhance the IT infrastructure through hardware, software and network upgrades. The travel and related services business acquired greater momentum by way of acquiring Preferred Sales Agencyship for Star Cruises and online booking access for Travco, DOTW and GTA.

Operations in Mauritius

Growth in the Foreign Exchange operations at Mauritius was quite satisfactory and this business continues to expand. MoneyGram International Money Transfer service has been introduced and a new branch has been opened in the last quarter of the year. This will contribute in positive growth, both in terms of turnover and revenue margins.

The business of General Sales Agent of Airlines has been operational throughout the year and has completed its first year since its inception. New products have been introduced. The Company is targeting new Airlines in view of growth and expansion.

Accolades and Awards:

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

- PATA Gold Award, 2005
Thomas Cook (India) Limited was awarded the 2005 Pacific Asia Travel Association (PATA) Gold Award for Marketing in the category of Tour Operator/ Travel Agent
- Best Travel Agency Award, 2005
The Pacific Asia Travel Writers Association (PATWA) conferred on Thomas Cook (India) Limited, the Best Travel agency for Tourism Related Services
- Best Website Award
Our website – www.thomascook.co.in has won the Best Website Award from The Association of Business Communicators of India (ABCI) for the third year in a row
- Best Technology Award
Galileo Express Travel & Tourism Award for Best Technology Programme 2004-05 was bestowed upon the Company
- Top CFO
Mr. Robin Banerjee, Executive Director – Finance, Thomas Cook (India) Limited was listed amongst the Top Thirteen of India's best CFO's, awarded by Business Today Magazine

Directors

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

Mr. B. D. Sumitra ceased to be an SBI Nominee Director and Mr. A. G. Kalmankar, was nominated and appointed with effect from 17th March 2005.

Ms. Annette Hoeher was appointed as Alternate Director to Dr. Juergen Bueser; Ms. Ellen Nehs was appointed as Alternate Director to Mr. Roland Zeh; Mr. Bernd Lienhard was appointed as Alternate Director to Dr. Thomas Doering; Mr. Peter Fischer was appointed as Alternate Director to Mr. Heinz Ludger Heuberg and Mr. Colin McKinlay was appointed as Alternate Director to Mr. Ian Ailles at the Board Meeting held on 25th August 2005. Since Dr. Doering, Mr. Heuberg, Mr. Ailles, Dr. Bueser and Mr. Zeh attended the meeting of the Board of Directors held on 15th December 2005, the Alternate Directors automatically vacated their offices and they were re-appointed as Alternate Directors to the same Directors as earlier, except that Mr. Uwe Kroeger replaced Mr. Peter Fischer as Alternate Director to Mr. Heinz Ludger Heuberg.

On 21st January 2006, Thomas Cook (India) Limited (TCIL) reconstituted its Board of Directors with the induction of 6 new Directors onto the Board. Well-known banker Mr. Udayan Bose has taken over as Non-Executive Chairman and Mr. Sayanta Basu has taken over as Non-Executive Deputy Chairman. The other Directors who have been inducted are Ms. Jacqueline Gorski, Mr. AbdulHakeem Kamkar, Mr. A. V. Rajwade and Mr. Dilip De.

Dr. Thomas Doering, Mr. Heinz Ludger Heuberg, Mr. Lester Porter, Mr. Ian Ailles, Dr. Juergen Bueser and Mr. Roland Zeh, have resigned with effect from 21st January 2006 and consequently their Alternate Directors automatically vacate office. Mr. Ashwini Kakkar has ceased to be the CEO & Managing Director of the Company with effect from 21st January 2006.

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.

The Auditors' Report, which forms part of the Annual Report, suggests strengthening of internal controls pursuant to the introduction of the computerised Front Office System. As this system is a tailor-made one, introduced for the first time to handle a complex array of customer-related transactions, it suffered from certain operational difficulties. The Board has taken note of the issues involved, and will address the same with immediate effect.

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, Thomas Cook (Mauritius) Operations Company Limited, Thomas Cook (Mauritius) Travel Limited for the year ended 31st October 2005 are separately attached as required under the provisions of Section 212 of the Companies Act, 1956.

Thomas Cook (Mauritius) Holidays Limited, Thomas Cook Lanka Holdings (Private) Limited and Airline Services Lanka (Private) Limited though incorporated in the previous year, are not required to have their first accounts prepared and audited for the period ended 31st October 2005. Hence the statement of accounts have not been audited and attached.

The Company incorporated a step-down subsidiary company during the year in Thailand, styled as Thomas Cook Travel & Foreign Exchange (Thailand) Limited and a wholly owned subsidiary in Singapore, styled as Thomas Cook Travel & Foreign Exchange (Singapore) Pte. Limited. As these companies have not completed their first year post incorporation, the Audited Statement of Accounts and other reports of these companies have not been prepared and attached.

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

The foreign exchange earnings during the year amounted to Rs. 632.45 million. During the year, the Company has incurred Rs. 52.17 million 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(f) 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 Bombay Stock Exchange Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai. The Listing Fees for the Financial Year 2005-2006 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.

FOR AND ON BEHALF OF THE BOARD

UDAYAN BOSE
CHAIRMAN

MADHAVAN MENON
EXECUTIVE DIRECTOR

Mumbai
Dated: 21st January 2006



Thomas Cook (India) Ltd.

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 2005

Sr. No.	Name	Age	Designation	Remuneration	Nature of Duties	Qualification	Total Experience	Date of joining TCIL	Last Employment
1	Mr. A. G. K. Kumar #	48	Manager - Travel, Chennai	313236	Responsible for the growth and management of the Travel Branch at Chennai	B.Com., D.B.M.M., Fares & Tktg., Computer Course, Airline Marketing.	25	15th October 2001	Travel Corporation (India) Ltd.
2	Mr. Banerjee Robin	50	Executive Director - Finance	5632737	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., A.C.S., A.I.C.W.A.	25	2nd April 2004	TMD Friction Beteiligungs GmbH & Co. KG
3	Mr. Gupta Sunil #	44	Head of Leisure Travel	3812408	Responsible for developing and managing the Leisure Travel business for TCIL	B.Tech.(Mech. Engg.) - IIT, BHU PGD in Marketing & Sales Mgmt. - IIM, Calcutta	20	8th May 2000	Hindustan Lever Ltd.
4	Mr. Goswami Pooja #	34	Asst. Manager - Travel, New Delhi	269623	Assisting the Branch Manager with the 'operations' of the Travel Branch at New Delhi.	B.A.	12	15th February 1993	T.C. H. Travels
5	Mr. Herwadkar Surendra	58	Head Business Process Improvement & Audit	2424289	Responsible for the Business Process Improvement & Audit function of the Company on an all India Basis. Rapporteur of the Risk Committee.	B.Sc., ICWA., CA IIB (I & II), CISA, DCM.	36	1st October 1996	Jindal Iron and Steel Company Ltd.
6	Ms. Isaac Suzanna #	39	Telephone Cum Telex Operator cum Receptionist	502491	Receptionist cum Telephone Operator at the Travel Branch at C-33, New Delhi.	B. A.	15	15th May 1990	Synthetics and Chemicals Ltd.
7	Mr. Kakkar Ashwini	51	Chief Executive Officer & Managing Director	12449497	Overall responsibility for the Company's operations and financial performance.	B.Sc(Mech. Engg) PGDM- IIM, Calcutta, L.L.B., MBA- European Inst. of Business Admin. (INSEAD), France	28	16th June 1997	IGE India Ltd.
8	Mr. Kenkare Rambhau	40	Head of Legal & Company Secretary	2417251	In charge of Legal, Secretarial & Regulatory Compliance for the Indian Operations as also the Company's branches / subsidiaries in India and in the IOR countries. Responsible for Corporate Governance related statutes and issues. Is the Statutory Authority under the Prevention of Insider Trading Policy. Rapporteur of the Audit Committee.	B. Com, L.L.B, F.C.S, A.C.I.S.(UK), M.I.C.A.	16	1st December 1998	Blue Dart Express Ltd.
9	Mr. Menon Madhavan	50	Executive Director - Foreign Exchange	8043476	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) - George Washington University, USA, M.B.A. (Fin. & Intl. Buss.) - George Washington University, USA	27	2nd May 2000	Birla Sun Life Asset Management Company (AMC) Ltd.
10	Mr. Nadkarni Anil	44	Head of Information Technology	2959713	Responsible for developing and managing the Information Technology systems and network for TCIL	B.Sc., D.C.M.	22	14th May 1997	Cadbury India Ltd.
11	Mr. Singh Kanwer Deep #	33	Manager - Leisure Travel (O & D), New Delhi	356203	Responsible for the growth and operations of the Outbound Travel Leisure shop in New Delhi.	B.Com, M.B.A, PGD in Mktg & Sales, Dip in Basic Computers	11	23rd October 2000	Owens Brockway (India) Ltd.

Notes: 1 The nature of employment of Directors is contractual

2 Remuneration as shown above includes Salary, Bonus, Commission, House Rent Allowance, Company's contribution to Provident Fund and other funds and expenditure incurred by the Company on Housing, Car, Electricity, Water, Gas, Medical and Leave Travel Allowance and other allowances. Wherever the actual costs are not ascertainable, monetary value of those perquisites as per Income-tax Rules, 1962 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
21st January 2006

UDAYAN BOSE
CHAIRMAN

MADHAVAN MENON
EXECUTIVE DIRECTOR

The Management Discussion and Analysis

OVERVIEW

The Indian Economy continues to show significant buoyancy, with the general upswing in market moods. The economy is showing steady growth and the consumption pattern of individuals is showing an upgradation. Such positive outlook is also showing rub-off effects on the travel and tourism industry. One of the fall-outs for such positive developments has been enhanced competition. This will, however, augur well for the customers, who should ultimately benefit through improved and enhanced product offerings.

TRAVEL & RELATED SERVICES

The growth in the Indian economy is leading to increase in disposable income and in turn is leading to people increasing their expenditure on travel. The travel market is growing fast and changing dramatically. With the Internet, emails, mobile phones and other communications technology becoming a part of our daily lives, a whole world of information and choices are available to today's travellers, which makes it critical for travel agents to constantly innovate in order to understand the customer's needs and expectations.

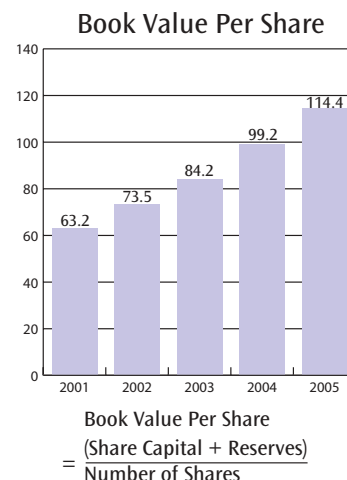
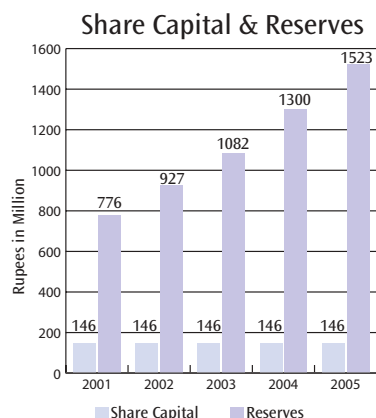
Rising incomes have created a breed of sophisticated and affluent consumers who are better educated, are extremely demanding and appreciate the value of travel. Customised travel plans to meet individual needs are also set for strong growth. The number of Free and Independent Travellers (FITs) is growing fast as customers are willing to spend more on customised vacations. All Thomas Cook products are available through our website, with sales increasing through online bookings. With the online travel segment gaining momentum, an exclusive Warehouse has been set up to execute all online

bookings. To provide the best products at the best prices to customers, various promotional tie-ups have been done with airlines such as Emirates, Etihad and Qantas.

With airline commissions being lowered to 5% during the year, it is expected that in line with worldwide trends, commission levels may move to still lower levels. This would necessitate a shift from a margin-based model to a revenue-based model.

Robust economic advancement, lifting of political restrictions and liberalisation of air travel, are some of the factors that are propelling the travel growth, leading to a promising outlook for the travel industry. The growth forecasts for India indicate average annual growth of 8% in international traffic between 2004 and 2009. Combining domestic travel, growth may increase to an average rate of 12% to 2009 against projected GDP growth of around 7%. Better negotiation and strategic alliances between travel partners would be the key to sustaining higher revenues. With a higher degree of comfort of Internet bookings, online business is expected to gain momentum and increase in volumes. Further, the arrival of low cost carriers has now also made travel affordable for the previously untapped (low-income) market segment. A positive stand by the government 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.

The ongoing increase in global oil price, results in fare hikes which is a major concern. Another challenge faced by the travel industry, is the pressure from the agency commission



reductions, with few airlines indicating commission reductions by early 2006. The increasing number of Low Cost Airlines (LCA) have increased seat capacity, besides ushering in industrial development in small States recently connected by air links. Uncertainties such as terror attacks, epidemics, conflicts, natural calamities and the effects of global business downturns are risks the travel and tourism industry will be susceptible to; these perils cannot be disregarded in the future. The challenges that face India are enormous. Urgent decisions on infrastructure, public utilities and hygiene, safety and security, liberalisation and taxation are critical.

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

The financial services business of the Company retained its numero uno status with the business maintaining stable growth numbers. This was despite a weakening US Dollar for most part of the financial year and enhanced competition from players in the money-changing segment.

The decline in foreign currency inflows into India due to unattractive interest rates offered by banks on NRI deposits affected the Company's foreign currency purchase business. The inflows into the country has since improved.

The outlook continues to be bright with the foreign currency inflows from the Banking Sector and the growth in the tourist arrivals into the country increasing the opportunity for the foreign currency purchase business. The increase in Indians travelling overseas for business and leisure has added to the Company's sales business.

Though the business registered a growth in terms of its turnover, the yield levels were under squeeze due to

competitive pressure and a weakening US Dollar for a larger part of the financial year.

The Company continues to focus on being an agent for multi suppliers / vendors to provide multiple choices to customers. In line with this endeavour, the business is constantly on the lookout to source new products to increase its offerings to the customer.

The business as ever, is vulnerable to a limited extent, to the volatility in the foreign exchange market. To achieve its planned numbers, the business continues to focus on growing business volumes, maintaining revenue yield and management of costs. The increase in tourist inflows and NRI funds for foreign currency deposits bodes well for the business.

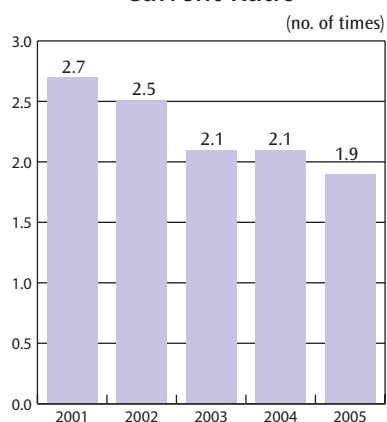
Financial Performance

The Company has posted profit before tax of Rs. 415 million. For the fourth quarter, the Company's profit before tax rose by almost 22% while the profit after tax increased by 17% as compared to the corresponding quarter in the previous year. The business of the Company was funded mainly through own 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 four types namely Strategic, Operational, Financial and Legal. All the four types of systems have been integrated to ensure that the Company's Business Objectives are duly accomplished. These systems are being regularly reviewed and wherever necessary, are modified or redesigned to ensure better efficiency and effectiveness. Last year, our Company implemented an integrated Front Office System (FOS) to give effect to various system level controls. The front office system is backed by an integrated SAP Accounting system. These twin-integrated systems form the backbone of the overall control environment.

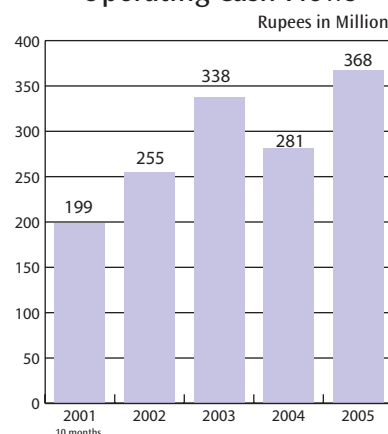
Current Ratio



Current Ratio

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

Operating Cash Flows



10 months

This year, our Company introduced a new software – Back Office Software for Subsidiaries (BOSS), to improve the Back Office accounting of Subsidiaries in Indian Ocean Region and to take care of the statutory requirements of respective Central Banks.

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 two decades and statutorily applicable from the financial year ending October 2001. Control Environment has been well laid down through written policies pertaining to integrity and business ethics, prevention of insider trading, anti money laundering and human resources. These policies are implemented through operational and financial manuals. Considering 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. Periodical reviews are carried out to ensure effective implementation of the policy in all the functional areas.

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, CAO audits, Systems and IT audits and Statutory compliance audits. These are further supported by the Statutory Auditors, who validate that the financial reporting is true and fair. 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.

Manual on Anti Money Laundering (AML) for Mauritius and Sri Lanka, were prepared and issued during this year, whereas the AML Manual for the Indian territory is in force since 2003.

Risks and Concerns

General:

Company resorts to Risk Management methodologies to ensure that various business risks identified well in time, are assessed

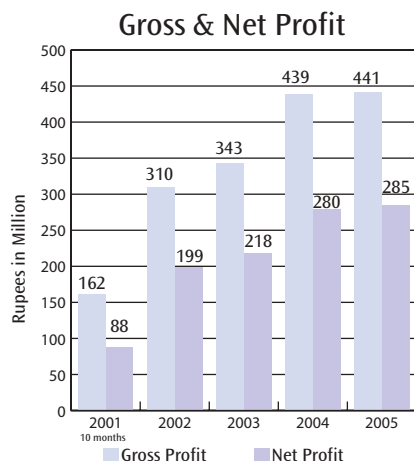
for their possible impact and are effectively mitigated through various control measures. Open risks, if any, are adequately covered by Insurance. Business Continuity Plans (BCP) have been designed for the key operations of the Company to address any disaster event. BCPs are being further reviewed during this year, for effective updation.

Company has a Risk Committee chaired by the CEO & MD, which meets quarterly, in addition to 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 the Company in India and the mitigation controls put in place to bring down their impact. To address the Information Systems related risk issues, the Company has constituted Information Security Committee (ISC), which has its quarterly meetings before the Risk Committee meeting. Minutes of ISC are put up in the Risk Committee, which approves the recommendations made by the ISC for implementation. The Risk Committee in turn reports to the Audit Committee, constituted by the Board.

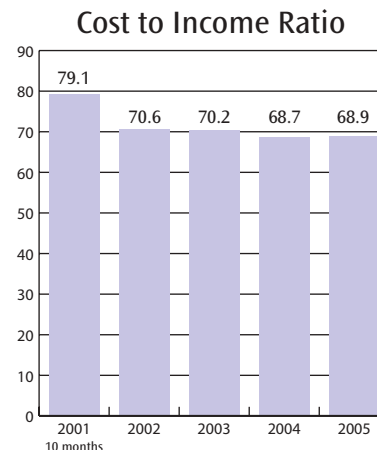
Information Technology:

With the launch of Project Vector, the front office software solution, the business dependency on IT has increased manifold. The IT department has also taken adequate care to ensure that business continuity is maintained. It has addressed the issue on 2 fronts.

1. Security: A secured firewall has been built into the network of TCIL. The network is properly segregated to ensure right access for right person. The firewall also ensures possible threats from external hackers to a great extent. The anti-virus software is automatically updated on all the networked computers across the TCIL network. This ensures possible protection from viruses. TCIL has also loaded its business database in Unix environment. Unix is less prone for virus attacks. A proper user access management system is deployed with the software. This



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



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

ensures that users access the data relevant to their business function.

2. Disaster Management: IT has clearly identified the need for a disaster management. As a part of this it has already deployed an additional Wide Area Network (WAN) to carry data traffic in case the primary network fails in its operations. IT is now in the process of setting up a disaster site for company wide database.

Human Resources

Human Resources Management:

In keeping with our mission of 'Exceptional Service from Exceptional People', the Human Resources (HR) department in the Company is focussed on building a world class organisation by enabling the development of cutting edge competencies, creating a service oriented culture and imparting dynamism and professionalism.

HR, in Thomas Cook strives to add value to business while at the same time, upholding the values and beliefs of this organisation. This creates a need for evolving and administering systems that factor in the business needs and the employee aspirations. We have embarked upon, and put in place processes and systems for talent management.

Your Company embarked upon a structured Leadership Development intervention with the objective of enhancing business perspective and enhance leadership capabilities. The first stage of this intervention, namely 'Development Center' has already been launched. This process facilitates the mapping of managerial competencies and would serve as a useful input for the second stage, which would focus on enhancement and strengthening of these competencies. This intervention would facilitate creating a robust talent pool in Thomas Cook.

Your Company continues to conduct training and development programs at various levels. At the junior level, the programs are focused on continuous improvement of functional skills

and developing effective interpersonal capabilities. At middle and senior management levels, the interventions are geared towards developing a holistic business perspective and imbibing competencies for leveraging synergy. Your Company conducts different programs like Cycle of Success, X-Factor and Super Skill Workshops, all of which facilitate the creation of service orientation.

To develop talent at the frontlines, the Company recruits 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 after successful completion of training, they are absorbed in the Executive cadre of employees.

Employee Strength:

The financial year end employee strength was 969 over all branches in India. 71 staff were employed at the Company's branch in Sri Lanka.

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.

Your Company is quite optimistic of its future and is continuing to take effective steps to meet the challenges of market opportunities, staying ahead of competition, upgrade technology, training and developing human resources and taking steps for delighting every customer.

FOR AND ON BEHALF OF THE BOARD

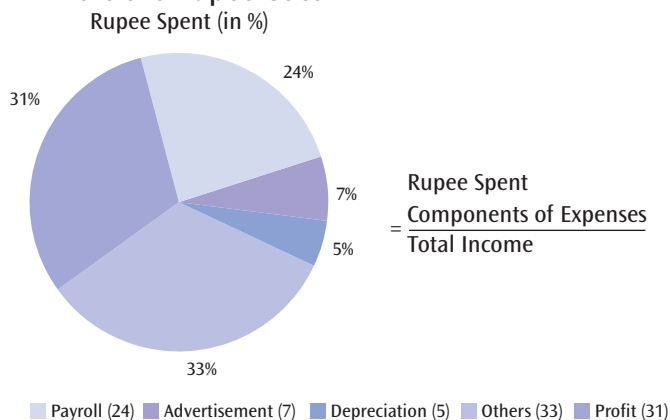
DR. THOMAS DOERING
CHAIRMAN

A. M. KAKKAR
CEO & MANAGING DIRECTOR

Mumbai

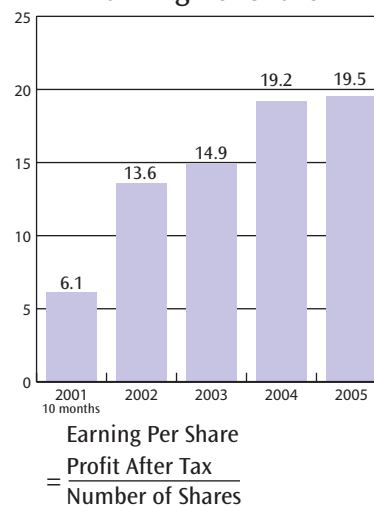
Dated: 15th December 2005

Where the Rupee Goes



Note: The Graphs in this section are based on Consolidated Financial Figures.

Earning Per Share





Thomas Cook (India) Ltd.

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 twelve (12) members with three (3) Executive Directors and nine (9) 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 2005 the Board met six 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.

There were six (6) Board Meetings held during the year ended 31st October 2005, namely on 16th December 2004, 24th February 2005, 17th March 2005, 19th May 2005, 25th August 2005 and 22nd September 2005.

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 TCIL) ##	
						Public	Private	Chairman ship	Member ship
1.	Dr. Thomas Doering	NED	Chairman	4	YES	—	—	—	1
2.	Mr. Heinz-Ludger Heuberg	NED	Vice-Chairman	4	YES	—	—	—	—
3.	Mr. A. Kakkar	ED	Chief Executive Officer & Managing Director	6	YES	4	2	—	2
4.	Mr. M. Menon	ED	ED – Foreign Exchange	6	YES	4	—	—	1
5.	Mr. R. Banerjee	ED	ED – Finance	6	YES	4	—	—	1
6.	Mr. H. S. Billimoria	I & NED	—	6	YES	1	1	3	4
7.	Mr. B. D. Sumitra **	I & NED	State Bank of India – Nominee	1	NA	2	—	—	—
8.	Mr. K. Digvijay Singh	I & NED	—	5	YES	1	—	—	3
9.	Mr. Ian Ailles	NED	—	4	YES	—	—	—	2
10.	Mr. L. Porter	I & NED	—	4	YES	—	—	1	2
11.	Mr. A. G. Kalmankar **	I & NED	State Bank Of India – Nominee	1	NA	—	—	—	—
12.	Dr. Juergen Bueser ***	NED	Additional Director	1	NA	—	—	—	—
13.	Mr. Roland Zeh ***	NED	Additional Director	1	NA	—	—	—	—

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

** Mr. A. G. Kalmankar was appointed as Nominee Director of State Bank of India in place of Mr. B. D. Sumitra on 17th March 2005

*** Mr. Juergen Bueser and Mr. Roland Zeh were appointed as Additional Directors at the Board Meeting held on 25th August 2005

In Indian Companies, excluding Section 25 Companies

In Audit, Remuneration and Shareholders' Committee of Indian Companies

The Board granted Leave of Absence 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 Board of Directors appoints the Executive Directors subject to the approval of the shareholders. 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 at the general meeting.

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 six (6) 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 Recruitment & Remuneration 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. K. Digvijay Singh, Mr. H. S. Billimoria and Mr. Madhavan Menon retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Mr. Ashwini Kakkar was appointed as CEO & Managing Director for a further period of 3 years w.e.f. 16th June 2005 to 15th June 2008 with the new revised terms, pursuant to Articles 155 & 140 of the Articles of Association of the Company and Section 198, 269, 309, 310, 311 & other applicable provisions of the Companies Act, 1956, subject to the approval of the shareholders and the Central Government.

Dr. Juergen Bueser and Mr. Roland Zeh were appointed as Additional Directors of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company. Accordingly, they hold office as Directors upto the date of the ensuing Annual General Meeting. Members have given notice under Section 257 of the Companies Act, 1956 for appointment of Dr. Juergen Bueser and Mr. Roland Zeh on the Board of Directors of the Company.

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

1. Mr. K. Digvijay Singh

Mr. K. Digvijay Singh is 46 years of age, an Economics (Honours) graduate from St. Stephens' College, Delhi University (1977), and a Business Management post-graduate from XLRI, Jamshedpur (1979). He has been a Non-Executive Director on the Board of Directors of Thomas Cook (India) Limited, since October 13, 1999. He has a vast and varied experience of 26 years (1979-2005) He has held offices in various capacities ranging from being President, Zee Telefilms limited, Group Chief Executive, Indian Express Group of Newspapers. Since 2002, he has been based in Singapore as Chief Executive Officer, Nimbus Sport International Pvt Ltd (formerly World Sport Nimbus) – a full-spectrum global sports media and marketing business that, among other things, handles television production, licensing, sponsorship and rights management (Asia), and sponsorship (global) for News Corporation's ICC Cricket properties (e.g. ICC Cricket World Cup, ICC Champions' Trophy, ICC U-19 World Cup etc).

Mr. Singh started his career with Hindustan Lever Limited, India and spent ten years (1979-1989) in the Group handling marketing and sales, of Detergents and Foods. His next assignment with the Group continued for three years (1989- 92) as a General Manager in Cotton production in Africa and Foods exports from India before moving to trading operations with the Bombay Oil Group.

He was Executive President, Zee Telefilms Ltd., India, from 1992 onwards. Mr Singh was a top management member of the start-up team at Zee TV. Subsequently, over 1995-97, he moved to London as CEO Zee TV International and MD Zee UK/Europe, and thus was a key participant in Zee's launch and early years of growth in India, UK, Africa and USA.

On his return to India in 1998, Mr Singh took charge as Group CEO (1998-2000) of the Indian Express Group of Newspapers and focussed the organisation on the turn-around of a hitherto loss-making newspaper business through cost-savings and revenue enhancement. He, as CEO, Internet Company of India Ltd. (2000-01), has been involved with the www.india.com a major internet portal through concept, financing, construction, operations, and downsizing / exit.

2. Mr. H. S. Billimoria

Hoshang (Chartered Accountant), born on 07 July 1951, completed his schooling from St. Xavier's High School, Bombay. Following that, he completed his degree in Commerce with Bombay University at Sydenham College. At the Bombay University degree examination, he stood first in the whole University amongst candidates offering Accounting & Auditing as special subjects. Thereafter he completed his articles in London with Ernst & Whinney and qualified as a Chartered Accountant from the Institute of Chartered Accountants of England and Wales. At the Institute examinations, he was twice the winner of the Deloitte Pleinder Prize.

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

In 1988, he took over charge as Deputy Chief Executive Officer of Tata Sons Limited. His responsibility in Tata Sons Limited was in the area of Group policy and co-ordination. He took over as Managing Director of Tata Press Limited (Infomedia) in May 1990. As Managing Director of Infomedia, he has been responsible for the big turnaround in the Company's fortunes. He has directed the entry of the Company into the Information Services business (Yellow Pages, Special Interest Publications, and Database Services) where it is now the market leader. He was with the Company till August 2004 as Vice-Chairman & Managing Director. Hoshang is now CEO of Next Gen Publishing Limited, a joint venture between the Forbes Group & HDFC.

Hoshang is also on the board of Fenner Conveyor Belting Pvt. Limited as Vice-Chairman and HDFC Asset Management Company Ltd.

3. Mr. Madhavan Menon

Mr. Menon (B.A. (Business), George Washington University, USA, MBA, Finance & International Business, George Washington University, USA), born on 12 February 1955, was appointed as an Additional and Executive Director – Foreign Exchange for 3 years with effect from 1st May, 2000 to 30th April 2003, re-appointed for a further period of 3 years w.e.f. 1st May 2003 to 30th April 2006. The Board of Directors vide Circular Resolution dated 14th July 2005, have revised the tenure and terms and conditions of his appointment so that the term now expires on 30th April 2008.



Thomas Cook (India) Ltd.

He has a total experience of over 24 years. His last assignment was as Chief Operations & Administrative Officer of Birla Sunlife Asset Management Co. (AMC) Ltd. His expertise spans over Banking, Finance and Travel-related Foreign Exchange Management.

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

4. Mr. Ashwini Kakkar

Mr. Kakkar (B.Sc (Mech. Engg., MBA (INSEAD, France) IIM, L.L.B.), born on 4 January 1954, is the CEO & Managing Director since 1997 reporting to Dr. Thomas Doering, the Executive Vice President (International Markets) & Member of the Group Executive Committee, Thomas Cook AG, Germany, as well as Chairman, Thomas Cook (India) Ltd.

Mr. Ashwini Kakkar is in charge of India, Egypt, Mauritius, Sri Lanka and the SAARC countries.

Prior to joining Thomas Cook (India) Limited, Mr. Kakkar has worked as Managing Director – International General Electric, Mumbai, Manager, Business Development – General Electric (London) and Skega (Sweden).

His responsibilities in TCIL include:

- Ensuring profitable growth of all businesses in all geographies under his purview
- Strengthening of the Thomas Cook brand in all geographies under purview
- Aligning of Thomas Cook (India) Ltd. strategy to the Global Thomas Cook strategy
- Establishing and promoting inorganic growth through M & A activities, business alliances

Mr. Kakkar is also on the Board of Alliance Capital Asset Management India (ACAM) as an Independent Director among other directorships.

5. Dr. Juergen Bueser

Dr. Bueser, is 39 years of age, holds a Ph.D. in Mathematics and has held various positions as a lecturer, including positions at King's College, London; Stanford University, New York and UNAM, Mexico. Dr. Bueser has been appointed as a Director on the Board of Directors of Thomas Cook (India) Limited w.e.f. 25th August 2005.

Dr. Juergen Bueser is currently Head of Portfolio Management, Thomas Cook Group, responsible for the management of a range of participations of the Thomas Cook Group. Since the time Dr. Bueser joined TC Group in 2003, he held various positions including the role of Head of Group Controlling.

Prior to joining Thomas Cook, he was employed by Siemens AG, the German engineering conglomerate, where he was responsible as CFO for the European Leasing and Forfeiting Businesses. Before, Dr. Bueser worked in consulting for the international consulting group Booz, Allen & Hamilton and in investment banking for the largest German public banking group, WestLB.

6. Mr. Roland Zeh

Mr. Roland Zeh is 36 years of age, master's degree holder in Business Administration from the Johann-Wolfgang-Goethe-University in Frankfurt, Germany. Mr. Zeh has been appointed as a Director on the Board of Directors of Thomas Cook (India) Limited w.e.f. 25th August 2005.

Mr. Zeh started his professional career in 1996 with Fresenius AG in the accounting field. He soon went into production and controlling. During 1998-2001 he was the Director, Corporate Controlling at LSG Lufthansa Service Holding AG.

His next move was to the US where he became Director, Global Financial Planning & Analyses at LSG Sky Chefs International LLC in Arlington, Texas. He came back to Germany after a couple of years in 2003 and joined Thomas Cook AG as the Head of Planning and responsible for Value-Based Management, Risk Management & Investment Controlling. In 2005, he was appointed as Vice-President, Portfolio Management.

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 2005:

The Committee met five (5) times during the year under review. The said meetings were held on 16th December 2004, 24th February 2005, 17th March 2005, 19th May 2005 and 25th August 2005.

Sr. No.	Name of Director	Designation	Category *	No. of Meetings attended
1.	Mr. H. S. Billimoria **	Chairman	I & NED	5
2.	Mr. Lester Porter	Member	I & NED	4
3.	Mr. Ian Ailles	Member	NED	4
4.	Mr. K. Digvijay Singh	Member	I & NED	5
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

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

** Mr. H. S. Billimoria was present at the previous Annual General Meeting held on 17th March 2005 in terms of Clause 49(II) of the Listing Agreement



(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 ServiceSector
- 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 2005:

The Committee met four (4) times during the year under review. The four (4) meetings were held on 16th December 2004, 17th March 2005, 19th May 2005 and 25th August 2005.

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

* ED – Executive Director

NED – Non Executive Director

I – Independent Director

Details of Remuneration to all the Directors for the Year ended 31st October 2005

Name of Director	Salary (Rs.)	Benefits (Rs.)	Bonus/ Commission (Rs.)	Sitting fees (Rs.)	Total (Rs.)
Mr. A. Kakkar	3,355,050	5,543,293	3,551,154	0	12,449,497
Mr. M. Menon	1,832,850	4,277,720	1,932,906	0	8,043,476
Mr. R. Banerjee	1,469,450	2,230,381	1,932,906	0	5,632,737
Non-Exec. Directors	0	0	910,688	440,000	1,350,688
Total (Rs.)	6,657,350	1,2051,394	8,327,654	440,000	27,476,398

Details of Service Contracts, Notice Period, etc. of all the Directors for the Year ended 31st October 2005

Name of Director	Service Contract	Period	Notice Period	Severance fees, if any
Mr. A. Kakkar	Yes	16 June 2005 to 15 June 2008	6 months	As decided by the management
Mr. M. Menon	Yes	1 May 2003 to 30 April 2006 now varied to extend till 30 April 2008	6 months	As decided by the management
Mr. R. Banerjee	Yes	2nd April 2004 to 1st April 2007 now varied to extend till 1st April 2008	6 months	As decided by the management
Non-Executive Directors	No	None. The Non-Executive Directors liable to retire by rotation, get re-appointed as per the Directors Companies Act, 1956	None	None

(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 2005:

Pursuant to Clause 49(VI) of the Listing Agreement the Committee met twenty-seven (27) 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	21
2.	Mr. A. Kakkar	Member	ED	21
3.	Mr. M. Menon	Member	ED	24
4.	Mr. R. Banerjee	Member	ED	22
5.	Mr. K. Digvijay Singh	Member	I & NED	1

* ED – Executive Director

NED – Non-Executive Director

I – Independent Director

The Committee granted Leave of Absence to Mr. H. S. Billimoria for his absence at Share Transfer Committee Meetings held on 3rd November 2004, 22nd December 2004, 14th February 2005, 9th March 2005, 3rd May 2005 & 31st October 2005.

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	6	6	0	0	0	0	
(2)	Letters received from SEBI and other Statutory bodies	0	0	0	0	0	0	
(3)	Loss of shares	31	31	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	236	236	0	0	0	0	
	(A) Warrant already paid	23	23	0	0	0	0	
	(B) Fresh cheques issued against time barred instruments and duplicate requests	181	181	0	0	0	0	
	(C) Reply sent giving warrant details (Reconciliation in process)	8	8	0	0	0	0	
	(D) Misc. queries in connection with payment	24	24	0	0	0	0	
(2)	Inquiry of dematerialisation of shares	5	5	0	0	0	0	
(3)	Name correction	1	1	0	0	0	0	
(4)	Change of address	81	81	0	0	0	0	
(5)	ECS/ Mandate Registration	46	46	0	0	0	0	
(6)	Split/ Consolidation/Renewal/Duplicate issue of share certificates	3	3	0	0	0	0	
(7)	Request for nomination forms	3	3	0	0	0	0	
(8)	Tax exemption forms received/updated	1	1	0	0	0	0	
(9)	Transmission of Securities	3	3	0	0	0	0	
(10)	Exchange/ Sub-division of old shares	1	1	0	0	0	0	
(11)	Dividend/ interest queries including request for changes on live warrants	142	142	0	0	0	0	
(12)	Document registration	2	2	0	0	0	0	
(13)	Queries related to Bonus issues	4	4	0	0	0	0	
(14)	Redemption	3	3	0	0	0	0	
(15)	Others (Miscellaneous)	65	65	0	0	0	0	
	Total (I +II)	633	633	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 of the Committee and attendance during the year ended 31st October 2005:

The Sub-Committee meets once in a month or as and when required. During the year, the Committee met eight (8) 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	8
2.	Mr. M. Menon	Member	ED	7
3.	Mr. R. Banerjee	Member	ED	7

* ED – Executive Director

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.

35

(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 Systems 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 continues to be an active core committee member of the Heritage Mile Association, which seeks to conserve and enhance the architectural beauty of structures in the Hutatma Chowk to C.S.T. area in Mumbai.
- The Company supports NGOs such as Door Step School, V Care, Cancer Patients Aid Association, CRY in its efforts to support the underprivileged members of the society.
- The Company contributed generously to the Prime Minister's National Relief Fund for victims of the Tsunami, which devastated life and property in many parts of India.
- 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.

The Company has also formulated a Code of Conduct for the Board of Directors and Senior Management of the Company. The same is also put up on the Company's website: www.thomascook.co.in.

6. Annual General Meetings:

Location and time where last three Annual General Meetings held:

Location	Date	Time
Y. B Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021	24th February 2003	3.30 p.m.
	27th February 2004	3.30 p.m.
	17th March 2005	3.30 p.m.

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

For the year ended October 31, 2005, 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, except a procedural non-filing under the SEBI (SAST) Regulations, 1997 and the Company has consented to pay a penalty of Rs. 1.50 lakh to SEBI.



8. Means of communication:

- Half-yearly report was sent to each household of shareholders for the half-year ended 30th April 2005.
- The Unaudited Quarterly Financial results of the Company to be published in the proforma prescribed by the Bombay Stock Exchange Limited (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) & Sakal (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.sebiedifar.nic.in within the timeframe prescribed in this regard.
- All the official news releases and presentations on significant developments in the Company are hosted on Company's website and provided to the analysts and the press simultaneously.
- The Management Discussion and Analysis forms part of the Corporate Governance Report and is attached.

9. General Shareholder information:

Annual General Meeting	: 29th Annual General Meeting
Date	: Friday, 24th February 2006
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	: Friday, 3rd February 2006 to Friday, 24th February 2006 (both days inclusive)
Dividend payment date	: 14th March 2006
Listing on Stock Exchanges	: Bombay Stock Exchange Limited 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



Thomas Cook (India) Ltd.

Stock Code : Bombay Stock Exchange Limited
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 2005

Bombay Stock Exchange Limited (BSE):

Sr. No.	Month	High (Rs.)	Low (Rs.)	Volume (Shares)
1	Nov-04	531.00	465.10	92,340
2	Dec-04	545.00	458.00	184,872
3	Jan-05	482.00	411.30	225,741
4	Feb-05	525.00	423.20	496,537
5	Mar-05	504.90	420.00	85,461
6	Apr-05	459.00	422.10	42,230
7	May-05	469.00	417.05	63,744
8	Jun-05	494.00	435.00	107,029
9	Jul-05	498.95	451.10	97,861
10	Aug-05	585.00	464.00	164,045
11	Sep-05	540.00	466.25	66,433
12	Oct-05	522.00	461.00	33,607

National Stock Exchange of India Limited (NSE):

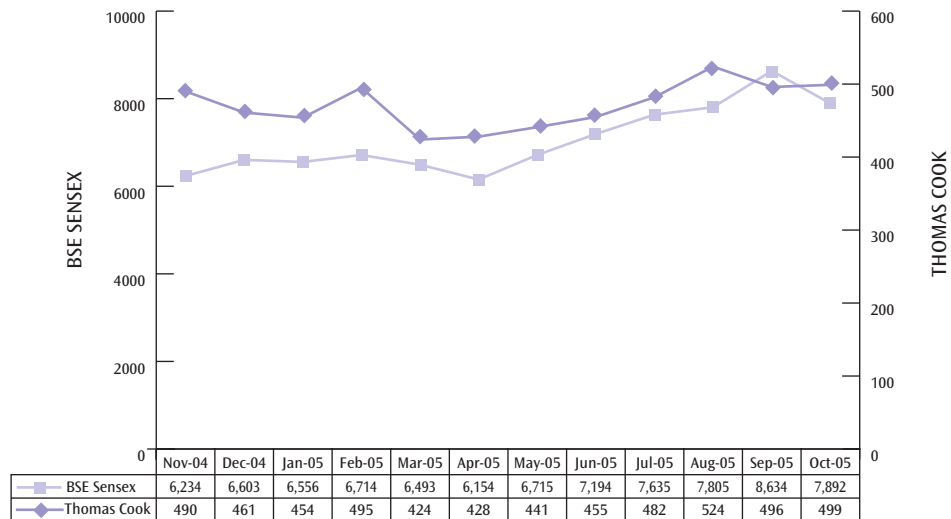
Sr. No.	Month	High (Rs.)	Low (Rs.)	Volume (Shares)
1	Nov-04	529.95	466.55	142,988
2	Dec-04	549.90	458.00	347,927
3	Jan-05	478.00	407.25	152,331
4	Feb-05	524.00	414.00	293,990
5	Mar-05	499.40	420.00	127,670
6	Apr-05	451.90	418.10	51,113
7	May-05	465.00	414.25	79,438
8	Jun-05	490.00	432.20	100,796
9	Jul-05	499.90	451.05	166,595
10	Aug-05	587.00	432.10	287,357
11	Sep-05	540.00	488.00	118,726
12	Oct-05	520.00	490.00	48,817



Thomas Cook (India) Ltd.

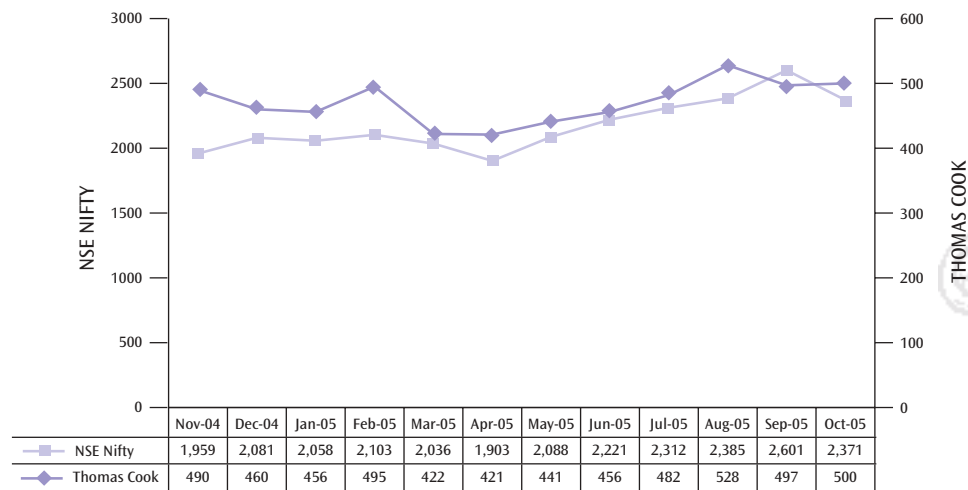
Performance in comparison to broad-based indices such as BSE Sensex, Nifty Index etc.

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



Monthly Closing Price

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



Monthly Closing Price

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
Web-site : 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. 0.95 lakh being unclaimed dividend and due for payment for the financial year ended 31st December 1997, was transferred during the year to the IEPF established by the Central Government.



Thomas Cook (India) Ltd.

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 31.10.2005):

Sr. No.	Range of Holding	No. of shares	Amount (Rs.)	% to Capital	No. of Share-holders	% to Share-holders
1	1 TO 5000	1223241	12232410	8.39	12473	88.17
2	5001 TO 10000	656663	6566630	4.50	953	6.73
3	10001 TO 20000	699934	6999340	4.80	573	4.05
4	20001 TO 30000	145460	1454600	1.00	62	0.44
5	30001 TO 40000	119973	1199730	0.82	34	0.24
6	40001 TO 50000	63681	636810	0.44	14	0.10
7	50001 TO 100000	131091	1310910	0.90	18	0.13
8	GREATER THAN 100000	11543290	115432900	79.15	20	0.14
	TOTAL	14583333	145833330	100.00	14147	100.00

Categories of Shareholders (as on 31.10.2005):

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	636,183	4.36
	c. Overseas Corporate Bodies	0	0.00
	d. Other NRI's	31,763	0.22
	Total (a+b+c+d)	9,417,946	64.58
2	Govt. / Govt. Sponsored Financial Institutions		
	Nationalised Banks	1,234,297	8.46
	Total	1,234,297	8.46
3	Foreign Banks	121	0.00
4	Other Banks	1,500	0.01
5	Mutual funds	609,856	4.18
6	Bodies Corporate	434,660	2.98
7	Directors & their Relatives		
	Mr. A. Kakkar & relatives	13,229	0.09
8	Trusts	788	0.01
9	Other Resident Individuals	2,870,936	19.69
	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 2005:

Particulars	No. of shares	% to capital	No. of Accounts
National Securities Depository Limited	13,726,532	94.12	10,499
Central Depository Securities Limited	221,306	1.52	1,271
Total Dematted	13,947,838	95.64	11,770
Physical	635,495	4.36	2,377
Total	14,583,333	100.00	14,147

Top 10 Shareholders (as on 31st October 2005)

(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
UTI Master Value Fund	Mutual Funds	347,879	2.39
FID Funds (Mauritius) Limited	FII's	301,646	2.07
Hotel Hans Pvt Ltd	Bodies Corporate	269,177	1.85
Strong Asia Pacific Fund, Inc	FII's	184,616	1.27
First State Investments (Hongkong) Limited A/c First State Indian Subcontinent Fund	FII's	133,195	0.91
Tata Trustee Company Private Ltd A/c Tata Mutual Fund A/c Tata Service Industry Fund	Mutual Funds	65,482	0.45
UTI - Mid Cap Fund	Mutual Funds	51,530	0.35
Tata Trustee Company Private Ltd A/c Tata Mutual Fund A/c Tata Mid Cap Fund	Mutual Funds	45,301	0.31
Tata Trustee Company Private Ltd A/c Tata Mutual Fund A/c Tata Tax Saving Fund	Mutual Funds	40,000	0.27
TOTAL		2,648,480	18.16



Thomas Cook (India) Ltd.

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.

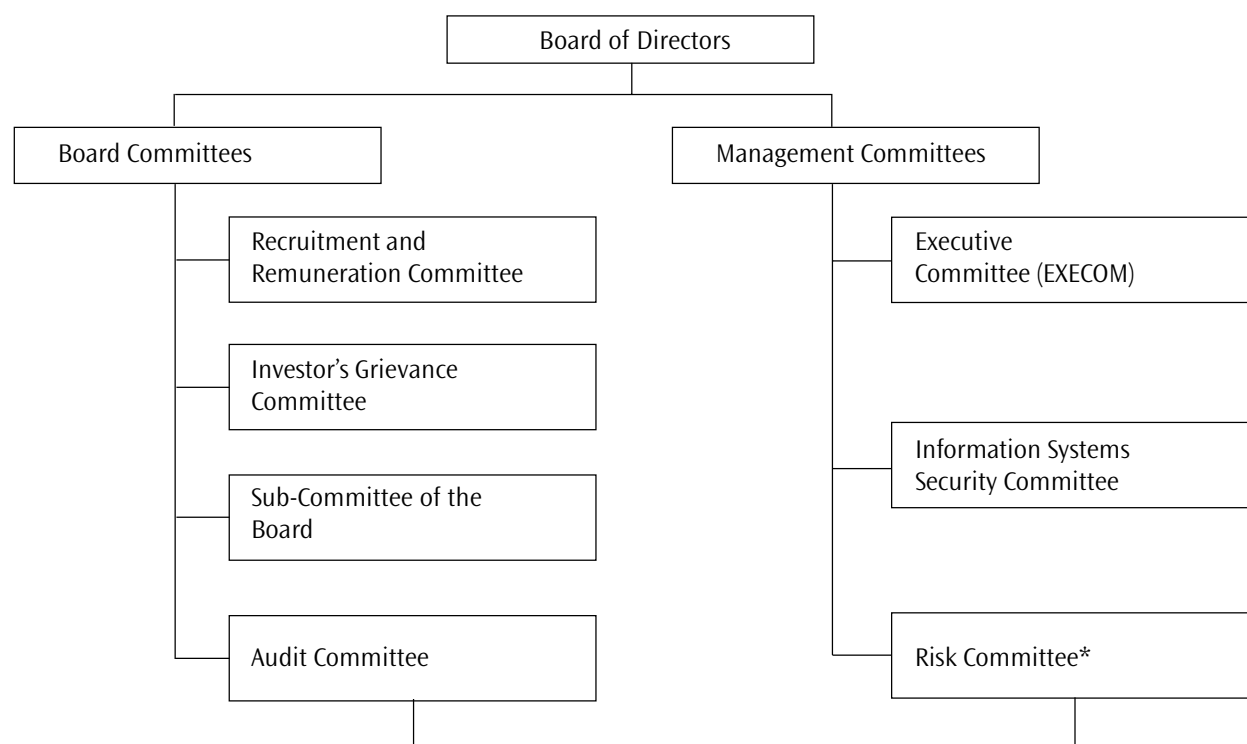
Address for correspondence : Thomas Cook (India) Limited,
Thomas Cook Building,
Dr. D. N. Road, Fort,
Mumbai – 400 001
Tele: (022) 2204 8556 /7 /8
Facsimile: (022) 2287 1069
Email:sharedept@in.thomascook.com

FOR AND ON BEHALF OF THE BOARD

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

MUMBAI
Dated: 15th December 2005

Board and Management Committees' Chart



Note : * The Risk Committee is part of Management Committee, but reports to Audit Committee

Report of Various Committees of the Board

Report of the Audit Committee to the Members:

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

Mr. H. S. Billimoria

Mr. L. Porter

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 Committee noted the issues raised by the auditors relating to internal controls applicable in the Leisure Outbound division with particular reference to the newly introduced Front Office System (FOS). The management has undertaken to address the issues raised with immediate effect. Subject to the above, 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 2006. The Committee also recommends the appointment of internal auditors along with their scope of work.

Mumbai
15th December 2005

H. S. Billimoria
Chairman
Audit Committee



Thomas Cook (India) Ltd.

Report of the Recruitment & Remuneration Committee to the Members:

The Recruitment & Remuneration Committee met 4 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. Ashwini Kakkar	Member
Mr. Ian Ailles	Member
Dr. Thomas Doering	Member
Mr. K. Digvijay Singh	Member

Mr. R. R. Kenkare, Head of Legal & Company Secretary was the Rapporteur of the Committee for the first three meetings. With the appointment of Dr. Prasanth Nair as the new Head of Human Resources, the role of Rapporteur was passed on to him with effect from 25th August 2005.

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 2004 to October 2005. The Committee deliberated and approved an average increment rate of 10.60%.

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 2005.

Name of Non Executive Director	Amount Rs.
Mr. H.S. Billimoria	3,03,563/-
SBI Nominee	3,03,563/-
Mr. K. Digvijay Singh	3,03,563/-
Total Commission Payable to Non Executive Directors	9,10,688/-

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
Dr. Juergen Bueser
Mr. Roland Zeh
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
15th December 2005

Lester Porter
Chairman
Recruitment & Remuneration Committee



Thomas Cook (India) Ltd.

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

The Share Transfer & Shareholders' / Investors' Grievance Committee of the Board met 27 times during the year ended 31st October 2005. 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. R. Banerjee

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.

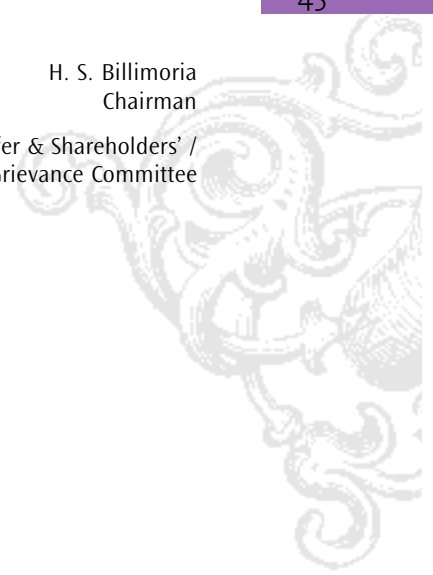
The Committee also took note of various shareholder correspondence and comments received directly by the Company and received by the Registrar & Share Transfer Agents viz. Tata Share Registry Limited and oversees redressal of the same.

No. of correspondence received	633
No. of correspondence attended to	633
No. of correspondence pending	—

45

Mumbai
25th November 2005

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





Thomas Cook (India) Ltd.

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

The Sub-Committee of the Board met 8 times during the year ended 31st October 2005. The requisite quorum was present from among the following members of the Committee.

Mr. A. Kakkar

Mr. M. Menon

Mr. R. Banerjee

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
25th November 2005

A. Kakkar
Chairman
Sub-Committee of the Board



Thomas Cook (India) Ltd.

CEO & CFO Certification pursuant to Clause 49 of the Listing Agreement(s)

To
The Board of Directors
Thomas Cook (India) Limited
Thomas Cook Building
Fort, Mumbai 400 001

This is to certify that we have

- a. Reviewed the financial statements and the cash flow statement for the financial year 2004-2005 and to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and; we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and we shall take adequate steps to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee-
 - (i) Significant changes in internal control during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

47

Mumbai, 15th December 2005

ASHWINI KAKKAR
CEO & MANAGING DIRECTOR

ROBIN BANERJEE
EXECUTIVE DIRECTOR – FINANCE



Thomas Cook (India) Ltd.

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 2005, 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 2005, 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, 15th December 2005

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovelock & Lewes
Chartered Accountants



Thomas Cook (India) Ltd.

Addendum to the Report of the Directors on Corporate Governance

The Addendum to the Report of the Directors on Corporate Governance is being made in view of the change in ownership of Thomas Cook (India) Limited (TCIL). Thomas Cook Overseas Limited (TCOL) has, by way of a Share Purchase Agreement dated December 19th, 2005, transferred its entire shareholding of 60% of the total paid up capital in TCIL to TCIM Limited. The acquisition of TCIM Limited, UK, by Dubai Financial (LLC) has been completed on 21st January 2006.

The Audited accounts of the Company have been approved on 15th December 2005 and dated accordingly. The Directors' Report reflects the change in the ownership and management of the Company as on 21st January 2006 and was approved on the same day by the Board of Directors. Mr. Ashwini Kakkar has ceased to be the Chief Executive Officer & Managing Director of the Company with effect from close of business hours of 21st January 2006.

Brief resumes of the Directors being appointed are as follows:

Mr. Udayan Bose

Mr. Udayan Bose, born on 23rd April 1949, is an international banker. He joined Thomas Cook (India) Limited as its Non-Executive Chairman with effect from 21st January 2006. Mr. Bose studied at St. Xavier's School, Kolkata and graduated with 1st class with Chemistry (Hons.) and Mathematics as Majors from Presidency College, Kolkata. He is a Fellow of the Chartered Institute of Bankers, U.K. and has done Advanced Management at Harvard Business School, USA.

He spent his first 11 years with Grindlays Bank in India and U.K. He then joined Deutsche Bank Asia, where he became Regional Director of South Asia. In 1985, he left Deutsche Bank to set up India's First Investment Bank called Creditcapital, which eventually was bought out by Lazard LLC. He was Chairman of Creditcapital/Lazard India from 1985 to 2005 and led some spectacular transactions. He also became Managing Director and General Partner of Lazard LLC (2001 – 2005), the first Indian to reach that position. Through 1986 till 1997, Mr. Bose was Advisor to the Union Bank of Switzerland. He has also served on the Advisory Board of The Economic Intelligence Unit of the Economist.

Currently, Mr. Bose is also the founder Chairman of India's Buy Out Fund, a fund formed to take controlling interest in under-performing Indian companies. Very recently, he joined Dubai Holding (LLC), as the CEO designate of the newly formed Dubai Financial (LLC), the holding company of Thomas Cook (India) Limited.

Mr. Sayanta Basu

Mr. Sayanta Basu, born on 27th September 1966, is a graduate in Electronics Engineering from the Indian Institute of Technology, Kharagpur and has a Master's of Business Administration from the Indian Institute of Management, Bangalore.

He has 17 years of experience in areas of Investment management, Treasury and Strategy. He was a Business Consultant for Reuters, where he provided Strategic straight Through Processing ("STP") solutions using TIBCO Middleware. Before Reuters, he was the Chief Dealer at Citibank, N.A, Dubai where he managed the entire balance sheet and foreign exchange risk for the Consumer bank. Mr. Basu was also instrumental in implementing the asset liability management ("ALM") risk management system, the "transfer pricing" mechanism and a new back end system. Additionally, he had set up the Bank's equity trading operation.

Currently as MD of DIG, Mr. Basu has co-responsibility for Dubai Holdings' only Financial Institution investing vehicle Dubai Financial. Prior to that he has run DIG's entire Private Equity and Hedge Funds portfolio. He has been a part of DIG from inception leading both the investment and corporate strategy in its initial years of formation. Mr. Sayanta Basu is also the Chairman of the Estithmaar Islamic Real Estate Fund.

Mr. AbdulHakeem Kamkar

Mr. AbdulHakeem Kamkar, born on 3rd April 1961, holds an M.A. in Urban & Regional Planning from the Graduate School of Public and International Affairs, University of Pittsburgh.

He worked with Emirates Financial Services (Subsidiary of Emirates Bank) where he played a major role in the development of the UAE Capital Markets. Most notably he created indices and launched and managed the UAE's first three open-ended funds. He also established the brokerage arm of Emirates Financial Services.

Mr. AbdulHakeem Kamkar joined Dubai Investment Group in 2001 and is responsible for global equity investments. He is the Marketing Director of Global Securities – Asia.

Mr. A. V. Rajwade

Mr. A.V. Rajwade, born on 29th September 1936, is an independent forex and treasury management consultant for more than two decades. He has done his B.Sc. (Hons.) with Major in Statistics and also holds the membership of C.A.I.I.B. He worked with the State



Thomas Cook (India) Ltd.

Bank of India from July 1957 to October 1976 (including 3½ years in London) where he specialised in industrial finance and international banking.

He has been involved in preparing treasury management policies for corporate clients in the public and private sectors. He has also done advisory work on treasury-related issues for banks and financial institutions. As a visiting professor, he has taught "International Banking and Finance", for 4 years at the Indian Institute of Management, Ahmedabad, one of the most prestigious management institutes in the world. The Reserve Bank of India also appointed him as a Member of the Expert Group on Development of the Foreign Exchange Markets in India (1995) and of the Committee on Capital Account Convertibility (1997).

Mr. Rajwade currently is on the Board of several public and private limited companies as well as Member/ Chairman of various Committees of these companies. He is also a former member of the supervisory board of India Opportunities Fund, Bermuda and Mauritius, and Director of CRISIL, India's first credit-rating company.

Mr. Dilip Kumar De

Mr. Dilip Kumar De, born on 19th September 1941, has done his Senior Cambridge at La Martinier School, Kolkata and has done his Graduation in Commerce from St. Xavier's College, Kolkata. He started his career with an American Shipping Company – Everett Steamship Corporation after which he spent the next 12 years with the famous P & O Group, London.

Mr. De has served on various Chambers of Commerce and Business Councils. He is also the first Indian to receive the coveted recognition of Honorary Branch Pilot from the Port of Charleston, South Carolina, USA. He is a Vice-President of the prestigious Orchid Society of India, which is affiliated to the Ministry of Science and Technology, Dept. of Biotechnology, Government of India and the Punjab University.

He is a businessman and currently the Chairman and Managing Director of RST India Pvt. Ltd., formerly known as Ranadip Shipping and Transport Co. Pvt. Ltd.

Ms. Jacqueline Gorski

Ms. Jacqueline Gorski, born on 16th October 1966, is a Fellow member of the Chartered Certified Accountants in the UK and a member of the Association for Investment Management and Research in the US.

Ms. Gorski has over 15 years of institutional investment experience. She has held positions at Baring Asset Management and HSBC Asset Management in London, managing balanced portfolios for institutional clients with a focus on pension and charity funds. Earlier, Ms. Gorski was a senior fixed income and property Fund Manager for the West Midlands Pension Fund, one of the UK's largest Local Government pension funds with US\$ 10 Billion under management.

Currently, she is the Chief Operating Officer with Dubai Investment Group. She has been instrumental in developing the infrastructure within DIG having had responsibility for a number of key areas including Finance, Operations, Risk Management, Corporate Governance and HR.

General Shareholder information:

Annual General Meeting : 29th Annual General Meeting
Date : Tuesday, 28th March 2006
Time : 3.30 p.m.
Venue : Rama Watumull Auditorium,
K. C. College, 124, Dinshaw Wachha Road,
Churchgate,
Mumbai 400 020.

UDAYAN BOSE
CHAIRMAN

MADHAVAN MENON
EXECUTIVE DIRECTOR

Mumbai
Dated: 21st January 2006

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 2005, 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. (a) We did not audit the financial statements of the Sri Lanka branch of the Company, Thomas Cook (Mauritius) Holding Company Limited, Thomas Cook (Mauritius) Operations Company Limited and Thomas Cook (Mauritius) Travel Limited whose financial statements reflect total assets of Rs.227,668,708 as at 31st October 2005 and total revenues of Rs.70,393,174 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.
- (b) We did not audit the financial statements of Thomas Cook (Mauritius) Holidays Limited, Thomas Cook Lanka Holdings (Private) Limited and Airline Services Lanka (Private) Limited whose unaudited financial statements reflect total assets of Rs.7,425,223 as at 31st October 2005 and total revenues of Rs.1,059,814 and total loss of Rs.456,801 for the year then ended. These subsidiaries have been consolidated on the basis of such unaudited financial statements.
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, other than the subsidiaries referred to in paragraph 3(b) above which have been consolidated on the basis of unaudited 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, other than the subsidiaries referred to in paragraph 3(b) above which have been consolidated on the basis of unaudited financial statements, 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 2005;
 - (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, 15th December 2005

Consolidated Balance Sheet as at 31st October 2005

Schedule	As at 31st October 2005 Rupees	As at 31st October 2004 Rupees
SOURCES OF FUNDS :		
SHAREHOLDERS' FUNDS :		
Capital	145,833,330	145,833,330
Reserves and surplus	1,522,747,902	1,300,298,988
	1,668,581,232	1,446,132,318
LOAN FUNDS :		
Secured loans	2,180,438	155,385,106
DEFERRED TAXATION (NET) :		
Deferred tax liability	75,897,999	75,529,606
Less : Deferred tax assets	22,009,441	24,330,187
	53,888,558	51,199,419
TOTAL	1,724,650,228	1,652,716,843
APPLICATION OF FUNDS :		
FIXED ASSETS :		
Gross block	918,187,217	878,606,974
Less : Depreciation	390,939,037	355,230,219
Net block	527,248,180	523,376,755
Advances for capital expenditure	28,478,283	17,234,752
	555,726,463	540,611,507
INVESTMENTS	141,494,864	6,076,316
CURRENT ASSETS, LOANS AND ADVANCES :		
Sundry debtors	807,856,528	736,183,966
Cash and bank balances	932,383,801	983,639,351
Loans and advances	378,298,424	297,986,808
	2,118,538,753	2,017,810,125
LESS : CURRENT LIABILITIES AND PROVISIONS :		
Liabilities	1,024,672,832	839,490,437
Provisions	66,527,095	72,377,343
	1,091,199,927	911,867,780
NET CURRENT ASSETS	1,027,338,826	1,105,942,345
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary and pre-operative expenses	90,075	86,675
TOTAL	1,724,650,228	1,652,716,843
Notes to the Consolidated Financial Statements Schedules "A" to "K" and "P" referred to above form an integral part of the Balance Sheet.	P	

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, 15th December 2005

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, 15th December 2005



Thomas Cook (India) Limited

Consolidated Profit and Loss Account for the year ended 31st October 2005

Schedule	Year ended 31st October 2005		Year ended 31st October 2004	
	Rupees	Rupees	Rupees	Rupees
INCOME :				
Turnover		1,308,630,060		1,320,878,807
Other income	L	112,582,035		80,784,821
		1,421,212,095		1,401,663,628
EXPENDITURE :				
Personnel cost	M	345,154,369		329,862,117
Advertisement and business promotion		98,858,375		91,390,191
Other expenses	N	461,064,298		477,385,468
Interest	O	6,300,179		6,328,214
Depreciation	E	68,382,433		57,561,538
		979,759,654		962,527,528
PROFIT BEFORE TAXATION		441,452,441		439,136,100
Provision for taxation				
Current tax		149,245,000		154,514,483
Fringe benefit tax		4,832,175		—
Deferred tax		2,568,931		4,252,440
		156,646,106		158,766,923
PROFIT AFTER TAXATION		284,806,335		280,369,177
Add : Transfer from reserve created u/s 80HHD of the Income-tax Act, 1961		15,000,000		12,500,000
		299,806,335		292,869,177
Balance brought forward from previous year		561,503,838		357,937,106
		861,310,173		650,806,283
APPROPRIATIONS				
Transfer to general reserve		26,861,183		27,467,973
Proposed dividend		54,687,499		54,687,499
Corporate dividend tax		7,669,922		7,146,973
Balance carried to Balance Sheet		772,091,569		561,503,838
		861,310,173		650,806,283
Earnings Per Share - Basic and diluted [Rs.per Equity share of Rs.10 each] [Refer Note 3(i) of Schedule P]		19.53		19.23
Notes to the Consolidated Financial Statements Schedules "E" and "L" to "P" referred to above form an integral part of the Profit and Loss Account.	P			

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, 15th December 2005

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, 15th December 2005

Schedules forming part of the Consolidated Balance Sheet as at 31st October 2005

	As at 31st October 2005 Rupees	As at 31st October 2004 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 u/s 80HHD of the Income-tax Act, 1961 :		
Balance as per last Balance Sheet	93,500,000	106,000,000
Less : Transfer to Profit and Loss Account	15,000,000	12,500,000
	78,500,000	93,500,000
General Reserve :		
Balance as per last Balance Sheet	645,295,150	617,827,177
Add : Transfer from Profit and Loss Account	26,861,183	27,467,973
	672,156,333	645,295,150
Profit and Loss Account	772,091,569	561,503,838
	1,522,747,902	1,300,298,988
SCHEDULE "C" : SECURED LOANS :		
Short term loan from banks	—	80,000,000
Bank overdrafts	—	73,580,908
Finance lease liability	2,180,438	1,804,198
	2,180,438	155,385,106
(Secured by hypothecation of book debts, stock of currencies, paid documents and vehicles leased)		
SCHEDULE "D" : DEFERRED TAXATION (NET) :		
Deferred tax liability - On fiscal allowances on fixed assets	75,897,999	75,529,606
Less : Deferred tax assets :		
Provisions allowable for tax purposes when paid	4,510,788	7,485,615
Provision for doubtful debts and advances	17,498,653	16,844,572
	22,009,441	24,330,187
	53,888,558	51,199,419

Schedules forming part of the Consolidated Balance Sheet as at 31st October 2005

SCHEDULE "E" : FIXED ASSETS :

(Rupees)

Description	GROSS BLOCK – AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st November 2004	Additions	Deductions	As at 31st October 2005	As at 1st November 2004	For the year	On Deductions	As at 31st October 2005	As at 31st October 2005	As at 31st October 2004
Intangible Assets										
Goodwill	8,831,169	—	—	8,831,169	8,831,169	—	—	8,831,169	—	—
Software	71,522,753	12,790,375	—	84,313,128	17,789,993	18,530,961	—	36,320,954	47,992,174	53,732,760
Tangible Assets										
Leasehold properties	23,014,187	2,121,170	—	25,135,357	22,518,217	8,524	—	22,526,741	2,608,616	495,970
Freehold properties	265,658,165	—	—	265,658,165	35,284,009	4,330,228	—	39,614,237	226,043,928	230,374,156
Strong room	674,425	—	—	674,425	524,757	14,633	—	539,390	135,035	149,668
Furniture and fittings	138,782,368	12,942,810	2,810,490	148,914,688	58,973,048	9,174,206	2,151,196	65,996,058	82,918,630	79,809,320
Computers	203,341,951	21,223,564	18,970,583	205,594,932	155,263,032	20,433,934	18,900,655	156,796,311	48,798,621	48,078,919
Office equipment	109,022,278	19,650,675	2,137,239	126,535,714	36,276,317	7,217,477	1,275,890	42,217,904	84,317,810	72,745,961
Vehicles	57,759,678	9,423,792	14,653,831	52,529,639	19,769,677	8,672,470	10,345,874	18,096,273	34,433,366	37,990,001
TOTAL	878,606,974	78,152,386	38,572,143	918,187,217	355,230,219	68,382,433	32,673,615	390,939,037	527,248,180	523,376,755
<i>Previous year</i>	<i>762,074,927</i>	<i>142,467,002</i>	<i>25,934,955</i>	<i>878,606,974</i>	<i>316,490,315</i>	<i>57,561,538</i>	<i>18,821,634</i>	<i>355,230,219</i>	<i>523,376,755</i>	

NOTES :

- Intangible Assets are other than internally generated.
- Cost of Freehold properties includes :
 - 170 (*Previous year-160*) unquoted fully paid-up shares of Rs.8,750 (*Previous year Rs.8,250*) in various Co-operative Societies.
 - Share application money of Rs.2,040 (*Previous year Rs.2,540*) to various Co-operative Societies.
 - Premises of Rs.15,431,718 (*Previous year 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.144,506,670 (*Previous year Rs.150,186,286*) where the Co-operative Society is yet to be formed.
- Cost of Furniture and fittings includes Rs.2,048,659 (*Previous year Rs.1,676,500*) in respect of improvements to leasehold premises.
- Gross block and Net block of vehicles includes Rs.3,478,148 (*Previous year Rs.2,561,818*) and Rs.2,993,980 (*Previous year Rs.2,484,829*) respectively in respect of vehicles acquired under finance leases.



Schedules forming part of the Consolidated Balance Sheet as at 31st October 2005

	As at 31st October 2005 Rupees	As at 31st October 2004 Rupees
SCHEDULE "F" : INVESTMENTS : (Unquoted unless otherwise stated)		
Current - Non Trade :		
In fully paid-up Units of Mutual Funds		
2,994,511 Units of Rs.10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend Option	30,003,502	—
3,992,721 Units of Rs.10 each of Birla Mutual Fund - Birla Cash Plus - Institutional Premium - Daily Dividend	40,005,070	—
3,998,247 Units of Rs.10 each of HSBC Mutual Fund - HSBC Cash Fund - Institutional Plus - Daily Dividend	40,004,859	—
1,595,016 Units of Rs.10 each of SBI Mutual Fund - Magnum Institutional Income - Savings -Dividend	16,001,994	—
943 Units of Rs.1,512 each of Templeton India Treasury Management Account - Regular Plan - Daily Dividend Reinvestment	1,425,613	—
163,733 Units of Rs.10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Plan - Daily Dividend	1,637,672	—
	129,078,710	—
Long-term (at cost)		
In Subsidiary Companies		
[Refer Note 1(b) of Schedule P]		
518,450 Equity Shares of SLR 10 each of Thomas Cook Lanka Holdings (Private) Limited	—	2,322,400
[Refer Note 1(a) of Schedule P]		
97,995 Equity Shares of THB 100 each of Thomas Cook Travel and Foreign Exchange (Thailand) Limited	11,021,983	—
13,100 Equity Shares of MUR 100 each of Thomas Cook (Mauritius) Travel Limited	—	2,322,400
[Refer Note 1(a) of Schedule P]		
	11,021,983	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 Inc.	—	28,126,382
	1,279,624	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	114,547	151,892
	141,494,864	34,202,698
Less : Provision for diminution in the value of investment	—	28,126,382
	141,494,864	6,076,316

Schedules forming part of the Consolidated Balance Sheet as at 31st October 2005

	As at 31st October 2005 Rupees	As at 31st October 2004 Rupees
SCHEDULE "F" (contd.)		
Aggregate amount of quoted investments	1,279,624	1,279,624
Aggregate amount of unquoted investments	140,215,240	4,796,692
	<u>141,494,864</u>	<u>6,076,316</u>
Aggregate Market Value of quoted investments	5,160,356	5,994,685
	Units	Units
Investments purchased and sold during the year		
- Units of Rs.10 each of Birla Mutual Fund - Birla Cash Plus - Institutional Premium - Daily Dividend	307,311,740	300,220,196
- Units of Rs.10 each of Alliance Mutual Fund - Alliance Cash Manager - Institutional Plan - Daily Dividend	—	243,238,908
- Units of Rs.10 each of JM Mutual Fund - JM High Liquidity Fund - Institutional Plan - Daily Dividend	—	203,537,759
- Units of Rs.10 each of HSBC Mutual Fund - HSBC Cash Fund - Institutional Plus - Daily Dividend	168,520,596	86,885,966
- Units of Rs.10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend Option	72,432,777	40,599,475
- Units of Rs.10 each of Grindlays Mutual Fund - Grindlays Cash Fund - Super Institutional Plan C - Daily Dividend	395,036,560	257,230,376
- Units of Rs.10 each of LIC Mutual Fund - LIC Mutual Fund Liquid Fund - Dividend Plan	11,520,054	—
- Units of Rs.10 each of SBI Mutual Fund - Magnum Institutional Income - Savings - Dividend	62,892,452	—
- Units of Rs.10 each of Prudential ICICI Mutual Fund - Prudential ICICI Liquid Plan - Institutional Plus - Daily Dividend Option	4,603,594	—
- Units of Rs.1,000 each of Franklin Templeton - Templeton India Treasury Management Account - Institutional Plan - Daily Dividend Reinvestment	232,767	—
- Units of Rs.10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Option - Institutional Premium Plan - Daily Dividend	57,024,622	—
- Units of Rs.10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Plan - Daily Dividend	389,927	—
- Units of Rs.10 each of Standard Chartered Mutual Fund - Grindlays Cash Fund - Daily Dividend	340,204	—
- Units of Rs.10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Regular Dividend	196,809	—
- Units of Rs.10 each of HSBC Mutual Fund - HSBC Cash Fund - Daily Dividend	186,403	—
- Units of Rs.10 each of Birla Sunlife Mutual Fund - Birla FMP Quarterly Series 1 - Plan A - Quarterly Dividend	149,939	—
- Units of Rs.10 each of Birla Sunlife Mutual Fund - Birla Floating Rate Fund Short Term Plan - Daily Dividend	144,652	—
- Units of Rs.10 each of Birla Sunlife Mutual Fund - Birla Cash Plus Retail Plan - Dividend Reinvestment	116,066	—
- Units of Rs.1,512 each of Templeton India Treasury Management Account - Regular Plan - Daily Dividend Reinvestment	1,653	—

Schedules forming part of the Consolidated Balance Sheet as at 31st October 2005

	As at 31st October 2005		As at 31st October 2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "G" : SUNDRY DEBTORS :				
Unsecured, considered good				
Outstanding exceeding six months	26,559,289		24,324,425	
Others	781,297,239		711,859,541	
		807,856,528		736,183,966
Unsecured, considered doubtful				
Outstanding exceeding six months	39,573,189		30,761,943	
Others	—		8,214,910	
	39,573,189		38,976,853	
Less : Provision for doubtful debts	39,573,189		38,976,853	
		—		—
		807,856,528		736,183,966
SCHEDULE "H" : CASH AND BANK BALANCES :				
Cash and cheques on hand		291,151,701		219,726,052
(including foreign currencies - Notes and paid documents)				
Remittances in transit				
Foreign currencies - Notes and paid documents		455,571,835		563,924,714
Balances with scheduled banks				
on current accounts	62,513,830		121,009,966	
on deposit accounts	16,402,872		20,122,078	
		78,916,702		141,132,044
Balances with non-scheduled banks				
On current accounts				
Credit Suisse, Zurich, Switzerland	314,039		5,367,770	
Bank of America, New York, USA	519,449		—	
Bank of America, Tokyo, Japan	2,893,859		—	
HSBC, London, UK	1,099,053		766,982	
Deutsche Bank AG, Frankfurt, Germany	5,797,064		—	
Bank of Nova Scotia, Tokyo, Japan	—		7,303,931	
ANZ National Bank Limited, Australia	24,751,378		—	
ANZ National Bank Limited, Wellington, New Zealand	2,140,050		—	
NDB Bank, Sri Lanka	23,535		6,035	
Commercial Bank, Sri Lanka	—		2,929,694	
HSBC, Sri Lanka	2,489		—	
Deutsche Bank, Sri Lanka	—		3,231,529	
HSBC, Mauritius	135,748		751,341	
Barclays Bank, Mauritius	—		1,891,453	
State Bank, Mauritius	—		2,045,938	
Deutsche Bank, Mauritius	—		17,418,051	
Standard Chartered Grindlays Bank, Sri Lanka	654,872		—	
Hatton National Bank, Sri Lanka	48,970		374,226	
	38,380,506		42,086,950	
On deposit accounts				
HSBC, Sri Lanka	68		—	
NDB Bank, Sri Lanka	8,175,465		7,475,749	
Standard Chartered Grindlays Bank, Sri Lanka	12,041,909		9,205,269	
HSBC, Mauritius	47,844,762		88,573	
Pan Asia Bank, Sri Lanka	300,853		—	
	68,363,057	106,743,563	16,769,591	58,856,541
		932,383,801		983,639,351

Schedules forming part of the Consolidated Balance Sheet as at 31st October 2005

	As at 31st October 2005		As at 31st October 2004	
	Rupees	Rupees	Rupees	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	327,101,343		254,458,383	
Considered doubtful	13,493,700		22,653,053	
	<u>340,595,043</u>		<u>277,111,436</u>	
Less : Provision for doubtful advances	13,493,700		22,653,053	
		327,101,343		254,458,383
Loans receivable - secured (Refer Note 3(e) of Schedule P)		11,500,111		—
Balance with customs, port trust, etc.		204,791		192,770
Tax payments less provisions		39,492,179		43,335,655
		<u>378,298,424</u>		<u>297,986,808</u>
SCHEDULE "J" : LIABILITIES :				
Sundry creditors other than Small Scale Industrial Undertakings*		851,966,133		713,659,567
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)		164,161,520		115,534,971
Unpaid dividend @		1,995,989		1,930,711
Fractional entitlement on bonus shares refund accounts		49,066		49,066
Other liabilities		1,698,124		3,514,122
		<u>1,024,672,832</u>		<u>839,490,437</u>
* Include Book Overdrafts aggregating to Rs.361,644,351 (Previous year Rs.262,020,880).				
@ 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		7,669,922		7,146,973
Provision for gratuity		4,169,674		10,542,871
		<u>66,527,095</u>		<u>72,377,343</u>

Schedules forming part of the Consolidated Profit and Loss Account for the year ended 31st October 2005

	As at 31st October 2005 Rupees	As at 31st October 2004 Rupees
SCHEDULE "L" : OTHER INCOME :		
Interest		
On deposits with banks (Gross) [tax deducted at source Rs.201,561- <i>Previous year Rs.179,960</i>]	5,348,677	4,238,481
On income tax refund	171,382	1,398,922
On others	379,981	176,544
	5,900,040	5,813,947
Dividend on current investments - Non Trade - On units of mutual funds	7,685,203	6,297,755
Rent	1,091,692	505,485
Profit on sale of fixed assets	2,503,977	2,267,563
Exchange Variation (net) other than in the normal course of business as foreign exchange authorised dealers	5,499,823	7,983,516
Profit on sale of current investments	93,049	149,699
Profit on redemption of long term investment	26,242	27,442
Provision for diminution in the value of long term investment written back	28,126,382	—
Less : Loss on sale on long term investment	21,898,262	—
	6,228,120	—
Management fees	1,572,867	1,511,400
Insurance claim	9,223,607	—
Liabilities no longer required written back	36,509,516	14,808,608
Miscellaneous income	36,247,899	41,419,406
	112,582,035	80,784,821
SCHEDULE "M" : PERSONNEL COST :		
Salaries, wages and bonus	254,133,428	220,827,539
Contribution to provident and other funds	23,594,748	22,212,547
Premium on / provision for gratuity-cum-life assurance policy	774,109	8,321,034
Staff welfare expenses	39,793,220	39,554,683
Staff training, recruitment and other costs	7,910,585	10,127,862
Incentive / Commission to staff and directors	18,948,279	28,818,452
	345,154,369	329,862,117

Schedules forming part of the Consolidated Profit and Loss Account for the year ended 31st October 2005

	As at 31st October 2005		As at 31st October 2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "N" : OTHER EXPENSES :				
Rent		70,681,249		63,043,720
Rates and taxes		2,476,282		2,141,978
Insurance		9,501,680		9,699,820
Repairs and maintenance :				
Buildings	528,873		976,116	
Others	32,434,476		39,354,738	
		32,963,349		40,330,854
Electricity		18,082,335		18,419,813
Printing and stationery		15,329,764		15,996,539
Postage, telegrams, telex and telephones		46,242,742		45,419,350
Freight currency shipment		16,102,349		14,202,626
Legal and professional charges		26,731,310		20,873,485
Auditors' remuneration :				
Audit fees	1,750,313		1,424,948	
Reports under the provisions of the Income-tax Act, 1961	996,220		993,800	
Miscellaneous reports	241,680		133,500	
Reimbursement of expenses	33,804		51,695	
	3,022,017		2,603,943	
Branch Auditors' remuneration - Audit fees	169,832		268,386	
		3,191,849		2,872,329
Bank charges including handling charges on remittances		32,090,265		29,288,609
Travelling and subsistence		51,323,986		57,330,994
Brokerage and incentives		73,742,851		63,909,329
Directors' fees		460,000		305,000
Security services		8,030,377		8,870,587
Vehicle running and maintenance		13,375,268		12,327,102
Licence fees		11,051,373		11,419,228
Bad debts written off		9,648,020		14,249,940
Provision for doubtful debts and advances (net)		1,196,665		27,498,543
Loss on sale / write off of fixed assets		1,603,313		2,161,169
Donations		800,319		1,096,523
Miscellaneous expenses		16,438,952		15,927,930
		461,064,298		477,385,468
SCHEDULE "O" : INTEREST :				
Short term loan from banks		4,575,000		2,967,738
Bank overdrafts		1,725,179		1,968,687
Others		—		1,391,789
		6,300,179		6,328,214

Schedules forming part of the Consolidated Financial Statements for the year ended 31st October 2005

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%
Thomas Cook (Mauritius) Travel Limited*	Mauritius	100%
Thomas Cook (Mauritius) Holidays Limited*@	Mauritius	100%
Thomas Cook Lanka Holdings (Private) Limited*@	Sri Lanka	100%
Airline Services Lanka (Private) Limited*@	Sri Lanka	100%

* Not consolidated in the previous year due to the reasons stated in note 1(b) below.

@ These Companies have been consolidated on the basis of unaudited financial statements upto 31st October 2005.

(b) The following Subsidiary Companies have not been considered in the consolidated financial statements as these companies have been incorporated during the year and 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 net assets and loss of these Companies as at 31st October 2005 and for the period then ended amount Rs.22,076,124 and Rs.450,043 respectively. The first accounting period of these Companies would be from the date of incorporation to a date subsequent to 31st October 2005.

<u>Name of the Company</u>	<u>Country of incorporation</u>	<u>Proportion of ownership</u>
Thomas Cook Travel & Foreign Exchange (Thailand) Limited#	Thailand	49%
Thomas Cook Travel & Foreign Exchange (Singapore) Pte. Limited	Singapore	100%

Thomas Cook Travel & Foreign Exchange (Thailand) Limited (TCTL) is a subsidiary company as the voting power held by the Company in TCTL is 83%.

2. SIGNIFICANT ACCOUNTING POLICIES :

The financial statements are prepared 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 as estimated by the management, 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.

Schedules forming part of the Consolidated Financial Statements for the year ended 31st October 2005

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 variation (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 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.

(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 LIC as at the year end and any shortfall / excess based on such valuation is accounted for.

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.

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.

In case of insurance business, commission on insurance policies sold is recognised on the effective commencement of the policies. Card products sales are recognised on delivery of the cards to the customers.

Revenue from other income is accounted on accrual basis.

Schedules forming part of the Consolidated Financial Statements for the year ended 31st October 2005

SCHEDULE "P" (contd.)

- (h) Goodwill :
Goodwill arising on acquisitions is amortised over a period of five years commencing with the year of purchase.
- (i) Leases :
Assets acquired under finance lease arrangements are capitalised at the inception of the lease at the lower of the fair value and the present value of minimum lease payments and a liability is created for an equivalent amount. Lease rentals are allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Lease rentals in respect of operating lease arrangement are charged to the Profit and Loss Account.
- (j) 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 THE ACCOUNTS :

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.13,160,293 (Previous year Rs.14,289,710).

	As at 31st October 2005 Rupees	As at 31st October 2004 Rupees
(b) Contingent liabilities		
(i) Claims against the Company not acknowledged as debts - Demand from Bombay Electricity Supply & Transport (BEST) for electricity.	1,961,083	1,961,083
(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

Note :

Future cash outflows in respect of above are determinable only on receipt of judgements / decisions pending with various forums / authorities.

- (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 2005 and the provision based on the figures for the remaining seven months up to 31st October 2005, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April 2005 to 31st March 2006.
- (d) Provision for income tax and payments upto 31st March 2004 in respect of Indian companies have been made without considering the benefit of deduction u/s 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. The deduction u/s 80HHC is not allowed from 1st April 2004.
- (e) Loans receivables of Rs.11,500,111 represent loans of THB 10,200,000 given by Thomas Cook (Mauritius) Holding Company Limited at interest rate of 2% per annum. The loans are repayable on demand and are secured on 102,000 Preference Shares of Thomas Cook Travel and Foreign Exchange (Thailand) Limited, held by the borrowers.
- (f) 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, travel management and travel insurance |
| - 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 2005

SCHEDULE "P" (contd.)

	Year ended 31st October 2005 Rupees		Year ended 31st October 2004 Rupees	
(I) Information in respect of primary segments				
(a) Segment revenue				
Financial services		289,313,537		355,718,599
Travel and related services	973,338,629		927,582,151	
Less : Inter segment revenue	59,770		44,257	
		973,278,859		927,537,894
Others	46,554,585		38,072,921	
Less : Inter segment revenue	516,921		450,607	
		46,037,664		37,622,314
		<u>1,308,630,060</u>		<u>1,320,878,807</u>
(b) Segment result				
Financial services	151,669,528		206,694,874	
Travel and related services	417,020,078		427,150,898	
Others	12,754,240		8,525,909	
		581,443,846		642,371,681
Less : Interest	6,300,179		6,328,214	
Other common expenses	133,691,226		196,907,367	
		139,991,405		203,235,581
Profit before Taxation		<u>441,452,441</u>		<u>439,136,100</u>
(c) Other information				
(i) Segment assets				
Financial services	919,339,062		777,941,518	
Travel and related services	1,478,180,573		1,295,615,911	
Others	59,605,436		49,088,579	
		2,457,125,071		2,122,646,008
Add : Common assets		358,635,009		441,851,940
		<u>2,815,760,080</u>		<u>2,564,497,948</u>
(ii) Segment liabilities				
Financial services	202,283,696		287,982,610	
Travel and related services	579,451,140		479,750,968	
Others	28,324,126		22,536,168	
		810,058,962		790,269,746
Add : Common liabilities		337,209,961		328,182,559
		<u>1,147,268,923</u>		<u>1,118,452,305</u>
(iii) Segment capital employed (Segment assets less Segment liabilities)				
Financial services	717,055,366		489,958,908	
Travel and related services	898,729,433		815,864,943	
Others	31,281,310		26,552,411	
		1,647,066,109		1,332,376,262
Add : Common capital employed		21,425,048		113,669,381
		<u>1,668,491,157</u>		<u>1,446,045,643</u>

Schedules forming part of the Consolidated Financial Statements for the year ended 31st October 2005

SCHEDULE "P" (contd.)

	Year ended 31st October 2005 Rupees		Year ended 31st October 2004 Rupees	
(iv) Capital expenditure				
Financial services	16,117,373		24,887,568	
Travel and related services	35,117,839		82,297,993	
Others	4,133,166		2,966,158	
		55,368,378		110,151,719
Add : Common capital expenditure		22,784,008		32,315,283
		<u>78,152,386</u>		<u>142,467,002</u>
(v) Depreciation / Amortisation				
Financial services	15,106,459		7,401,582	
Travel and related services	31,715,198		27,447,567	
Others	1,632,361		1,206,516	
		48,454,018		36,055,665
Add : Common depreciation and amortisation		19,928,415		21,505,873
		<u>68,382,433</u>		<u>57,561,538</u>
(vi) Significant non cash expenditure				
Financial services	15,106,459		9,906,536	
Travel and related services	41,570,093		30,268,070	
Others	2,829,026		1,573,877	
		59,505,578		41,748,483
Add : Common non cash expenditure		19,928,415		—
		<u>79,433,993</u>		<u>41,748,483</u>
(II) Information in respect of secondary segments				
(a) Segment revenue				
India	1,183,361,685		1,189,362,068	
Rest of the world	125,268,375		131,516,739	
		<u>1,308,630,060</u>		<u>1,320,878,807</u>
(b) Carrying amount of segment assets				
India	2,315,122,366		1,978,417,119	
Rest of the world	142,002,705		144,228,889	
		2,457,125,071		2,122,646,008
Add : Common assets		358,635,009		441,851,940
		<u>2,815,760,080</u>		<u>2,564,497,948</u>
(c) Capital expenditure				
India	47,138,045		97,209,581	
Rest of the world	8,230,333		12,942,138	
		55,368,378		110,151,719
Add : Common capital expenditure		22,784,008		32,315,283
		<u>78,152,386</u>		<u>142,467,002</u>
(g) 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 2005

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
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
Thomas Cook Touristic GmbH, Germany
Thomas Cook Retail Limited, UK
Thomas Cook Reisen, Germany
Neckermann Reisen, Germany |
|-------------------------|--|

- | | |
|-------------------------------|--|
| (ii) Key Management Personnel | A. M. Kakkar
Madhavan Menon
R. Banerjee
R. R. Kenkare
Aashutosh Akshikar
Sunil Gupta (up to 31st August 2005)
S. Herwadkar
Anil Nadkarni
Dr. Prashant Nair (from 9th May 2005)
Narendran Kochat |
|-------------------------------|--|

- | | |
|---|--------------|
| (iii) Relatives of Key Management Personnel | M. V. Kakkar |
|---|--------------|

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

	Year ended 31st October 2005		Year ended 31st October 2004	
	Rupees	Rupees	Rupees	Rupees
(i) Holding Company				
Income from management fees				
Thomas Cook UK Limited		1,572,867		1,511,400
Services availed		—		1,200,000
Thomas Cook UK Limited				
Licence fees paid				
Thomas Cook UK Limited		10,975,417		11,223,503
Dividend remitted				
Thomas Cook Overseas Limited		32,812,500		32,812,500
Balances as at the year end -				
Outstanding receivables				
Thomas Cook UK Limited		—		1,521,597
Prepaid licence fees				
Thomas Cook UK Limited		—		1,894,167
Outstanding payables				
Thomas Cook UK Limited		8,817,122		—
(ii) Fellow subsidiaries				
Sale of services*				
Thomas Cook Tour Operations Limited, UK	272,085,319		225,539,928	
Thomas Cook Touristic GmbH, Germany	81,038,714		124,653,775	
Others	66,993,561		11,872,487	
		420,117,594		362,066,190

*Sale value of transactions

Schedules forming part of the Consolidated Financial Statements for the year ended 31st October 2005

SCHEDULE "P" (contd.)

	Year ended 31st October 2005 Rupees	Year ended 31st October 2004 Rupees
Balances as at the year end -		
Outstanding receivables		
Thomas Cook Tour Operations Limited, UK	384,166	586,669
Thomas Cook Touristic GmbH, Germany	—	6,295,205
Others	5,396,219	9,140
	5,780,385	6,891,014
Advances received		
Thomas Cook Tour Operations Limited, UK	—	12,533,987
Others	316,305	76,497
	316,305	12,610,484
(iii) Key Management Personnel Remuneration#		
A. M. Kakkar	12,449,497	10,591,191
Madhavan Menon	8,043,476	7,487,087
R. Banerjee	5,632,737	3,127,132
P. Sreekumar	—	3,473,686
Others	15,972,036	13,810,150
	42,097,746	38,489,246
# 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
Balance as at the year end -		
Deposit receivable		
M. V. Kakkar	39,000,000	39,000,000
(h) Disclosure for leases :		
(A) Finance leases - vehicles		
(i) Minimum lease payments payable		
- Note later than one year	684,234	511,750
- Later than one year but not later than five years	2,015,459	1,794,636
	2,699,693	2,306,386
(ii) Present value of minimum lease payments payable		
- Note later than one year	479,495	336,564
- Later than one year but not later than five years	1,700,943	1,467,634
	2,180,438	1,804,198

Schedules forming part of the Consolidated Financial Statements for the year ended 31st October 2005

SCHEDULE "P" (contd.)

	Year ended 31st October 2005 Rupees	Year ended 31st October 2004 Rupees
(iii) Reconciliation of minimum lease payments payable and their present value		
- Minimum lease payments payable as per (i) above	2,699,693	2,306,386
- Less : Finance charges to be recognised in subsequent years	<u>519,255</u>	<u>502,188</u>
- Present value of minimum lease payments payable as per (ii) above	<u>2,180,438</u>	<u>1,804,198</u>
(vi) Finance charges recognised in the profit and loss account	173,477	27,944
(B) Operating leases :		
Disclosures in respect of agreements for office and residential premises taken on		
(i) Lease payments recognised in the Profit and Loss Account	73,120,271	66,914,439
(ii) Significant leasing arrangements		
- The Company has given refundable interest free security deposits under certain agreements.		
- The lease agreements are for a period of eleven months to ninety years.		
- The lease agreements are cancellable at the option of either party by giving one month to six months' notice.		
- Certain agreements provide for increase in rent.		
- Some of the agreements contain a provision for their renewal.		
(iii) Future minimum lease payments under non-cancellable agreements		
- Not later than one year	5,288,730	3,629,799
- Later than one year and not later than five years	10,628,394	7,647,570
(i) 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	<u>284,806,335</u>	<u>280,369,177</u>
Weighted average number of shares	<u>14,583,333</u>	<u>14,583,333</u>
Earnings Per Share (Rs.per Equity Share of Rs.10 each)		
- Basic and diluted	19.53	19.23
(j) 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, 15th December 2005

Consolidated Cash Flow Statement for the year ended 31st October 2005

	Year ended 31st October 2005 Rupees	Year ended 31st October 2004 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAXATION	441,452,441	439,136,100
Adjustments for :		
Depreciation	68,382,433	57,561,538
Interest income	(5,900,040)	(5,813,947)
Unrealised exchange variation (net)	(357,202)	(159,681)
Dividend income	(7,685,203)	(6,297,755)
Profit on sale of fixed assets	(2,503,977)	(2,267,563)
Profit on sale of current investments	(93,049)	(149,699)
Profit on redemption of long term investment	(26,242)	(27,442)
Provision for diminution in the value of long term investment written back (net)	(6,228,120)	—
Loss on sale / write off of fixed assets	1,603,313	2,161,169
Interest expense	6,300,179	6,328,214
Finance charges on finance lease	173,477	27,944
Preliminary expenses incurred	(3,400)	(6,400)
	53,662,169	51,356,378
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	495,114,610	490,492,478
Adjustments for :		
Trade and other receivables	(154,092,041)	(192,251,376)
Trade and other payables	178,721,721	177,080,827
	24,629,680	(15,170,549)
CASH GENERATED FROM OPERATIONS	519,744,290	475,321,929
Interest and finance charges paid	(6,451,457)	(6,305,905)
Interest received	4,521,629	3,438,045
Direct taxes paid (net of refund of taxes)	(150,113,491)	(193,634,654)
	(152,043,319)	(196,502,514)
NET CASH FROM OPERATING ACTIVITIES	367,700,971	278,819,415
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(88,479,587)	(122,104,657)
Sale of fixed assets	6,799,192	7,219,715
Purchase of investments (net)	(135,455,893)	(4,644,800)
Sale of investments (net)	6,384,756	47,720,186
Dividend received	7,685,203	6,297,755
NET CASH USED IN INVESTING ACTIVITIES	(203,066,329)	(65,511,801)

Consolidated Cash Flow Statement for the year ended 31st October 2005

	Year ended 31st October 2005 Rupees	Year ended 31st October 2004 Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from borrowings	—	149,770,208
Repayment of borrowings	(153,580,908)	—
Payment of finance lease liability	(540,090)	(500,631)
Dividend paid	(54,622,221)	(54,474,926)
Tax on dividend paid	(7,146,973)	(7,006,836)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	<u>(215,890,192)</u>	<u>87,787,815</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>(51,255,550)</u>	<u>301,095,429</u>
 Cash and cash equivalents - opening balance	 983,639,351	 682,543,922
Cash and cash equivalents - closing balance	932,383,801	983,639,351

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.

71

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, 15th December 2005

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, 15th December 2005

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 2005, and the related Profit and Loss Account and the 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') 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 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 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st October 2005 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 2005;
 - (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
Lovell & Lewes
Chartered Accountants

Mumbai, 15th December 2005

Annexure to 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 2005]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) 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. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company for the current year.
3. In our opinion and according to the information and explanations given to us, 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. *However, consequent to certain issues relating to the new Front Office System implemented for the Company's Leisure Travel Business, the internal control system in respect of sale of services in the case of the Company's Leisure Travel Business needs to be strengthened.* 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 and according to the information and explanations given to us, we have neither come across nor have we been informed of 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. Accordingly, clause (v)(b) of paragraph 4 of the Order 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 section 58A 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.

Annexure to Auditors' Report

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 2005 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

8. The Company has no accumulated losses as at 31st October 2005 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
9. 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.
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.
11. The provisions of any special statute applicable to chit fund/ nidhi/mutual benefit fund/ societies are not applicable to the Company.
12. In our opinion and according to the information and

explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.

13. In our opinion and according to the information and explanations given to us, the terms and conditions of a guarantee given by the Company, for the credit facilities extended by a bank to a wholly owned foreign subsidiary company during the year, are not prejudicial to the interest of the Company.
14. In our opinion, the Company has not obtained any term loans that were not applied for the purposes for which these were raised.
15. 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 short term basis which have been used for long term investment.

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.
17. The Company has not issued any debentures.
18. The Company has not raised any money by public issues during the year.
19. 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.

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 Order are not applicable to the Company.

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovlock & Lewes
Chartered Accountants

Mumbai, 15th December 2005

Balance Sheet as at 31st October 2005

	Schedule	As at 31st October 2005 Rupees Rupees		As at 31st October 2004 Rupees Rupees	
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS :					
Capital	A	145,833,330		145,833,330	
Reserves and surplus	B	1,487,624,302		1,281,369,892	
			1,633,457,632		1,427,203,222
LOAN FUNDS :					
Secured loans	C		—		150,000,000
DEFERRED TAXATION (NET) :					
Deferred tax liability	D	74,478,903		74,980,106	
Less : Deferred tax assets		18,784,873		21,497,985	
			55,694,030		53,482,121
TOTAL			1,689,151,662		1,630,685,343
APPLICATION OF FUNDS :					
FIXED ASSETS :					
Gross block	E	889,315,945		856,339,201	
Less : Depreciation		380,806,969		347,204,511	
Net block		508,508,976		509,134,690	
Advances for capital expenditure		28,478,283		17,234,752	
			536,987,259		526,369,442
INVESTMENTS	F		190,903,326		35,806,216
CURRENT ASSETS, LOANS AND ADVANCES :					
Sundry debtors	G	764,399,233		750,695,272	
Cash and bank balances	H	850,732,356		908,414,896	
Loans and advances	I	371,520,509		298,943,731	
		1,986,652,098		1,958,053,899	
LESS : CURRENT LIABILITIES AND PROVISIONS :					
Liabilities	J	959,040,926		817,166,871	
Provisions	K	66,350,095		72,377,343	
		1,025,391,021		889,544,214	
NET CURRENT ASSETS			961,261,077		1,068,509,685
TOTAL			1,689,151,662		1,630,685,343
Notes to the 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, 15th December 2005

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, 15th December 2005

Profit and Loss Account for the year ended 31st October 2005

Schedule		Year ended 31st October 2005		Year ended 31st October 2004	
		Rupees	Rupees	Rupees	Rupees
INCOME :					
Turnover		1,217,849,758		1,246,240,118	
Other income	L	87,487,837		66,705,483	
			1,305,337,595		1,312,945,601
EXPENDITURE :					
Personnel cost	M	317,612,074		306,900,376	
Advertisement and business promotion		81,240,849		83,608,326	
Other expenses	N	420,016,800		432,404,019	
Interest	O	6,300,179		5,951,193	
Depreciation	E	65,004,627		55,256,115	
			890,174,529		884,120,029
PROFIT BEFORE TAXATION			415,163,066		428,825,572
Provision for taxation					
Current tax		140,000,000		147,000,000	
Fringe benefit tax		4,339,326		—	
Deferred tax		2,211,909		7,145,847	
			146,551,235		154,145,847
PROFIT AFTER TAXATION			268,611,831		274,679,725
Add : Transfer from reserve created under section 80HHD of the Income-tax Act, 1961			15,000,000		12,500,000
			283,611,831		287,179,725
Balance brought forward from previous year			545,370,774		347,493,494
			828,982,605		634,673,219
APPROPRIATIONS					
Transfer to general reserve			26,861,183		27,467,973
Proposed dividend			54,687,499		54,687,499
Corporate dividend tax			7,669,922		7,146,973
Balance carried to Balance Sheet			739,764,001		545,370,774
			828,982,605		634,673,219
Earnings per share - Basic and diluted [Rs.per Equity share of Rs.10 each] [Refer Note 2(k) of Schedule P]			18.42		18.84
Notes to the Financial Statements	P				

In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovlock & Lewes
Chartered Accountants

Mumbai, 15th December 2005

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, 15th December 2005

Schedules forming part of the Balance Sheet as at 31st October 2005

	As at 31st October 2005 Rupees	As at 31st October 2004 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	93,500,000	106,000,000
Less : Transferred to Profit and Loss Account	15,000,000	12,500,000
	78,500,000	93,500,000
General Reserve :		
Balance as per last Balance Sheet	642,499,118	615,031,145
Add : Transferred from Profit and Loss Account	26,861,183	27,467,973
	669,360,301	642,499,118
Profit and Loss Account	739,764,001	545,370,774
	1,487,624,302	1,281,369,892



Thomas Cook (India) Ltd.

Schedules forming part of the Balance Sheet as at 31st October 2005

	As at 31st October 2005 Rupees	As at 31st October 2004 Rupees
SCHEDULE "C" : SECURED LOANS :		
Short term loan from banks	—	80,000,000
Bank overdrafts	—	70,000,000
	<u>—</u>	<u>150,000,000</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	74,478,903	74,980,106
Less : Deferred tax assets :		
Provisions allowable for tax purposes when paid	3,615,567	4,652,192
Provision for doubtful debts and advances	<u>15,169,306</u>	<u>16,845,793</u>
	18,784,873	21,497,985
	<u>55,694,030</u>	<u>53,482,121</u>

Schedules forming part of the Balance Sheet as at 31st October 2005

SCHEDULE "E" : FIXED ASSETS :

(Rupees)

Description	GROSS BLOCK — AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st November 2004	Additions	Deductions	As at 31st October 2005	As at 1st November 2004	For the year	On Deductions	As at 31st October 2005	As at 31st October 2005	As at 31st October 2004
Intangible Assets										
Goodwill	8,831,169	—	—	8,831,169	8,831,169	—	—	8,831,169	—	—
Software	71,522,753	12,790,375	—	84,313,128	17,789,993	18,530,961	—	36,320,954	47,992,174	53,732,760
Tangible Assets										
Leasehold properties	23,014,187	2,121,170	—	25,135,357	22,518,217	8,524	—	22,526,741	2,608,616	495,970
Freehold properties	265,658,165	—	—	265,658,165	35,284,009	4,330,228	—	39,614,237	226,043,928	230,374,156
Strong room	674,425	—	—	674,425	524,757	14,633	—	539,390	135,035	149,668
Furniture and fittings	133,213,484	11,223,752	2,741,024	141,696,212	57,097,749	8,484,069	2,088,483	63,493,335	78,202,877	76,115,735
Computers	197,121,432	17,746,849	18,834,543	196,033,738	152,333,325	18,978,147	18,764,619	152,546,853	43,486,885	44,788,107
Office equipment	104,294,582	17,322,352	1,875,363	119,741,571	34,890,708	6,911,124	1,104,159	40,697,673	79,043,898	69,403,874
Vehicles	52,009,004	8,653,046	13,429,870	47,232,180	17,934,584	7,746,941	9,444,908	16,236,617	30,995,563	34,074,420
TOTAL	856,339,201	69,857,544	36,880,800	889,315,945	347,204,511	65,004,627	31,402,169	380,806,969	508,508,976	509,134,690
Previous year	747,344,588	133,806,507	24,811,894	856,339,201	309,767,931	55,256,115	17,819,535	347,204,511	509,134,690	

NOTES :

- Intangible Assets are other than internally generated.
- Cost of Freehold properties includes :
 - 170 (Previous year - 160) unquoted fully paid-up shares of Rs.8,750 (Previous year Rs.8,250) in various Co-operative Societies.
 - Share application money of Rs.2,040 (Previous year Rs.2,540) to various Co-operative Societies.
 - Premises of Rs.15,431,718 (Previous year 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.144,506,670 (Previous year Rs.150,186,286) where the Co-operative Society is yet to be formed.



Schedules forming part of the Balance Sheet as at 31st October 2005

	As at 31st October 2005 Rupees	As at 31st October 2004 Rupees
SCHEDULE "F" : INVESTMENTS : (Unquoted unless otherwise stated)		
Current - Non Trade :		
In fully paid-up Units of Mutual Funds		
2,994,511 Units of Rs.10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend Option	30,003,502	—
3,992,721 Units of Rs.10 each of Birla Mutual Fund - Birla Cash Plus - Institutional Premium - Daily Dividend	40,005,070	—
3,998,247 Units of Rs.10 each of HSBC Mutual Fund - HSBC Cash Fund - Institutional Plus - Daily Dividend	40,004,859	—
1,595,016 Units of Rs.10 each of SBI Mutual Fund - Magnum Institutional Income - Savings - Dividend	16,001,994	—
	126,015,425	—
Long - term (at cost) :		
In Subsidiary Companies		
50,000 fully paid-up Equity Shares of Rs.10 each of Thomas Cook Insurance Services (India) Limited	500,000	500,000
50,000 fully paid-up Equity Shares of Rs.10 each of Indian Horizon Travel and Tours Limited	500,000	500,000
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
1,355,500 (Previous year - 690,000) fully paid-up Equity Shares of USD 1 each of Thomas Cook (Mauritius) Holding Company Limited	59,493,730	30,374,700
	63,493,730	34,374,700
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.	—	—
	1,279,624	28,126,382
In fully paid-up Debentures - Trade		
Zero coupon fully paid-up redeemable debentures of SLR 100 each of Tangerine Beach Hotel Limited	114,547	151,892
	190,903,326	63,932,598
Less : Provision for diminution in the value of investment	—	28,126,382
	190,903,326	35,806,216
Aggregate amount of quoted investments	1,279,624	1,279,624
Aggregate amount of unquoted investments	189,623,702	34,526,592
	190,903,326	35,806,216
Aggregate Market Value of quoted investments	5,160,356	5,994,685
	Units	Units
Investments purchased and sold during the year		
- Units of Rs.10 each of Birla Mutual Fund - Birla Cash Plus - Institutional Premium - Daily Dividend	307,311,740	300,220,196
- Units of Rs.10 each of Alliance Mutual Fund - Alliance Cash Manager - Institutional Plan - Daily Dividend	—	243,238,908
- Units of Rs.10 each of JM Mutual Fund - JM High Liquidity Fund - Institutional Plan - Daily Dividend	—	203,537,759
- Units of Rs.10 each of HSBC Mutual Fund - HSBC Cash Fund - Institutional Plus - Daily Dividend	168,520,596	86,885,966
- Units of Rs.10 each of Deutsche Mutual Fund - Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend Option	72,432,777	40,599,475
- Units of Rs.10 each of Grindlays Mutual Fund - Grindlays Cash Fund - Super Institutional Plan C - Daily Dividend	395,036,560	257,230,376
- Units of Rs.10 each of LIC Mutual Fund - LIC Mutual Fund Liquid Fund - Dividend Plan	11,520,054	—
- Units of Rs.10 each of SBI Mutual Fund - Magnum Institutional Income - Savings - Dividend	62,892,452	—
- Units of Rs.10 each of Prudential ICICI Mutual Fund - Prudential ICICI Liquid Plan - Institutional Plus - Daily Dividend Option	4,603,594	—
- Units of Rs.1,000 each of Franklin Templeton - Templeton India Treasury Management Account - Institutional Plan - Daily Dividend Reinvestment	232,767	—
- Units of Rs.10 each of Principal Mutual Fund - Principal Cash Management Fund Liquid Option - Institutional Premium Plan - Daily Dividend	57,024,622	—

Schedules forming part of the Balance Sheet as at 31st October 2005

	As at 31st October 2005 Rupees		As at 31st October 2004 Rupees	
SCHEDULE "G" : SUNDRY DEBTORS :				
Unsecured, considered good				
Outstanding exceeding six months	23,365,186		22,269,018	
Others	716,717,341		676,826,969	
		740,082,527		699,095,987
Recoverable from Subsidiary Company (less than six months)		24,316,706		51,599,285
Unsecured, considered doubtful				
Outstanding exceeding six months	31,572,568		23,383,137	
Less : Provision for doubtful debts	31,572,568		23,383,137	
		764,399,233		750,695,272
SCHEDULE "H" : CASH AND BANK BALANCES :				
Cash and cheques on hand		266,487,162		201,621,023
(including foreign currencies - Notes and paid documents)				
Remittances in transit				
Foreign currencies - Notes and paid documents		454,502,373		542,967,651
Balances with scheduled Banks				
on current accounts	57,869,233		111,577,959	
on deposit accounts	15,972,872		15,587,078	
		73,842,105		127,165,037
Balances with non-scheduled banks				
On current accounts				
Credit Suisse, Zurich, Switzerland	314,039		5,367,770	
(maximum balance during the year Rs.9,676,929 - <i>Previous year Rs.18,267,009</i>)				
Bank of America, New York, USA	519,449		—	
(maximum balance during the year Rs.2,890,268 - <i>Previous year - Nil</i>)				
Bank of America, Tokyo, Japan	2,893,859		—	
(maximum balance during the year Rs.13,817,232 - <i>Previous year - Nil</i>)				
HSBC, London, UK	1,099,053		766,982	
(maximum balance during the year Rs.1,099,053 - <i>Previous year Rs.766,982</i>)				
Deutsche Bank AG, Frankfurt, Germany	5,797,064		—	
(maximum balance during the year Rs.53,944,736 - <i>Previous year Rs.134,106,947</i>)				

Schedules forming part of the Balance Sheet as at 31st October 2005

	As at 31st October 2005 Rupees	As at 31st October 2004 Rupees
SCHEDULE "H" : CASH AND BANK BALANCES : (Contd.)		
Bank of Nova Scotia, Tokyo, Japan (maximum balance during the year Rs.8,216,787 - <i>Previous year Rs.10,048,660</i>)	—	7,303,931
ANZ National Bank Limited, Australia (maximum balance during the year Rs.32,583,368 - <i>Previous year Rs.17,678,882</i>)	24,751,378	—
ANZ National Bank Limited, Wellington, New Zealand (maximum balance during the year Rs.5,562,443 - <i>Previous year Rs.3,641,487</i>)	2,140,050	—
NDB Bank, Sri Lanka (maximum balance during the year Rs.23,535 - <i>Previous year Rs.102,035</i>)	23,535	6,035
Commercial Bank, Sri Lanka (maximum balance during the year Rs.6,373,617 - <i>Previous year Rs.19,858,735</i>)	—	2,929,694
HSBC, Sri Lanka (maximum balance during the year Rs.842,127- <i>Previous year Rs.15,132,104</i>)	2,489	—
Deutsche Bank, Sri Lanka (maximum balance during the year Rs.8,640,500 - <i>Previous year Rs.3,231,529</i>)	—	3,231,529
Hatton National Bank, Sri Lanka (maximum balance during the year Rs.374,226 - <i>Previous year Rs.1,310,699</i>)	48,970	374,226
	37,589,886	19,980,167
On deposit accounts		
HSBC, Sri Lanka (maximum balance during the year Rs.68 - <i>Previous year Rs.44,132</i>)	68	—
NDB Bank, Sri Lanka (maximum balance during the year Rs.8,175,465 - <i>Previous year Rs.8,322,806</i>)	8,175,465	7,475,749
Standard Chartered Grindlays Bank, Sri Lanka (maximum balance during the year Rs.9,936,966 - <i>Previous year Rs.9,653,316</i>)	9,834,444	9,205,269
Pan Asia Bank, Sri Lanka (maximum balance during the year Rs.300,853 - <i>Previous year Rs.1,850,251</i>)	300,853	—
	18,310,830	16,681,018
	55,900,716	36,661,185
	850,732,356	908,414,896

Schedules forming part of the Balance Sheet as at 31st October 2005

	As at 31st October 2005 Rupees	As at 31st October 2004 Rupees
SCHEDULE "I" : LOANS AND ADVANCES :		
(Unsecured, considered good unless otherwise stated)		
Advances to Subsidiary Companies	16,366,915	10,111,262
Advances recoverable in cash or in kind or for value to be received		
Considered good	318,369,623	247,294,361
Considered doubtful	13,493,700	22,653,053
	331,863,323	269,947,414
Less : Provision for doubtful advances	13,493,700	22,653,053
	318,369,623	247,294,361
Tax payments less provisions	36,783,971	41,538,108
	371,520,509	298,943,731
SCHEDULE "J" : LIABILITIES :		
Sundry creditors other than Small Scale Industrial Undertakings *	786,906,019	693,010,718
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)	163,751,734	114,229,060
Unpaid dividend @	1,995,989	1,930,711
Fractional entitlement on bonus shares refund accounts	49,066	49,066
Other liabilities	1,536,118	3,145,316
	959,040,926	817,166,871
* Include Book Overdrafts aggregating to Rs.361,528,688 (Previous year Rs.262,020,880).		
@ 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	7,669,922	7,146,973
Provision for gratuity	3,992,674	10,542,871
	66,350,095	72,377,343

Schedules forming part of the Profit and Loss Account for the year ended 31st October 2005

	Year ended 31st October 2005 Rupees Rupees		Year ended 31st October 2004 Rupees Rupees	
SCHEDULE “L” : OTHER INCOME :				
Interest				
On deposits with banks (Gross) [tax deducted at source Rs.201,561 - Previous year Rs.179,960]	4,477,177		3,878,158	
On income tax refund	171,382		1,398,922	
On others	177,976		176,544	
		4,826,535		5,453,624
Dividend on Current Investments - Non Trade - On Units of Mutual Funds		7,401,008		6,297,755
Rent		1,091,692		595,485
Profit on sale of fixed assets		2,447,471		2,165,729
Exchange variation (net) other than in the normal course of business as foreign exchange authorised dealers		6,656,873		6,932,932
Profit on sale of current investments		90,317		149,699
Profit on redemption of long term investment		26,242		27,442
Provision for diminution in the value of long term investment written back	28,126,382		—	
Less : Loss on sale of long term investment	21,898,262		—	
		6,228,120		—
Provision for doubtful debts written back (net)		90,398		—
Provision for gratuity written back (net)		766,703		—
Management fees		1,572,867		1,511,400
Insurance claim		9,223,607		—
Liabilities no longer required written back		36,303,776		14,781,869
Miscellaneous income		10,762,228		28,789,548
		87,487,837		66,705,483
SCHEDULE “M” : PERSONNEL COST :				
Salaries, wages and bonus		233,325,994		202,503,440
Contribution to provident and other funds		22,166,372		20,788,388
Premium on / provision for gratuity-cum-life assurance policy		—		7,989,594
Staff welfare expenses		35,260,844		36,906,666
Staff training, recruitment and other costs		7,910,585		10,107,430
Incentive / Commission to staff and directors		18,948,279		28,604,858
		317,612,074		306,900,376

Schedules forming part of the Profit and Loss Account for the year ended 31st October 2005

	Year ended 31st October 2005 Rupees Rupees		Year ended 31st October 2004 Rupees Rupees	
SCHEDULE "N" : OTHER EXPENSES :				
Rent		63,971,149		58,096,889
Rates and Taxes		2,382,541		2,141,978
Insurance		8,451,475		9,019,730
Repairs and maintenance :				
Buildings	528,873		976,116	
Others	29,092,577		37,406,872	
		29,621,450		38,382,988
Electricity		17,475,254		17,561,582
Printing and stationery		12,289,134		13,787,214
Postage, telegrams, telex and telephones		43,007,958		41,877,499
Freight currency shipment		14,552,848		13,147,667
Legal and professional charges		26,090,911		19,611,712
Auditors' remuneration :				
Audit fees	885,000		885,000	
Reports under the provisions of the Income-tax Act, 1961	875,000		875,000	
Miscellaneous reports	142,500		33,500	
Reimbursement of expenses	12,966		45,275	
	1,915,466		1,838,775	
Branch Auditors' remuneration - Audit fees	169,832		268,386	
		2,085,298		2,107,161
Bank charges including handling charges on remittances		31,484,027		27,945,613
Travelling and subsistence		43,977,323		50,515,305
Brokerage and incentives		73,724,992		63,845,831
Directors' fees		440,000		285,000
Security services		8,009,002		8,379,798
Vehicle running and maintenance		12,321,094		10,985,462
Licence fees		10,975,417		11,223,503
Bad debts written off		9,648,020		14,249,940
Provision for doubtful debts and advances (net)		—		11,399,458
Loss on sale / write off of fixed assets		1,507,911		2,161,169
Donations		800,319		1,096,523
Miscellaneous expenses		7,200,677		14,581,997
		<u>420,016,800</u>		<u>432,404,019</u>
SCHEDULE "O" : INTEREST :				
Short term loan from banks		4,575,000		2,956,371
Bank overdrafts		1,725,179		1,603,033
Others		—		1,391,789
		<u>6,300,179</u>		<u>5,951,193</u>

Schedules forming part of the Financial Statements for the year ended 31st October 2005

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 as estimated by the management, 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.

(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.

Schedules forming part of the Financial Statements for the year ended 31st October 2005

SCHEDULE "P" (contd.)

(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 LIC as at the year end and any shortfall / excess based on such valuation is accounted for.

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.

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) Operating Leases :

Lease rentals in respect of operating lease arrangements are charged to the Profit and Loss Account.

(j) 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 2005

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.12,780,293 (Previous year Rs.14,289,710).

	As at 31st October 2005 Rupees	As at 31st October 2004 Rupees
(b) Contingent liabilities :		
(i) Claims against the Company not acknowledged as debts - Demand from Bombay Electricity Supply and Transport (BEST) for Electricity	1,961,083	1,961,083
(ii) Disputed income tax demands	18,533,792	18,533,792
(iii) Disputed demand for increase in rent raised by Brihanmumbai Municipal Corporation	11,572,851	11,572,851
(iv) Corporate guarantee given to a bank for the credit facilities extended by the said bank to Thomas Cook (Mauritius) Operations Company Limited	67,725,000	—

Note :

Future cash outflows in respect of (i) to (iii) above are determinable only on receipt of judgements / decisions pending with various forums / authorities. Future cash outflows in respect of (iv) above are determinable only in the event of invocation of the guarantee consequent to default, if any, in repayment of dues to the bank by Thomas Cook (Mauritius) Operations Company Limited.

- (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 2005 and the provision based on the figures for the remaining seven months up to 31st October 2005, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April 2005 to 31st March 2006.
- (d) Provision for Income tax and payments up to 31st March 2004 have been made without considering the benefit of deduction u/s 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. The deduction u/s 80HHC is not allowed from 1st April 2004.

	Year ended 31st October 2005 Rupees	Year ended 31st October 2004 Rupees
(e) Managerial Remuneration under section 198 of the Act to Whole time Directors (excluding gratuity contributed for the Company as a whole)		
Salaries	6,657,350	5,963,563
House rent allowance / perquisite	2,340,000	2,636,233
Commission	7,416,966	7,384,384
Contribution to provident and other funds	1,797,486	1,610,162
Perquisites in cash and in kind	7,913,908	7,084,753
	26,125,710	24,679,095
Commission to non executive directors	910,688	888,267
	27,036,398	25,567,362
Directors' fees	440,000	285,000

Note : The reappointment of Managing Director and his remuneration of Rs.4,384,415 for the period 16th June 2005 to 31st October 2005 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 2005

SCHEDULE "P" (contd.)

	Year ended 31st October 2005		Year ended 31st October 2004	
	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		415,163,066		428,825,572
Add :				
Remuneration to directors	27,036,398		25,567,362	
Directors' fees	440,000		285,000	
Depreciation as per Profit and Loss Account	65,004,627		55,256,115	
Loss on sale / write off of fixed assets as per Profit and Loss Account	1,507,911		2,161,169	
Profit on sale of fixed assets as per section 350 of the Act	1,650,257		1,197,375	
		95,639,193		84,467,021
Less :		510,802,259		513,292,593
Depreciation as per section 350 of the Act	47,632,937		42,968,273	
Loss on sale / write off of fixed assets as per section 350 of the Act	3,791,765		4,770,699	
Profit on sale of fixed assets as per Profit and Loss Account	2,447,471		2,165,729	
		53,872,173		49,904,701
Net Profit		456,930,086		463,387,892
Commission to non executive directors @ 1%		4,569,301		4,633,879
Commission to executive directors @ 10%		45,693,009		46,338,789
Commission payable to directors, restricted by the Board of Directors to		8,327,654		8,272,651
(f) Expenditure in foreign currency : (Other than in normal course of the business as foreign exchange authorised dealers)				
Interest and bank charges		26,496,454		12,479,829
Professional fees		2,942,497		1,227,303
Licence fees		10,975,417		11,223,503
Travelling, subscription and others		11,755,932		11,776,084
(g) 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		32,812,500		32,812,500
Year to which the dividend related		31st October 2004		31st October 2003
*Thomas Cook Overseas Limited				
(h) Earnings in foreign exchange : (Excluding reimbursement of expenses and receipts in foreign currency of foreign exchange transactions in the normal course of business as authorised dealers)				
Interest		1,680,671		787,413
Communication charges		99,298		300,172
Receipts from independent tours and travel		600,622,163		511,251,616
Commission on travellers cheques		5,638,548		3,358,265
Management fees		1,572,867		1,511,400
Cash passport		3,915,188		5,458,089
Incentive on exports volume		6,780,070		3,104,000
Miscellaneous income		12,144,463		24,516,841

Schedules forming part of the Financial Statements for the year ended 31st October 2005

SCHEDULE "P" (contd.)

(i) 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
Thomas Cook Travel and Foreign Exchange (Thailand) Limited
Thomas Cook Travel and Foreign Exchange (Singapore) Pte. Limited

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

(i) Fellow Subsidiaries

Thomas Cook Tour Operations Limited, UK
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
Thomas Cook Touristic GmbH, Germany
Thomas Cook Retail Limited, UK
Thomas Cook Reisen, Germany
Neckermann Reisen, Germany

(ii) Key Management Personnel

A. M. Kakkar
Madhavan Menon
R. Banerjee
R. R. Kenkare
Aashutosh Akshikar
Sunil Gupta (up to 31st August 2005)
S. Herwadkar
Anil Nadkarni
Dr. Prashant Nair (from 9th May 2005)

(iii) Relatives of Key Management
Personnel

M. V. Kakkar



Schedules forming part of the Financial Statements for the year ended 31st October 2005

SCHEDULE "P" (contd.)

	Year ended 31st October 2005		Year ended 31st October 2004	
	Rupees	Rupees	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		1,572,867		1,511,400
Services availed				
Thomas Cook UK Limited		—		1,200,000
Licence fees paid				
Thomas Cook UK Limited		10,975,417		11,223,503
Dividend remitted				
Thomas Cook Overseas Limited		32,812,500		32,812,500
Balances as at the year end -				
Outstanding receivables				
Thomas Cook UK Limited		—		1,521,597
Prepaid licence fees				
Thomas Cook UK Limited		—		1,894,167
Outstanding payables				
Thomas Cook UK Limited		8,817,122		—
(ii) Subsidiary Companies				
Sale of services*				
Thomas Cook Insurance Services (India) Limited	2,700,000		2,700,000	
Hindustan Cargo Limited	1,363,706		871,168	
		4,063,706		3,571,168
Reimbursement of Expenses				
Thomas Cook Insurance Services (India) Limited		28,435,156		13,973,708
Export of foreign currencies*				
Thomas Cook (Mauritius) Operations Company Limited		505,921,832		964,603,567
Services availed				
Hindustan Cargo Limited		8,615,347		7,510,116
Subscription to Share Capital				
Thomas Cook (Mauritius) Holding Company Limited		29,119,030		4,644,800
Balances as at the year end -				
Outstanding receivables				
Thomas Cook Insurance Services (India) Limited	12,769,853		3,908,705	
Indian Horizon Travel and Tours Limited	45,060		43,360	
Thomas Cook Tours Limited	44,895		43,195	
Hindustan Cargo Limited	2,940,687		6,116,002	
Thomas Cook (Mauritius) Operations Company Limited	24,883,453		51,599,285	
		40,683,948		61,710,547
* Sale value of transactions				

Schedules forming part of the Financial Statements for the year ended 31st October 2005

SCHEDULE "P" (contd.)

	Year ended 31st October 2005 Rupees Rupees		Year ended 31st October 2004 Rupees Rupees	
(iii) Fellow Subsidiaries				
Sale of Services*				
Thomas Cook Tour Operations Limited, UK	272,085,319		225,539,928	
Thomas Cook Touristic GmbH, Germany	81,038,714		124,653,775	
Others	66,993,561		11,872,487	
		420,117,594		362,066,190
* Sale value of transactions				
Balances as at the year end -				
Outstanding receivables				
Thomas Cook Tour Operations Limited, UK	384,166		586,669	
Thomas Cook Touristic GmbH, Germany	—		6,295,205	
Others	5,396,219		9,140	
		5,780,385		6,891,014
Advances received				
Thomas Cook Tour Operations Limited, UK	—		12,533,987	
Others	316,305		76,497	
		316,305		12,610,484
(iv) Key Management Personnel				
Remuneration#				
A. M. Kakkar	12,449,497		10,591,191	
Madhavan Menon	8,043,476		7,487,087	
R. Banerjee	5,632,737		3,127,132	
P. Sreekumar	—		3,473,686	
Others	14,565,526		12,652,117	
		40,691,236		37,331,213
# 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
Balance as at the year end -				
Deposit receivable				
M. V. Kakkar		39,000,000		39,000,000

Schedules forming part of the Financial Statements for the year ended 31st October 2005

SCHEDULE "P" (contd.)

	Year ended 31st October 2005 Rupees	Year ended 31st October 2004 Rupees
(j) Disclosures in respect of cancellable agreements for office and residential premises taken on lease		
(i) Lease payments recognised in the Profit and Loss Account	67,140,586	61,843,871
(ii) Significant leasing arrangements		
- The Company has given refundable interest free security deposits under certain agreements.		
- The lease agreements are for a period of eleven months to ninety years.		
- The lease agreements are cancellable at the option of either party by giving one month to six months' notice.		
- Certain agreements provide for increase in rent.		
- Some of the agreements contain a provision for their renewal.		
(iii) Future minimum lease payments under non-cancellable agreements		
- Not later than one year	1,322,666	1,594,404
- Later than one year and not later than five years	1,558,197	506,666
(k) 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	268,611,831	274,679,725
Weighted average number of shares	14,583,333	14,583,333
Earnings per share	18.42	18.84
(Rs. per Equity share of Rs.10 each) - Basic and diluted		
(l) Previous year figures have been regrouped where necessary.		

Schedules forming part of the Financial Statements for the year ended 31st October 2005

SCHEDULE "P" (contd.)

(m) The Balance Sheet abstract and Company's general business profile

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 5

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 8 9 1 5 2

Total Assets

- - 1 6 8 9 1 5 2

Sources of Funds

Paid-up Capital

- - - 1 4 5 8 3 3

Reserves and Surplus

- - 1 4 8 7 6 2 5

Secured Loans

- - - N I L - - -

Unsecured Loans

- - - N I L - - -

* Total Liabilities include Deferred Taxation (net) of Rs.55,694 thousands.

Application of Funds

Net Fixed Assets

- - - 5 3 6 9 8 7

Investments

- - - 1 9 0 9 0 4

Net Current Assets

- - - 9 6 1 2 6 1

Miscellaneous Expenditure

- - - N I L - - -

Accumulated Losses

- - - N I L - - -

Schedules forming part of the Financial Statements for the year ended 31st October 2005

SCHEDULE "P" (contd.)

IV. Performance of Company (Rupees in Thousands)

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

Mumbai, 15th December 2005.

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

Cash Flow Statement for the year ended 31st October 2005

	Year ended 31st October 2005 Rupees	Year ended 31st October 2004 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAXATION	415,163,066	428,825,572
Adjustments for :		
Depreciation	65,004,627	55,256,115
Interest income	(4,826,535)	(5,453,624)
Unrealised exchange variation (net)	(357,202)	(159,681)
Dividend income	(7,401,008)	(6,297,755)
Profit on sale of fixed assets	(2,447,471)	(2,165,729)
Profit on sale of current investments	(90,317)	(149,699)
Profit on redemption of long term investment	(26,242)	(27,442)
Provision for diminution in the value of long term investment written back (net)	(6,228,120)	—
Loss on sale / write off of fixed assets	1,507,911	2,161,169
Interest expense	6,300,179	5,951,193
	51,435,822	49,114,547
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	466,598,888	477,940,119
Adjustments for :		
Trade and other receivables	(89,299,263)	(235,336,408)
Trade and other payables	135,236,381	196,425,683
	45,937,118	(38,910,725)
CASH GENERATED FROM OPERATIONS	512,536,006	439,029,394
Interest paid	(6,277,980)	(5,900,940)
Interest received	3,448,124	3,077,722
Direct taxes paid (net of refund of taxes)	(139,585,189)	(184,030,467)
	(142,415,045)	(186,853,685)
NET CASH FROM OPERATING ACTIVITIES	370,120,961	252,175,709
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(81,101,075)	(115,748,991)
Sale of fixed assets	6,418,191	6,996,919
Subscription to share capital of subsidiary company	(29,119,030)	(4,644,800)
Purchase of investments (net)	(126,015,425)	—
Sale of investments (net)	6,382,024	47,720,186
Dividend received	7,401,008	6,297,755
	(216,034,307)	(59,378,931)
NET CASH USED IN INVESTING ACTIVITIES		
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from borrowings	—	148,747,162
Repayment of borrowings	(150,000,000)	—
Dividend paid	(54,622,221)	(54,474,926)
Tax on dividend paid	(7,146,973)	(7,006,836)
	(211,769,194)	87,265,400
NET CASH FROM / (USED IN) IN FINANCING ACTIVITIES		
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(57,682,540)	280,062,178
Cash and cash equivalents - Opening balance	908,414,896	628,352,718
Cash and cash equivalents - Closing balance	850,732,356	908,414,896

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
Lovelock & Lewes
Chartered Accountants

Mumbai, 15th December 2005

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, 15th December 2005

Directors' Report

DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the Balance Sheet and Profit and Loss Account for the year ended 31st October 2005.

FINANCIAL RESULTS:

Your Company continues to produce consistent results. During the year ended 31st October 2005, despite keen competition, your Company's results were far better from the previous year and were as follows: -

	Rupees in Million)	
	Year ended 31st October 2005	Year ended 31st October 2004
Profit before Taxation	12.8	8.4
Provision for		
- Taxation	4.6	3.9
- Deferred Taxation	(0.08)	(0.7)
- Fringe Benefit Tax	0.3	-
Profit after Taxation	7.9	5.3

During the year 2004-2005, the Company was awarded & recognised by FFSTI Worldwide Network, Hongkong, as the second best agent in recognition of the Exceptional Sales Performance for the most important top 10 agents with the highest growth of more than 180%. The Company bagged yet another prestigious award, the Quality Summit International Award for Excellence and Business Prestige from Business Initiative Directions (BID), Spain.

The Company has entered into an agreement with Adsteam Agency (India) Ltd., a fully-owned subsidiary of Adsteam Marine Ltd., Australia to promote International Logistics, LCL Consoles, Project Cargo, third party logistics and door-to-door delivery of all types of cargo.

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. 25,840,624/- as at 31st October 2005.

DIRECTORS:

In accordance with Article 130 of the Articles of Association, Mr. A. Kakkar retires by rotation and being eligible offers himself for re-appointment. The Board wishes to re-appoint Mr. Narendran Kochat as the Managing Director for a further period of three (3) years with effect from 17th January 2006 to 16th January 2009.

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

The foreign exchange earnings during the year amounted to Rs. 1,258,468/-.

During the year, the Company has incurred expenditure in foreign currency towards subscription and travel amounting to Rs. 896,613/- as disclosed under Schedule O Note 6.

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:

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;
- the Directors have prepared the annual accounts 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. Kakkar M. Menon
Chairman Director

Mumbai, 25th November 2005

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 2005. 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 14th December 2004, 16th February 2005, 18th May 2005, and 22nd August 2005 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 2005 was held on 22nd February 2005 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 Extraordinary General Meeting was held during the 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 lodgment within the time, during the year under review.
 - (ii) not declared dividend during the year under review.
 - (iii) not declared 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 additional director was appointed as a Director at the Annual General Meeting held on 22nd February 2005.
15. The Company has not appointed any managing director/whole-time director/manager during the year under review.
16. The company has not appointed any sole-selling agents during the 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 under review.
20. There are no shares bought back by the company during the year under review.
21. There was no redemption of preference shares or debentures during the year under review.
22. There are no pending /keeping in abeyance rights to dividend, rights shares and bonus shares.
23. The company has not accepted deposits within the meaning of Section 58A of the Companies Act, 1956.
24. The amounts borrowed by the Company during the year ended 31st October 2005 are within the borrowing limits of the company.
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.
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 review.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under review.
28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under review.
29. The company has not altered the provisions of the Memorandum with respect to share capital of the

- | | | |
|--|--|---|
| <p>company during the year under review .</p> <p>30. The company has not altered its Articles of Association during the year under review .</p> <p>31. There was no prosecution initiated against or show cause notices received by the company during</p> | <p>the year under review in respect of offences under the Act.</p> <p>32. The company has not received any amount as security from its employees during the year under certification as per provisions of section 417 (1) of the Act.</p> <p>33. The company has deposited both employees' and employer's contribution to Provident Fund</p> | <p>with prescribed authorities pursuant to section 418 of the Act.</p> <p>For P. C. SHAH & CO.</p> <p>(PRADIP C. SHAH)</p> <p>Practising Company Secretary
Proprietor</p> <p>Mumbai, 21st November 2005</p> |
|--|--|---|

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 Meetings
10. Minutes Book of Annual General Meetings u/s 193
11. Minutes Book of Board Meetings u/s 193
12. Register of inter-corporate loans and investments u/s 372A

For P. C. SHAH & CO.

Place : Mumbai
Date : 21st November 2005

(PRADIP C. SHAH)
Practising Company Secretary
Proprietor

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31st October 2005:

1. Form No. 32 dated 21st March 2005 in respect of appointment of Mr. Robin Banerjee as a director of the company at the 12th Annual General Meeting on 22nd February 2005 was filed with the Registrar of Companies Maharashtra on 22nd March 2005.
2. Balance Sheet for the year ended 31st October 2004 filed u/s 220 of the Act was filed with the Registrar of Companies, Maharashtra on 22nd March 2005.
3. Compliance Report of M/s. P. C. Shah & Co. for the year ended 31st October 2004 as required u/s 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 22nd March 2005.
4. Annual Return made under Schedule V to the Companies Act, 1956 in respect of AGM held on 22nd February 2005, was filed with the Registrar of Companies, Maharashtra on 21st April 2005.
5. Form No. III dated 22nd August 2005 in respect of beneficial interest u/s 187C (4) of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 16th September 2005.

For P. C. SHAH & CO.

Place : Mumbai
Date : 21st November 2005

(PRADIP C. SHAH)
Practising Company Secretary
Proprietor

Auditors' Report

To the Members of
Hindustan Cargo Limited

1. We have audited the attached Balance Sheet of Hindustan Cargo Limited as at 31st October 2005, the related Profit and Loss Account and the 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, as amended by the Companies (Auditor's Report) Amendment Order, 2004, 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 accounts required by law have been kept by the Company so far as appears from our examination of those books;

(c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) 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;

(e) On the basis of written representations received from the directors, as on 31st October 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on that date 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 read with note 2 in Schedule O regarding realisability of certain overdue receivables, 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 2005;

(ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date;

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

N. Ramesh Rajan

Partner

Membership No. 22311

For and on behalf of

Lovelock & Lewes

Chartered Accountants

Chennai, 25th November 2005

Annexure to the Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Hindustan Cargo Limited on the financial statements for the year ended 31st October 2005]

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, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. The Company has not granted / taken any loans, secured or unsecured, to / 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 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. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
4. According to the information and explanations given to us, there have been no contracts or arrangements referred to in section 301 of the Act during the year to be entered in the register required to be maintained under that section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.
5. The Company has not accepted any deposits from the public within the meaning of sections 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 (i) 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 the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including 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 2005 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding 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 during the year.
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 Act during the year.
18. The Company has not issued debentures during the year.
19. The Company has not raised any money by public issues during the year.
20. During the course of our examination of the books and records of the Company, 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. The other clauses, ii(a), ii(b), ii(c), of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order, 2004, are 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 and on behalf of
Lovelock & Lewes
Chartered Accountants

Chennai, 25th November 2005

Balance Sheet as at 31st October 2005

	Schedule	As at 31st October 2005		As at 31st October 2004	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS :					
Capital	A	2,500,000		2,500,000	
Reserves and surplus	B	25,840,624		17,936,409	
			28,340,624		20,436,409
LOAN FUNDS :					
Secured loans	C	—		3,580,908	
Unsecured loans	D	115,663		154,636	
			115,663		3,735,544
TOTAL			28,456,287		24,171,953
APPLICATION OF FUNDS :					
FIXED ASSETS :					
Gross block	E	14,463,918		10,809,134	
Less : Depreciation		5,977,695		4,718,369	
Net block			8,486,223		6,090,765
DEFERRED TAX ASSET			471,849		386,874
CURRENT ASSETS, LOANS AND ADVANCES :					
Sundry debtors	F	40,064,947		32,870,898	
Cash and bank balances	G	4,144,228		3,732,170	
Other current assets-Interest accrued		43,893		39,783	
Loans and advances	H	6,866,145		6,354,963	
		51,119,213		42,997,814	
LESS : CURRENT LIABILITIES AND PROVISIONS :					
Liabilities	I	30,723,774		24,570,855	
Provisions	J	897,224		732,645	
		31,620,998		25,303,500	
NET CURRENT ASSETS			19,498,215		17,694,314
TOTAL			28,456,287		24,171,953
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 . RAM ESH RAJAN
Partner
Membership No. 22311

For Lovelock & Lewes
Chartered Accountants

Chennai, 25th November 2005

For and on behalf of the Board

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

Mum bai, 25th November 2005

Profit and Loss Account for the year ended 31st October 2005

	Schedule	Year ended 31st October 2005		Year ended 31st October 2004	
		Rupees	Rupees	Rupees	Rupees
INCOME :					
Income from services rendered	K	46,554,585		38,072,920	
Other income	L	<u>1,516,917</u>		<u>889,719</u>	
			48,071,502		38,962,639
EXPENDITURE :					
Personnel expenses	M	16,309,070		14,205,824	
Other expenses	N	17,375,831		15,141,704	
Depreciation	E	<u>1,632,361</u>		<u>1,206,516</u>	
			35,317,262		30,554,044
PROFIT BEFORE TAXATION			12,754,240		8,408,595
Provision for taxation					
Current tax		4,600,000		3,811,386	
Fringe benefit tax		335,000		—	
Deferred tax liability / (asset)		<u>(84,975)</u>		<u>(730,451)</u>	
			4,850,025		3,080,935
PROFIT AFTER TAXATION			7,904,215		5,327,660
Balance brought forward from last year			15,610,607		10,282,947
Amount available for appropriations			<u>23,514,822</u>		<u>15,610,607</u>
Appropriations			—		—
Balance carried to Balance Sheet			<u>23,514,822</u>		<u>15,610,607</u>
Earning Per Share - Basic and diluted (Note 10 of Schedule O)			31.62		21.31
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 . RAM ESH RAJAN
Partner
Membership No. 22311

For Lovelock & Lewes
Chartered Accountants

Chennai, 25th November 2005

For and on behalf of the Board

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

Mumbai, 25th November 2005

Schedules forming part of the Balance Sheet as at 31st October 2005

	As at 31st October 2005		As at 31st October 2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "A" : SHARE CAPITAL :				
Authorised :				
1,000,000 Equity shares of Rs.10 each		10,000,000		10,000,000
Issued and subscribed :				
250,000 Equity shares of Rs.10 each fully paid-up		2,500,000		2,500,000
1) of the above, 26,955 Equity shares of Rs.10 each, fully paid-up, have been allotted to Thomas Cook (India) Limited (TCIL), for consideration other than cash				
2) The entire issued share capital of the Company is held by the holding Company, TCIL, directly or through its nominee				
SCHEDULE "B" : RESERVES AND SURPLUS :				
General Reserve :				
Balance as per last Balance Sheet		2,325,802		2,325,802
Balance in Profit and Loss Account		23,514,822		15,610,607
		25,840,624		17,936,409
SCHEDULE "C" : SECURED LOANS :				
Cash Credit from banks*		—		3,580,908
		—		3,580,908
*The cash credit facility is secured by hypothecation of book debts, all other current assets and fixed assets				
SCHEDULE "D" : UNSECURED LOANS :				
Bank Overdraft		115,663		154,636
		115,663		154,636

106

SCHEDULE "E" : FIXED ASSETS :										(Rupees)	
	GROSS BLOCK- AT COST				DEPRECIATION				NET BLOCK		
Description	As at 1st November 2004	Additions	Deductions	As at 31st October 2005	As at 1st November 2004	For the year	On Deductions	Upto 31st October 2005	As at 31st October 2005	As at 31st October 2004	
Furniture and fixtures*	2,229,816	384,769	69,467	2,545,118	1,151,473	348,246	62,715	1,437,004	1,108,114	1,078,343	
Computers	3,535,968	2,375,737	136,039	5,775,666	1,594,253	705,521	136,036	2,163,738	3,611,928	1,941,715	
Office equipment	2,810,467	601,913	261,876	3,150,504	926,880	147,844	171,730	902,994	2,247,510	1,883,587	
Vehicles #	2,232,883	770,747	11,000	2,992,630	1,045,763	430,750	2,554	1,473,959	1,518,671	1,187,120	
TOTAL	10,809,134	4,133,166	478,382	14,463,918	4,718,369	1,632,361	373,035	5,977,695	8,486,223	6,090,765	
Previous year	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		

* Includes Rs2,048,659 (Previous year - Rs1,676,500) on account of improvements to leasehold premises.

Includes Rs256,989 (Previous year - Rs256,989) assets purchased under hire purchase agreement.

Schedules forming part of the Balance Sheet
as at 31st October 2005

	As at 31st October 2005 Rupees		As at 31st October 2004 Rupees	
SCHEDULE "F" : SUNDRY DEBTORS :				
Debts outstanding for a period exceeding six months				
Unsecured, considered good		2,465,454		1,977,067
Unsecured, considered doubtful	2,659,599		1,668,674	
Less : Provision for doubtful debts	<u>2,659,599</u>		<u>1,668,674</u>	
		—		—
		<u>2,465,454</u>		<u>1,977,067</u>
Other debts				
Unsecured, considered good		37,599,493		30,893,831
		<u>40,064,947</u>		<u>32,870,898</u>
SCHEDULE "G" : CASH AND BANK BALANCES :				
Cash on hand (including cheques on hand)		421,131		257,101
Balances with scheduled banks :				
On current account	3,293,097		2,940,069	
On fixed deposit*	<u>430,000</u>		<u>535,000</u>	
		<u>3,723,097</u>		<u>3,475,069</u>
		<u>4,144,228</u>		<u>3,732,170</u>
* Margin money with Banks Rs430,000 (Previous year - Rs535,000)				
SCHEDULE "H" : LOANS AND ADVANCES :				
Unsecured, considered good				
Advances recoverable in cash or in kind or for value to be received *		4,349,227		4,122,427
Balance with customs, port trust, etc.		204,791		192,770
Advance payment of tax less provision**		<u>2,312,127</u>		<u>2,039,766</u>
		<u>6,866,145</u>		<u>6,354,963</u>
* Includes 6 year National Saving Certificate deposited with Customs - Rs25,000 (Previous year - Rs25,000)				
** Net of provision of Rs31,108,784 (Previous year - Rs26,323,784)				
SCHEDULE "I" : CURRENT LIABILITIES :				
Sundry creditors*		27,225,938		16,793,783
Other liabilities		147,364		355,159
Advance payment from customers		409,786		1,305,911
Due to holding company		<u>2,940,686</u>		<u>6,116,002</u>
		<u>30,723,774</u>		<u>24,570,855</u>
* As at 31st October 2005 there are no dues to Small Scale Industrial Undertaking as per the information available with the company (Previous year - RsNil)				
SCHEDULE "J" : PROVISIONS :				
Provision for leave salary		720,224		732,645
Provision for gratuity		<u>177,000</u>		—
		<u>897,224</u>		<u>732,645</u>

Schedules forming part of the Profit and Loss Account for the year ended 31st October 2005

	Year ended 31st October 2005		Year ended 31st October 2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "K" : INCOME FROM SERVICES RENDERED :				
Commission		30,228,868		21,553,221
Agency		16,325,717		16,519,699
		<u>46,554,585</u>		<u>38,072,920</u>
SCHEDULE "L" : OTHER INCOME :				
Interest on fixed deposits (gross)		34,742		28,258
(Tax deducted at source Nil - Previous year - Rs Nil)				
Profit on sale of fixed assets		62,054		101,834
Exchange gain (Net)		1,173,968		726,570
Miscellaneous income		40,413		6,318
Liabilities / Provision no longer required written back		205,740		26,739
		<u>1,516,917</u>		<u>889,719</u>
SCHEDULE "M" : PERSONNEL COST :				
Salaries, wages and bonus		11,895,356		10,572,974
Contribution to provident and other funds		1,391,298		1,200,101
Premium on / provision for gratuity-cum -life assurance policy		353,467		331,440
Staff welfare		2,668,949		2,101,309
		<u>16,309,070</u>		<u>14,205,824</u>
SCHEDULE "N" : OTHER EXPENSES :				
Electricity charges		607,081		561,850
Rent		1,633,575		1,634,900
Repairs and maintenance		2,067,649		1,740,140
Vehicle running expenses		746,644		703,064
Insurance		53,986		50,885
Brokerage and incentives		17,859		63,498
Printing and stationery		935,316		865,882
Postage, telegrams, telex and telephones		2,465,646		2,348,045
Provision for doubtful debts and advances		1,196,665		1,573,878
Auditors' remuneration :				
For statutory audit	99,180		99,180	
For tax audit	99,180		97,200	
For other services (tax closing)	99,180		97,200	
		<u>297,540</u>		<u>293,580</u>
Directors' sitting fees		20,000		20,000
Legal and professional fees		407,554		500,617
Interest and bank charges		590,554		676,540
(includes Interest on Cash Credit of Rs.156,690 (Previous year - Rs.365,654))				
Travelling and subsistence		4,474,635		3,314,376
Loss on fixed assets sold / scrapped		95,402		—
Miscellaneous expenses		1,765,725		794,449
		<u>17,375,831</u>		<u>15,141,704</u>

Schedules forming part of the Financial Statements for the year ended 31st October 2005

SCHEDULE "O" : NOTES TO THE FINANCIAL STATEMENTS :

1. SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of Accounting -

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

b) Use of Estimate :

The preparation of financial statements in conformity with the General Accepted Accounting Principles (GAAP) requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

c) 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.

d) 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.

e) Service Income :

Agency income and commission income are recognised as per terms and conditions and includes recoverable expenses in the normal course of business.

f) Provisions :

Provisions are recognised when the Company has an obligation as a result of past events and it is probable that an outflow of economic resource will be required to settle the obligation and a reasonable estimate of the amount of the obligation can be made.

g) 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.

h) Taxes on Income :

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

Deferred tax for the year is recognized on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized and carried forward only if there is a virtual certainty of its realisation and are reviewed for appropriateness of their respective carrying values at each Balance Sheet date.

2. The Company is taking steps to collect certain overdue receivables amounting to Rs.1,753,760 and is confident of its recovery and in respect of which confirmation of balances have also been received for a substantial part of the amounts. Accordingly, no provision towards doubtful debts is considered necessary other than those already provided in the books.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.380,000 (Previous year - Rs.Nil)

Schedules forming part of the Financial Statements for the year ended 31st October 2005

SCHEDULE "O" (contd.)	Year ended 31st October 2005		Year ended 31st October 2004	
	Rupees	Rupees	Rupees	Rupees
4. The Deferred Tax (Asset) / Liability comprises of tax effect of timing differences on account of :				
i) Fixed Assets excess net book over written down value as per the provisions of the Income Tax Act, 1961		756,681		491,829
ii) Provision for doubtful debts		(895,221)		(610,610)
iii) Others		(333,309)		(268,093)
		<u>(471,849)</u>		<u>(386,874)</u>
5. Managerial Remuneration u/s 198 of the Companies Act, 1956 to the Managing Director (excluding gratuity contributed on a global basis)				
Salaries & allowances		539,847		454,300
Contribution to provident and other funds		145,759		122,661
Perquisites in cash and in kind		720,904		581,072
		<u>1,406,510</u>		<u>1,158,033</u>
Directors' sitting fees		20,000		20,000
Computation of net profits in accordance with section 198 read with section 309 (5) of the Companies Act, 1956				
Net profit as per Profit and Loss Account		7,904,215		5,327,660
Add :				
Provision for taxation	4,850,025		3,080,935	
Remuneration to the Managing Director	1,406,510		1,158,033	
Directors' fees	20,000		20,000	
Depreciation as per accounts	1,632,361		1,206,516	
Loss on fixed assets sold / scrapped as per accounts	33,348		—	
Net profit on fixed assets sold as per section 350	—		77,859	
		<u>7,942,244</u>		<u>5,543,343</u>
		15,846,459		10,871,003
Less :				
Depreciation as per section 350	1,448,580		700,171	
Profit on fixed assets sold as per accounts	—		101,834	
		<u>1,448,580</u>		<u>802,005</u>
Net profit		<u>14,397,879</u>		<u>10,068,998</u>
Maximum remuneration payable at the rate of 5 percent of the net profits as per section 309 of the Companies Act, 1956		719,894		503,450
Minimum remuneration as approved by the Shareholders of the Company which is within the limits prescribed in Schedule XIII of the Companies Act, 1956		1,260,751		1,035,372
6. Expenditure in Foreign Currency : Subscription / Travel		896,613		492,847
7. Earnings in Foreign Currency : Revenue on export shipment		1,258,468		1,372,442
8. Agency revenue is net off clearance expenses amounting to Rs.10,195,935 (Previous year -Rs.11,175,517) , which is adjusted against relevant heads of expenditure.				
9. Segmental Reporting :				
Accounting Standard (AS 17) on Segment Reporting is not applicable as the Company has only one business segment viz freight and forwarding and allied activities.				

Schedules forming part of the Financial Statements for the year ended 31st October 2005

SCHEDULE "O" (contd.)

	Year ended 31st October 2005 Rupees	Year ended 31st October 2004 Rupees
10. Earnings per Share :		
Profit after taxation	7,904,215	5,327,660
Weighted average number of shares outstanding during the year (Nos.)	250,000	250,000
Basic and diluted Earnings Per Share	31.62	21.31
11. Related Party Transactions :		
I) Relationships :		
a. Holding Company :		
Thom as Cook (India) Limited (TCIL) holds 100% equity shares in the Company. Thom as Cook Overseas Limited (TCOL) holds 60% equity shares in the Company of TCIL. Thom as Cook UK Limited, the holding company of TCOL, is a subsidiary of Eurocenter Beteiligungs - und Reisevermittlung GmbH (Eurocenter) who in turn is subsidiary of Thom as Cook AG.		
b. Fellow Subsidiaries :		
Thom as Cook Insurance Services (India) Limited		
Thom as Cook Tours Limited		
Indian Horizon Travel & Tours Limited		
Thom as Cook (Mauritius) Holding Company Limited		
Thom as Cook (Mauritius) Operations Company Limited		
c. Key Management Personnel and Relatives of Key Management Personnel (KMP)		
Mr Kochat Narendran (Managing Director)		
II) Transactions with related parties :		
a. Details relating to transactions with Thom as Cook (India) Limited		
Nature of Transactions	Holding company	
	Year Ended 31st October 2005 Rupees	Year Ended 31st October 2004 Rupees
Sale of services	8,615,347	7,510,116
Rent paid	92,000	90,000
Receiving of services	1,271,706	781,168
b. Details of Payment made to Key management personnel		
Remuneration	1,406,510	1,158,033
c. Balances as at the year end		
Outstanding receivables	802,590	545,218
Current Account payable	2,940,686	6,116,002
12. Disclosure in respect of assets acquired under hire purchase		
Cost of vehicles acquired	256,989	256,989
Net carrying amount of vehicles	183,841	221,390
Minimum hire purchase payments		
Due not later than one year	73,243	77,760
Due after one year but not later than five years	—	73,243
Hire charges recognised in the statement of Profit and Loss Account for the year	12,206	16,577
13. The Company has entered in to lease arrangements for office and residential premises. These lease agreements are for a period of eleven months to 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.1,633,575 (Previous year - Rs.1,634,900)		
14. The tax year for the Company being the year ending 31st March, the provision for taxation for the year is the aggregate of the provision made for the five months ended 31st March 2005 and the provision based on the figures for the remaining seven months up to 31st October 2005, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April 2005 to 31st March 2006.		

Schedules forming part of the Financial Statements for the year ended 31st October 2005

SCHEDULE "O" (contd.)

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

I. Registration Details

Registration No.

1	1	-	7	5	4	8	0
---	---	---	---	---	---	---	---

 State Code

1	1
---	---

Balance sheet Date

3	1
---	---

1	0
---	---

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

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)

<p style="text-align: center;">Total Liabilities*</p> <p style="text-align: center;">- - - 6 0 0 7 7</p> <p style="text-align: center;">* includes current liabilities</p> <p>Sources of Funds</p> <p style="text-align: center;">Paid-up Capital - - - - 2 5 0 0</p> <p style="text-align: center;">Secured Loans - - - - - N I L</p> <p>Application of Funds</p> <p style="text-align: center;">Net Fixed Assets - - - - 8 4 8 6</p> <p style="text-align: center;">Net Current Assets - - - 1 9 4 9 8</p> <p style="text-align: center;">Accumulated Losses - - N I L - - -</p>	<p style="text-align: center;">Total Assets**</p> <p style="text-align: center;">- - - 6 0 0 7 7</p> <p style="text-align: center;">** includes current assets</p> <p style="text-align: center;">Reserves & Surplus - - - 2 5 8 4 1</p> <p style="text-align: center;">Unsecured Loans - - - - 1 1 6</p> <p style="text-align: center;">Investments - - N I L - - -</p> <p style="text-align: center;">Deferred Tax Asset - - - - 4 7 2</p>
--	--

IV. Performance of Company (Rupees in Thousands)

<p style="text-align: center;">Turnover - - - 4 8 0 7 1</p> <p style="text-align: center;">Profit / Loss before tax - - - 1 2 7 5 4</p> <p style="text-align: center;">Earning per share in Rs. - - - 3 1 . 6 2</p>	<p style="text-align: center;">Total Expenditure - - - 3 5 3 1 7</p> <p style="text-align: center;">Profit / Loss after tax - - - - 7 9 0 4</p> <p style="text-align: center;">Dividend rate % - - - N I L - - -</p>
---	--

+ for profit, - for loss

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

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

16. Previous years 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
IG SHAHANI	DIRECTOR

Mumbai, 25th November 2005

Cash Flow Statement for the year ended 31st October 2005

	Year ended 31st Oct, 2005		Year ended 31st Oct, 2004	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :				
NET PROFIT BEFORE TAXATION		12,754,240		8,408,595
Adjustments for :				
Depreciation	1,632,361		1,206,516	
Interest income	(84,742)		(28,258)	
Profit on sale of fixed assets	(62,054)		(101,834)	
Loss on sale / write off of fixed assets	95,402		-	
Interest expense	156,690		365,654	
		<u>1,787,657</u>		<u>1,442,078</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		14,541,897		9,850,673
Adjustments for :				
Trade and other receivables	(7,393,087)		(10,400,902)	
Trade and other payables	6,317,499		8,248,501	
		<u>(1,075,588)</u>		<u>(2,152,401)</u>
CASH GENERATED FROM OPERATIONS		13,466,309		7,698,272
Interest paid	(156,690)		(365,654)	
Interest received	(9,151)		28,258	
Direct taxes paid (net of refund of taxes)	(5,207,362)		(4,211,393)	
		<u>(5,373,203)</u>		<u>(4,548,789)</u>
NET CASH FROM OPERATING ACTIVITIES		8,093,106		3,149,483
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets	(4,133,166)		(2,966,158)	
Sale of fixed assets	72,000		222,800	
Net cash used in investing activities		<u>(4,061,166)</u>		<u>(2,743,358)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Increase / (Decrease) in Borrowings	(3,619,882)		1,177,683	
Net cash used in financing activities		<u>(3,619,882)</u>		<u>1,177,683</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+ B+ C)		<u>412,058</u>		<u>1,583,808</u>
Cash and cash equivalents - Opening balance		3,732,170		2,148,362
Cash and cash equivalents - Closing balance		4,144,228		3,732,170

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.

This is the Cash Flow statement referred to in our report of even date

For and on behalf of the Board

N. RAMESH RAJAN
Partner
Membership No. 22311

For Lovelock & Lewes
Chartered Accountants

Chennai, 25th November 2005

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

Mumbai, 25th November 2005



Directors' Report

TO THE MEMBERS:

Your Directors have pleasure in presenting the Seventeenth Annual Report and the Balance Sheet as at 31st October 2005.

OPERATIONS:

There were no business activities carried on throughout the year ended 31st October 2005.

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:

In accordance with Article 130 of the Articles of Association of the Company, Mr. Madhavan Menon retires by rotation and being eligible, offers himself for re-appointment.

AUDITORS:

M/s. Lovelock & Lewes, Chartered Accountants, Auditors of the Company 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 alongwith proper explanation relating to material departures;
- the accounting policies were selected and applied consistently and judgements and estimates were made which were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year under review;
- 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.

For and on behalf of the Board

A. M. KAKKAR — CHAIRMAN

M. MENON — DIRECTOR

Mumbai, 25th November 2005

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 2005, which we have signed under reference to this report. Profit and Loss Account and Cash Flow Statement have not 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') 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 Order 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;
 - In our opinion, the Balance Sheet dealt with by this report complies with the accounting standards referred to in sub-section (3Q) of section 211 of the Act;
 - On the basis of written representations received from the directors, as on 31st October 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st October 2005 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 gives in the prescribed manner the information required by the Act and gives 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 2005.

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Mumbai, 25th November 2005

Balance Sheet as at 31st October 2005

	As at 31st October 2005 Rupees	As at 31st October 2004 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
Balances with scheduled bank on current account	499,910	499,910
	499,940	499,940
LESS: CURRENT LIABILITIES AND PROVISIONS :		
Liabilities :		
Sundry creditors	44,895	43,195
NET CURRENT ASSETS	455,045	456,745
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary and pre-operative expenses	44,955	43,255
TOTAL	500,000	500,000

Notes:

- The Balance Sheet is 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 Balance Sheet is prepared in accordance with the historical cost convention.
- The Balance Sheet Abstract and Company's General Business Profile as required by Part IV to Schedule VI of the Act is given in the Annexure.

In terms of our report of even date

For and on behalf of the Board

Sharmila A. Karve
Partner
Membership No. 43229

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

For and on behalf of
Lovelock & Lewes
Chartered Accountants

M. MENON — DIRECTOR

Mumbai, 25th November 2005

Mumbai, 25th November 2005

Annexure referred to in the Balance Sheet as at 31st October 2005 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	5	
	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	-	-	-	-	5	0	0	Total Assets	-	-	-	-	5	0	0
Sources of Funds								Reserves & Surplus	-	-	-	-	N	I	L
Paid-up Capital	-	-	-	-	5	0	0	Unsecured Loans	-	-	-	-	N	I	L
Secured Loans	-	-	-	-	N	I	L								
Application of Funds								Investments	-	-	-	-	N	I	L
Net Fixed Assets	-	-	-	-	N	I	L	Misc. Expenditure	-	-	-	-	4	5	5
Net Current Assets	-	-	-	-	4	5	5								
Accumulated Losses	-	-	-	-	N	I	L								

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

Mumbai, 25th November 2005

Directors' Report

TO THE MEMBERS:

Your Directors have pleasure in presenting the Seventeenth Annual Report and the Balance Sheet as at 31st October 2005.

OPERATIONS:

There were no business activities carried on throughout the year ended 31st October 2005.

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:

In accordance with Article 130 of the Articles of Association of the Company, Mr. Madhavan Menon retires by rotation and being eligible, offers himself for re-appointment.

AUDITORS:

M/s. Lovelock & Lewes, Chartered Accountants, Auditors of the Company 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 alongwith proper explanation relating to material departures;
- the accounting policies were selected and applied consistently and judgements and estimates were made which were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year under review;
- 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.

For and on behalf of the Board

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

Mumbai, 25th November 2005

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 2005, which we have signed under reference to this report. Profit and Loss Account and Cash Flow Statement have not 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') 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 Order 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;
 - In our opinion, the Balance Sheet dealt with by this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - On the basis of written representations received from the directors, as on 31st October 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st October 2005 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 gives in the prescribed manner the information required by the Act and gives 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 2005.

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Mumbai, 25th November 2005

Balance Sheet as at 31st October 2005

	As at 31st October 2005 Rupees	As at 31st October 2004 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
Balances with scheduled bank on current account	499,910	499,910
	499,940	499,940
LESS: CURRENT LIABILITIES AND PROVISIONS :		
Liabilities :		
Sundry Creditors - Thomas Cook (India) Limited	45,060	43,360
NET CURRENT ASSETS	454,880	456,580
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) Preliminary and pre-operative expenses	45,120	43,420
TOTAL	500,000	500,000

Notes:

- The Balance Sheet is 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 Balance Sheet is prepared in accordance with the historical cost convention.
- The Balance Sheet Abstract and Company's General Business Profile as required by Part IV to Schedule VI of the Act is given in the Annexure.

In terms of our report of even date

For and on behalf of the Board

Sharmila A. Karve
Partner
Membership No. 43229

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

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Mumbai, 25th November 2005

Mumbai, 25th November 2005

Annexure referred to in the Balance Sheet as at 31st October 2005 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 5
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	- - - - 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 5	Misc. Expenditure	- - - - 4 5
Accumulated Losses	- - - - N I L		

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

Mumbai, 25th November 2005



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 2005.

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 15,840 (2004 - USD 6,475).

The directors do not recommend the payment of dividend.

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
Mauritius, 29th November 2005

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
Mauritius, 29th November 2005

Auditors' Report

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

- We have audited the financial statements of Thomas Cook (Mauritius) Holding Company Limited (the "Company") for the year ended 31st October 2005 which have been prepared in accordance with the accounting policies.
- 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, financial performance, changes in equity and cash flows of the Company.
- We are responsible for expressing an independent opinion, based on our audit, on the financial statements presented by the directors and reporting our opinion to you. This opinion has been prepared for and only for the Company's member in accordance with Section 205 of 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.
- We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit so as to obtain reasonable assurance about whether the financial statements are free from 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 the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditors and tax advisors of the Company, Thomas Cook (Mauritius) Operations Company Limited and Thomas Cook (Mauritius) Travel Ltd.
- We have obtained all the information and explanations we required.
- In our opinion :
 - proper accounting records have been kept by the Company as far as appears from our examination of those records; and
 - the financial statements :
 - have been prepared in accordance with and comply with International Financial Reporting Standards;
 - give a true and fair view of the matters to which they relate;
 - present fairly the financial position of the Company at 31st October 2005 and its financial performance, changes in equity and cash flows for the year ended on that date; and
 - comply with the Mauritian Companies Act 2001.

PricewaterhouseCoopers
Shyam Mohadeb
Signing partner

Mauritius, 29th November 2005

Balance Sheet as at 31st October 2005

Note	As at 31st October 2005 USD	As at 31st October 2004 USD
ASSETS :		
NON-CURRENT ASSETS :		
Investment in subsidiary companies	4 1,141,292	638,697
Subscription for equity shares	5 —	50,000
	<u>1,141,292</u>	<u>688,697</u>
CURRENT ASSETS :		
Loans receivable	6 254,709	—
Interest receivable and prepayments	3,199	440
Cash at bank	3,007	22,447
	<u>260,915</u>	<u>22,887</u>
TOTAL	<u><u>1,402,207</u></u>	<u><u>711,584</u></u>
EQUITY AND LIABILITIES :		
CAPITAL AND RESERVES :		
Stated Capital	7 1,355,500	690,000
Revenue earnings	(22,314)	(6,474)
	<u>1,333,186</u>	<u>683,526</u>
CURRENT LIABILITIES :		
Other payables and accruals	8 69,021	28,058
TOTAL	<u><u>1,402,207</u></u>	<u><u>711,584</u></u>

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

PricewaterhouseCoopers

Shyam Mohadeb

Partner

Mauritius, 29th November 2005

Approved by the Board
and signed on its behalf by :

A. M. KAKKAR — DIRECTOR
M. MENON — DIRECTOR
Mauritius, 29th November 2005

Income Statement for the year ended 31st October 2005

	Year ended 31st October 2005 USD	Year ended 31st October 2004 USD
INCOME :		
Bank interest	855	75
Loan interest	2,759	—
	<u>3,614</u>	<u>75</u>
EXPENSES :		
Licence fees	1,730	1,500
Secretarial fees	1,250	1,250
Professional fees	2,250	1,720
Accountancy fees	1,000	800
Audit fees	4,153	1,000
Bank charges	295	240
Disbursements	280	40
Legal fees	300	—
Exchange loss	8,196	—
	<u>19,454</u>	<u>6,550</u>
LOSS FOR THE YEAR	<u><u>(15,840)</u></u>	<u><u>(6,475)</u></u>

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

PricewaterhouseCoopers

Shyam Mohadeb

Partner

Mauritius, 29th November 2005

Approved by the Board
and signed on its behalf by :

A. M. KAKKAR — DIRECTOR
M. MENON — DIRECTOR
Mauritius, 29th November 2005

Statement of changes in Equity for the year ended 31st October 2005

Note	Stated capital USD	Retained earnings USD	Total USD
<i>At 1st November 2003</i>	<i>590,000</i>	<i>1</i>	<i>590,001</i>
<i>Issue of shares</i>	<i>100,000</i>	<i>—</i>	<i>100,000</i>
<i>Loss for the year</i>	<i>—</i>	<i>(6,475)</i>	<i>(6,475)</i>
<i>At 31st October 2004</i>	<i>690,000</i>	<i>(6,474)</i>	<i>683,526</i>
<i>Issue of shares</i>	<i>665,500</i>	<i>—</i>	<i>665,500</i>
<i>Loss for the year</i>	<i>—</i>	<i>(15,840)</i>	<i>(15,840)</i>
<i>At 31st October 2005</i>	<u><u>1,355,500</u></u>	<u><u>(22,314)</u></u>	<u><u>1,333,186</u></u>

**Cash Flow Statement
for the year ended 31st October 2005**

	Note	2005 USD	2004 USD
CASH FLOW FROM OPERATING ACTIVITIES :			
LOSS FOR THE YEAR		(15,840)	(6,475)
Adjustments for :			
Interest income		(3,614)	(75)
(Decrease)/increase in amounts due to subsidiary company		(10,090)	16,527
Increase in accruals		1,053	477
Exchange loss		8,196	—
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(20,295)	10,454
CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of investments in subsidiary companies	5	(402,595)	(50,000)
Subscription for equity shares		—	(50,000)
Loans granted	6	(262,905)	—
Interest income		855	75
NET CASH FLOW USED IN INVESTING ACTIVITIES		(664,645)	(99,925)
CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from issue of shares	7	665,500	100,000
NET CASH FROM FINANCING ACTIVITIES		665,500	100,000
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(19,440)	10,529
Cash and cash equivalents at beginning of year		22,447	11,918
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	3,007	22,447

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, 29th November 2005	Mauritius, 29th November 2005

**Notes to the Financial Statements
for the year ended 31st October 2005**

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 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.

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.

**Notes to the Financial Statements
for the year ended 31st October 2005 (contd.)**

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

Stated capital :

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

Financial instruments :

Financial instruments carried on the balance sheet include investments in subsidiary companies, subscription for equity shares, loans receivable, cash at bank, interest 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 other party or exercise significant influence over the other party 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.

Currency risk :

The Company invests in shares denominated in Mauritian rupees, Sri Lankan rupees and Thai Bahts. 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 2005 USD	Financial liabilities 2005 USD	Financial assets 2004 USD	Financial liabilities 2004 USD
Sri Lankan rupee	50,000	—	50,000	—
Mauritian rupee	788,697	50,000	638,697	—
Thai baht	510,063	—	—	—
United States dollar	3,007	19,021	22,447	28,058
	1,351,767	69,021	711,144	28,058

Fair values :

The carrying amounts of loans and interest receivable, cash at bank and other payables and accruals 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.

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 2005, the Company had accumulated tax losses of USD 12093 (2004 - Nil) 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 :

	2005 %	2004 %
Actual tax rate	15.0	15.0
Effect of :		
Exempt income	0.8	0.2
Disallowed expenses	(4.4)	(15.2)
Unrecognised deferred tax asset	(11.4)	—
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.



Notes to the Financial Statements for the year ended 31st October 2005 (contd.)

4 INVESTMENTS IN SUBSIDIARY COMPANIES :

	2005 USD	2004 USD
Unquoted at cost :		
Opening balance	638,697	588,697
Additions	502,595	50,000
Closing balance	1,141,292	638,697

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

Name of subsidiary companies (incorporated in Mauritius except where indicated)	Number of shares	2005 % interest	2004 % interest
Thomas Cook (Mauritius) Operations Company Limited	192,039	100	100
Thomas Cook (Mauritius) Travel Ltd	13,100	100	100
Thomas Cook (Mauritius) Holidays Limited	13,100	100	—
Thomas Cook Lanka Holdings (Private) Limited (incorporated in Sri Lanka)	518,450	100	100
Thomas Cook Travel & Foreign Exchange (Thailand) Ltd (incorporated in Thailand)	97,995	100	—

The share capital of Thomas Cook Travel & Foreign Exchange (Thailand) Ltd is made up of 98,000 ordinary shares and 102,000 preference shares of Thai Baht 100 each. 97,995 ordinary shares are held by the Company. The rights of the two classes of shares are as follows :

Voting :

Each ordinary share carries the rights of one vote while preference shareholders have one vote for every five shares held.

Dividends :

Preference shares are entitled to a non-cumulative fixed dividend of 3% per annum of its paid-up value and shall rank as regards to such dividend and capital, in priority to all ordinary shares but shall not be entitled to any further rights to participate in the profits of the company.

Distribution of assets :

On liquidation, the preference shareholders have priority on ordinary shareholders to capital repayment. Any funds and / or assets remaining shall be paid and / or distributed to ordinary shareholders.

5 SUBSCRIPTION FOR EQUITY SHARES :

At 31st October 2004, USD 50,000 was advanced to Thomas Cook Lanka Holdings (Private) Limited representing the subscription to equity shares in that company. The shares were issued to the Company on 1st November 2005.

6 LOANS RECEIVABLE :

The loans amount to 10,200,000 Thai Baht, carry interest at 2% per annum and are repayable on demand. The loans are secured on 102,000 preference shares of Thomas Cook Travel & Foreign Exchange (Thailand) Ltd, held by the borrowers.

7 STATED CAPITAL :

	2005 Number	2004 Number	2005 USD	2004 USD
Issued and fully paid :				
Ordinary shares of USD 1 each				
Opening balance	690,000	590,000	690,000	590,000
Issue of new shares				
4th August 2004	—	100,000	—	100,000
20th December 2004	150,000	—	150,000	—
27th May 2005	515,500	—	515,500	—
Closing balance	1,355,500	690,000	1,355,500	690,000

8 OTHER PAYABLES AND ACCRUALS :

	2005 USD	2004 USD
Amounts due to subsidiary companies	64,283	24,373
Accruals	4,738	3,685
	69,021	28,058

9 CASH AND CASH EQUIVALENTS :

Cash and cash equivalents consist of the cash at 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 :

	2005 USD	2004 USD
Thomas Cook (Mauritius) Operations Company Limited		
Expenses paid on Company's behalf	10,090	5,833
Thomas Cook (Mauritius) Holidays Limited		
Unpaid share capital	50,000	—

The amounts due to the subsidiary companies are disclosed in Note 8.

11 REPORTING CURRENCY :

The financial statements are presented in United States dollars. The Company is licensed as a Category 1 Global Business 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.

12 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

Mauritius, 29th November 2005





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 2005.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS

The Company's profit for the financial year amounts to MUR 1,601,301 (2004 – loss of MUR 3,792,271).

The directors have not declared any dividends during the year ended 31st October 2005 (2004 - MUR Nil).

FINANCIAL STATEMENTS AND AUDITORS' REPORT

The financial statements of the Company for the year ended 31st October 2005 and the auditors' report on these financial statements are set out hereunder.

DIRECTORS AND DIRECTORS' REMUNERATION

The directors of the Company at 31st October 2005 are listed below:

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

During the year ended 31st October 2005, 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.

By order of the Board

A. M. KAKKAR — DIRECTOR
M. MENON — DIRECTOR
Mauritius, 29th November 2005

Secretary's Certificate

Thomas Cook (Mauritius) Operations Company Limited

In accordance with Section 166(d) of the Companies Act 2001, we certify to the best of our knowledge and belief that the company has lodged with the Registrar of Companies all such returns as are required of the Company.

Executive Services Limited

Secretary

Mauritius, 29th November 2005

Auditors' Report

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

1. We have audited the financial statements of Thomas Cook (Mauritius) Operations Company Limited (the "Company") for the year ended 31st October 2005 which have been prepared in accordance with the accounting policies.
2. 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, financial performance, changes in equity and cash flows of the Company for the year ended on that date.
3. We are responsible for expressing an independent opinion, based on our audit, on the financial statements presented by the directors and reporting our opinion to you. This opinion has been prepared for and only for the Company's member in accordance with Section 205 of 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.

4. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit so as to obtain reasonable assurance about whether the financial statements are free from 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 the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
5. We have no relationship with or interests in the Company other than in our capacity as auditors and tax advisers.
6. We have obtained all the information and explanations we required.
7. 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 2005 and its financial performance, changes in equity and cash flows for the year ended on that date; and
 - (iv) comply with the Mauritian Companies Act 2001.

PricewaterhouseCoopers

Shyam Mohadeb

Signing Partner

Mauritius, 29th November 2005

Balance Sheet as at 31st October 2005

	Note	As at 31st October 2005 MUR	As at 31st October 2004 MUR
ASSETS :			
NON-CURRENT ASSET :			
Plant and equipment	8	6,201,202	5,171,763
Deferred tax assets	9	790,000	1,210,000
		<u>6,991,202</u>	<u>6,381,763</u>
CURRENT ASSETS :			
Trade and other receivables	10	1,554,486	2,622,727
Cash at bank and in hand		29,296,092	38,259,064
		<u>30,850,578</u>	<u>40,881,791</u>
TOTAL		<u><u>37,841,780</u></u>	<u><u>47,263,554</u></u>
EQUITY & LIABILITIES :			
CAPITAL AND RESERVES :			
Stated capital	11	19,203,900	15,000,000
Retained earnings		(1,314,761)	(2,916,062)
		<u>17,889,139</u>	<u>12,083,938</u>
NON-CURRENT LIABILITIES :			
Retirement benefits obligations	12	154,000	154,000
Obligations under finance leases	13	1,160,641	895,350
		<u>1,314,641</u>	<u>1,049,350</u>
CURRENT LIABILITIES :			
Trade and other payables	14	18,638,000	34,130,266
		<u>19,952,641</u>	<u>35,179,616</u>
TOTAL		<u><u>37,841,780</u></u>	<u><u>47,263,554</u></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

Mauritius, 29th November 2005

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

Mauritius, 29th November 2005

Income Statement for the year ended 31st October 2005

Note	Year ended 31st October 2005 MUR	Year ended 31st October 2004 MUR
Net gains arising from dealing in foreign currencies	15,960,816	14,943,180
Other operating income	1,055,918	707,408
	17,016,734	15,650,588
Administrative expenses	(15,159,006)	(12,033,047)
Exceptional items	3	(8,887,568)
Operating profit / (loss)	4	(5,270,027)
Finance income, net	6	155,587
Profit / (Loss) before taxation	2,021,301	(5,114,440)
Taxation	7	1,322,169
Net profit / (loss) for the year	1,601,301	(3,792,271)

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

Approved by the Board
and signed on its behalf by :

PricewaterhouseCoopers

Shyam Mohadeb
Partner
Mauritius, 29th November 2005

A. M. KAKKAR — DIRECTOR
M. MENON — DIRECTOR
Mauritius, 29th November 2005

Statement of changes in Equity for the year ended 31st October 2005

Note	Stated capital MUR	Retained earnings MUR	Total MUR
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
Issue of new shares	11	4,203,900	4,203,900
Profit for the year	—	1,601,301	1,601,301
At 31st October 2005	19,203,900	(1,314,761)	17,889,139

Cash Flow Statement for the year ended 31st October 2005

Note	2005 MUR	2004 MUR
CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT / (LOSS) BEFORE TAXATION	2,021,301	(5,114,440)
Adjustments for :		
Depreciation of plant and equipment	8	694,373
Profit on disposal of plant and equipment	1,020,324	(1,939)
Increase in retirement benefits obligations	—	65,004
Interest receivable	(325,395)	(162,542)
Interest expense and finance lease charges	161,822	6,955
Operating profit / (loss) before working capital changes	2,876,113	(4,510,650)
Decrease / (increase) in trade and other receivables	1,229,241	(1,080,398)
(Decrease) / increase in trade and other payables	(15,801,214)	16,277,754
Cash (used in) / generated from operations	(11,695,860)	10,686,706
Interest received	325,395	162,542
Interest paid	(53,288)	—
Finance lease charges paid	(108,534)	(6,955)
Income tax paid	—	(895,313)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	(11,532,287)	9,946,980
CASH FLOW FROM INVESTING ACTIVITIES :		
Proceeds from sale of plant and equipment	212,000	—
Payments for purchase of plant and equipment	8	(2,246,543)
Loan from related party	16	32,000,000
Refund of loan from related party	16	(32,000,000)
NET CASH USED IN INVESTING ACTIVITIES	(1,454,468)	(2,246,543)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of shares	11	4,203,900
Payment of finance lease obligations	(180,117)	(236,430)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	4,023,783	(236,430)
Net (decrease) / increase in cash and cash equivalents	(8,962,972)	7,464,007
Cash and cash equivalents at beginning of year	38,259,064	30,795,057
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	29,296,092

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

Approved by the Board
and signed on its behalf by :

PricewaterhouseCoopers

Shyam Mohadeb
Partner
Mauritius, 29th November 2005

A. M. KAKKAR — DIRECTOR
M. MENON — DIRECTOR
Mauritius, 29th November 2005

Notes to the Financial Statements for the year ended 31st October 2005

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 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 at the following rates per annum :

	2005 Straight-line-method	2004 Reducing balance method
Computer	25%	33%
Office equipment	4.75%	15%
Furniture and fittings	6.33%	15%
Motor vehicles	15%	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.

Stated 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 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 17.

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.

Notes to the Financial Statements for the year ended 31st October 2005 (contd.)

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 credit worthiness 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 service 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.

	Note	2005 MUR	2004 MUR
3 EXCEPTIONAL ITEMS :			
Provision for impairment of receivables	10	-	3,644,455
Loss as a result of misappropriation of assets		-	5,243,113
		-	8,887,568
4 OPERATING PROFIT / (LOSS) :			
Operating profit / (loss) is arrived at after charging / (crediting) :			
Depreciation of plant and equipment	8	1,020,324	694,373
Auditors' remuneration :			
Audit fees – current year		180,000	130,000
Underprovision in prior year		120,000	-
Non-audit services		13,000	12,100
Operating lease rentals		2,513,162	2,102,226
Staff costs	5	4,638,932	3,759,099
Import and export charges		1,042,803	921,213
Insurance costs		670,448	488,661
Profit on disposal of plant and equipment		(1,939)	-
Insurance claim received		(481,088)	-
5 STAFF COSTS :			
Wages and salaries		3,563,820	3,053,900
Other benefits		792,023	503,100
Social security costs		283,089	137,095
Retirement benefits obligation costs	12	-	65,004
		4,638,932	3,759,099
		2005 Number	2004 Number
Number of employees at end of year		19	17

		2005 MUR	2004 MUR
6 FINANCE INCOME (net) :			
Bank interest income		325,395	162,542
Finance lease charges		(108,534)	(6,955)
Other interest expenses	16	(53,288)	-
		163,573	155,587
7 TAXATION :			
Based on the profit for the year as adjusted for tax purposes at 25%		-	-
Movement in deferred taxation account	9	420,000	(1,380,000)
Underprovision of current income tax in prior year		-	57,831
Charge / (credit) to the income statement		420,000	(1,322,169)

The reconciliation between the actual income tax rate of 20.8% for 2005 (2004 – 25.9%) and the applicable income tax rate of 25% is as follows :

	2005 %	2004 %
Applicable income tax rate	25.0	25.0
Impact of :		
Investment allowances	(5.0)	2.5
Expenses not deductible for tax purposes	0.8	(0.5)
Underprovision of current income tax in prior year	-	(1.1)
Actual tax rate	20.8	25.9

8 PLANT AND EQUIPMENT :

	Office equipment MUR	Computer equipment MUR	Furniture & fittings MUR	Motor vehicles MUR	Total MUR
Cost :					
At 1st November 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
Additions	738,486	601,986	284,352	635,000	2,259,824
Disposals	-	-	-	(806,430)	(806,430)
At 31st October 2005	1,978,008	2,302,489	2,400,806	2,099,780	8,781,083
Accumulated depreciation :					
At 1st November 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
Charge for the year	80,430	433,663	171,541	334,690	1,020,324
Disposals	-	-	-	(596,369)	(596,369)
At 31st October 2005	384,874	1,293,884	639,324	261,799	2,579,881
Net book amount :					
At 31st October 2005	1,593,134	1,008,605	1,761,482	1,837,981	6,201,202
At 31st October 2004	935,078	840,282	1,648,671	1,747,732	5,171,763

At 31st October 2005, motor vehicles acquired under finance leases had a net book value of MUR 1,837,981 (2004 – MUR 1,438,572).

Non-cash transactions :

During the year, the Company acquired motor vehicles by means of finance leases.

The amount financed totalled MUR 555,406 (2004 – MUR 1,304,750).

Payments made to purchase plant and equipment were as follows :

	2005 MUR	2004 MUR
Additions	2,259,824	3,551,293
New leases taken during the year	(555,406)	(1,304,750)
Prepaid assets	161,000	-
Amounts due to suppliers	(198,950)	-
Payments made	1,666,468	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% (2004 – 25%).

	Note	2005 MUR	2004 MUR
Opening balance		1,210,000	(170,000)
(Charge) / Credit to income statement	7	(420,000)	1,380,000
Closing balance		790,000	1,210,000
The deferred tax assets arise from :			
Accelerated capital allowances on plant and equipment		(340,000)	(275,000)
Future finance lease charges		(85,000)	(75,000)
Tax losses		265,000	610,000
Provision for impairment of receivables		910,000	910,000
Retirement benefits obligations		40,000	40,000
		790,000	1,210,000

10 TRADE AND OTHER RECEIVABLES :

		2005 MUR	2004 MUR
Trade receivables		3,644,455	4,032,855
Less : Provisions for impairment	3	3,644,455	3,644,455
		-	388,400
Amounts due by related parties	16		
Thomas Cook (Mauritius) Holding Company Limited		428,560	706,612
Thomas Cook (Mauritius) Travel Limited		-	420,809
Thomas Cook (Mauritius) Holidays Limited		19,320	-
Rental and other deposits		577,513	464,013
Prepayments		529,093	642,893
		1,554,486	2,622,727

11 STATED CAPITAL :

	2005 Number	2004 Number	2005 MUR	2004 MUR
Ordinary shares at MUR 100 each				
At 1st November	150,000	150,000	15,000,000	15,000,000
Proceeds from shares issued	42,039	-	4,203,900	-
At 31st October	192,039	150,000	19,203,900	15,000,000

The Company issued 42,039 ordinary shares at MUR 100 each on 3rd February 2005.



Thomas Cook (Mauritius)
Operations Company Limited

Notes to the Financial Statements for the year ended 31st October 2005 (contd.)

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

Note	2005 MUR	2004 MUR
Opening balance	154,000	88,996
Charge to income statement	—	65,004
Closing balance	154,000	154,000

The amounts recognised in the income statement are as follows :

Current service cost included in staff costs	5	—	65,004
--	---	---	--------

13 OBLIGATIONS UNDER FINANCE LEASES

Finance leases due :			
Within one year		416,911	276,991
Between one and five years		1,375,252	1,098,668
		1,792,163	1,375,659
		(348,554)	(307,339)
Finance charges allocated to future periods		1,443,609	1,068,320
Amount falling due :			
Within one year	14	282,968	172,970
Between one and five years		1,160,641	895,350
		1,443,609	1,068,320

14 TRADE AND OTHER PAYABLES :

Amounts due to related parties	16		
Thomas Cook (India) Limited		16,592,545	32,932,910
Thomas Cook (Mauritius) Travel Ltd		233,391	—
Finance lease obligations	13	282,968	172,970
Accruals		1,529,096	1,024,386
		18,638,000	34,130,266

15 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 :

		2005 MUR	2004 MUR
Cash at bank and in hand	- local currency	4,956,524	4,630,129
	- foreign currency	24,339,568	33,628,935
		29,296,092	38,259,064

16 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	2005 MUR	2004 MUR
(a) Thomas Cook (India) Limited		
Purchases of foreign currencies	340,481,750	558,118,050
Amount payable	14	16,592,545
(b) Thomas Cook (Mauritius) Holding Company Limited		
Expenses paid on behalf of Company	283,696	150,482
Amount receivable	10	428,560
(c) Thomas Cook (Mauritius) Travel Limited		
Expenses paid and assets purchased on behalf of the Company	531,980	1,420,809
Amount receivable	10	—
Amount payable	14	233,391
Loan and interest accrued		
Cumulative amount borrowed during the year	32,000,000	—
Cumulative amount reimbursed during the year	(32,000,000)	—
Interest payable	53,288	—
Amount Paid	(53,288)	—
Closing balance	—	—
The unsecured loan bore interest at 5%		
(d) Thomas Cook (Mauritius) Holidays Limited		
Amount receivable	10	19,230
(e) Thomas Cook (UK) Ltd		
Issue of travellers' cheques	120,018	1,711,949
(f) Directors' remuneration		
No directors were remunerated during the year (2004 - Nil)		

17 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 2005 MUR	Financial liabilities 2005 MUR	Financial assets 2004 MUR	Financial liabilities 2004 MUR
Pound sterling	1,123,881	—	537,385	—
Euro	3,499,011	—	11,042,269	—
United States dollar	19,723,229	16,888,685	22,196,487	32,932,910
Mauritian rupee	5,553,358	2,638,459	5,564,951	2,092,706
Others	422,006	271,497	897,806	—
	30,321,485	19,798,641	40,238,898	35,025,616

18 COMMITMENTS :

Operating lease commitments

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

	2005 MUR	2004 MUR
Not later than 1 year	2,464,250	1,299,078
Later than 1 year and not later than 5 years	5,144,912	4,557,636
	7,609,162	5,856,714

19 OTHER COMPANY INFORMATION :

The Company is incorporated in Mauritius as a private company with limited by shares. The registered office is Ground Floor, Anglo Mauritius House, 4 Intendance Street, Port Louis.

Additional Notes to Income Statements
for the year ended 31st October 2005

	2005 MUR	2004 MUR
Administrative expenses		
Staff costs	4,638,932	3,759,099
Staff welfare	364,104	68,733
Staff training	30,508	12,502
Telephone	605,961	703,745
Postages	1,066	2,216
Courier	94,769	24,495
Rent and related costs	2,631,247	2,088,502
General maintenance	167,705	127,102
Electricity charges	305,164	181,347
Conveyance	400,687	401,380
Overseas travelling	384,585	279,223
Vehicle running expenses	260,240	390,727
Advertisement	105,311	104,476
Business promotion	71,294	119,561
Bank charges	651,982	368,749
Counting charges	272,253	255,886
Licence fees	109,937	78,000
Insurance premium	670,448	488,661
Miscellaneous expenses	10,149	13,815
Import / export charges	1,042,803	921,213
Professional fees	345,251	269,823
Audit fees	502,167	228,638
Printing and stationery	93,217	51,868
Security charges	335,630	300,300
Computer stationery	23,730	47,544
Profit on disposal of plant and equipment	(1,939)	—
Depreciation	1,020,324	694,373
Business loss	21,481	51,069
	15,159,006	12,033,047

Approved by the Board
and signed on its behalf by :

Mauritius, 29th November 2005

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



Thomas Cook (Mauritius) Travel Limited

Directors' Report

The directors present their report and the audited financial statements of the Company for the period from 14th June 2004 (date of incorporation) to 31st October 2005.

REVIEW OF THE BUSINESS

The principal activity of the Company is that of a general sales agent.

RESULTS

The Company's loss for the financial period is MUR 102,574.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period 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
Mauritius, 29th November 2005

Secretary's Certificate

Thomas Cook (Mauritius) Travel Limited

In accordance with Section 166(d) of the Companies Act 2001, we certify to the best of our knowledge and belief that the Company has lodged with the Registrar of Companies all such returns as are required of the Company.

Executive Services Limited

Secretary

Mauritius, 29th November 2005

Auditor's Report

To the Members of Thomas Cook (Mauritius) Travel Limited

1. We have audited the financial statements of Thomas Cook (Mauritius) Travel Ltd (the "Company") for the period from 14th June 2004 (date of incorporation) to 31st October 2005 which have been prepared in accordance with the accounting policies set out.
2. 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, financial performance, changes in equity and cash flows of the Company.
3. We are responsible for expressing an independent opinion, based on our audit, on the financial statements presented by the directors and reporting our opinion to you. This opinion has been prepared for and only for the Company's member in accordance with Section 205 of 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.
4. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit so as to obtain reasonable assurance about whether the financial statements are free from 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 the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
5. We have no relationship with or interests in the Company other than in our capacities as auditors and tax advisers.
6. We have obtained all the information and explanations we required.
7. 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 2005 and its financial performance, changes in equity and cash flows for the period ended on that date; and
 - (iv) comply with the Mauritian Companies Act 2001.

PricewaterhouseCoopers
Shyam Mohadeb
Signing partner

Mauritius, 29th November 2005

Balance Sheet as at 31st October 2005

	Note	MUR
ASSETS :		
NON-CURRENT ASSET :		
Plant and equipment	6	963,465
Deferred taxation	7	120,000
		<u>1,083,465</u>
CURRENT ASSETS :		
Trade and other receivables	8	817,908
Cash at bank		20,623,078
		<u>21,440,986</u>
TOTAL		<u><u>22,524,451</u></u>
EQUITY AND LIABILITIES :		
CAPITAL AND RESERVES :		
Stated capital	9	1,310,000
Retained earnings		(102,574)
		<u>1,207,426</u>
CURRENT LIABILITIES :		
Other payables and accruals	10	21,317,025
TOTAL		<u><u>22,524,451</u></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 — DIRECTOR
Partner M. MENON — DIRECTOR

Mauritius, 29th November 2005

Mauritius, 29th November 2005

Income Statement for the period from 14th June 2004 (Date of incorporation) to 31st October 2005

	Note	MUR
Commission receivable		1,673,318
Administrative expenses		(2,157,007)
Operating loss	2	(483,689)
Finance income	4	261,115
Loss before taxation		(222,574)
Taxation	5	120,000
Loss for the period		<u>(102,574)</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 — DIRECTOR
Partner M. MENON — DIRECTOR

Mauritius, 29th November 2005

Mauritius, 29th November 2005

Statement of changes in Equity for the period from 14th June 2004 (Date of incorporation) to 31st October 2005

	Note	Stated capital MUR	Retained earnings MUR	Total MUR
Issue of shares on incorporation	9	1,310,000	—	1,310,000
Loss for the period		—	(102,574)	(102,574)
At 31st October 2005		<u>1,310,000</u>	<u>(102,574)</u>	<u>1,207,426</u>



Cash flow statement for the period from 14th June 2004 (Date of incorporation) to 31st October 2005

	Note	MUR
CASH FLOW FROM OPERATING ACTIVITIES :		
LOSS BEFORE TAXATION		(222,574)
Adjustments for :		
Interest income		(261,115)
Depreciation	6	121,308
Increase in trade and other receivables		(680,427)
Increase in trade and other payables		21,317,025
CASH GENERATED FROM OPERATIONS		20,274,217
Interest received		123,634
NET CASH FROM OPERATING ACTIVITIES		20,397,851
CASH FLOW FROM INVESTING ACTIVITIES :		
Payments for purchase of plant and equipment	6	(1,084,773)
Loan granted		(32,000,000)
Loan reimbursed		32,000,000
NET CASH USED IN INVESTING ACTIVITIES		(1,084,773)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of shares	9	1,310,000
NET CASH FROM FINANCING ACTIVITIES		1,310,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		20,623,078
Cash and cash equivalents at beginning of period		—
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	20,623,078

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, 29th November 2005	Mauritius, 29th November 2005

Notes to the financial statement for the period ended 31st October 2005

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.

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 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.

Notes to the financial statement for the period ended 31st October 2005 (contd.)

Revenue recognition :

Fees and commissions on air tickets sold by the Company are recognised when the service has been provided. Commissions earned as the general sales agent of airline operators are recognised on the basis of the revenue derived by the airline operator from all ticket sales made in Mauritius.

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

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 a straight-line basis at the following rates per annum :

Computer	25%
Office equipment	4.75%
Furniture and fittings	6.33%
Motor vehicles	15%

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.

Stated capital :

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

Financial instruments :

Financial instruments carried on the balance sheet include trade and other receivables excluding prepayments, cash at bank and other payables and accruals which are all denominated in Mauritian rupees and approximate their fair values. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Cash and cash equivalents :

Cash comprises cash at 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.

	Note	MUR
2 OPERATING LOSS :		
Operating loss is arrived at after charging :		
Depreciation of plant and equipment	6	121,308
Auditors' remuneration: Audit fees		50,000
Operating lease rentals		411,739
Motor vehicle expenses		202,678
Staff costs	3	629,121



138

Mauritius, 29th November 2005

Approved by the Board
and signed on its behalf by :

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

Information Systems Security Policy

Information is the backbone of any organisation and in today's world, the value of information held by an organisation is enormous and continuously increasing.

Indeed Information Technology is one of the main pillars of our operations and empowers us to deliver world-class service, thereby keeping us ahead of the competition.

The latest technologies installed at Thomas Cook (India) Limited (TCIL) allows us to run the business effectively and deliver value to our customers. It has always been a conscious effort on our part to keep information accurate, complete and useful at all times.

Nonetheless, the potential risk that the computerised 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 System Security Policy that would provide the necessary guidelines to all concerned for ensuring the desired level of security.

The Information System Security Policy Manual contains 15 Chapters, laying down detailed policies and procedures relating to hardware and software security maintenance, access-control procedures and input-output data control systems, among others. The Manual also contains issues pertaining to prevention of computer misuse, data protection, data leakage and data accessibility by third parties.

[The Information System Security Policy \(ISSP\) has the following broad objectives:](#)

- Availability: Ensuring access to information and associated assets to authorised users when required.
- Confidentiality: Protection of sensitive information from unauthorised access/disclosure.
- Compliance: Compliance of the business processes with laws, regulations, company policies and the contractual arrangements with third parties.
- 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.
- 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 encapsulates the following:](#)

- All application systems used by TCIL to process and store its information and information entrusted to it by third parties.
- All computers, servers, workstations, communication 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 equipments.
- All information travelling over TCIL networks (TCIL includes its subsidiaries) or stored or processed on its servers, workstations and other hardware components/accessories.
- 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.

Procedures regarding Client Security, Internet 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.

Risk Management

The CEO & Managing Director chairs the Risk Management Committee of the Company. The Committee meets at the end of every quarter. The Executive Directors, Business Process Improvement & Audit Head, as well as the Company Secretary form an integral part of this Committee. The Committee meets to discuss the crucial risk management issues relating to various businesses and support areas and ensures that they are adequately addressed. The Risk Management Committee reports to the Audit Committee of the Company.

The Company has categorised the risks associated with its business and the measures undertaken to mitigate the same as under:

[Foreign Exchange Currency Risk](#)

The fluctuations in exchange rates in currencies may result in gains or losses to the Company. The Company manages such risks basically through two methods: (i) having limits up to 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 robust Front Office Computerised System, to keep track on real-time basis, of different currency positions with inputs from various branches. 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. The Dealing Room also trades directly in international markets using Internet-based trading platform.

Various Daylight and Overnight limits, in different currencies have been put in place 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 maybe subject to foreign exchange fluctuations and a probable loss arising therefrom.

[Economic/Industry Risk](#)

In India, the Travel & Tourism Industry, unfortunately, is not considered a priority sector. However with continuously increasing inflow of foreign tourists, booming Indian economy, huge foreign capital influx, and the success of tourism especially in the states of Goa and Kerala, government has realised the potential of tourism. Government is working on a comprehensive civil aviation tourism policy. With the launch of several new airlines and opening up of the Civil Aviation Sector, the future looks bright for the Indian tourism industry which, in turn, will benefit the Company.

However, the possibility of a slowdown in the domestic economy as well as in the world economies pose great risk to the profitability of the Company. Events such as SARS, 9/11, Tsunami, political instability are risks that affect the travel business first hand. Outbreak of diseases, war, terrorism, and uncertain times cause serious downturn to the industry. Increasing competition from the unorganised sector, changes in commission rates from airlines and government regulations are the risks associated with the business, which are uncontrollable. However, Thomas Cook maintains 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](#)

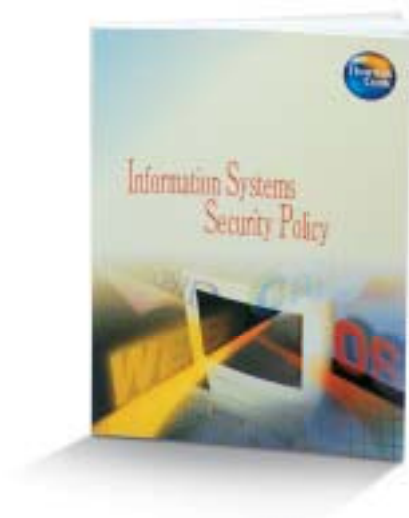
The Company faces credit risk in its day-to-day operations, as there is the possibility of the customers failing to honour their commitments. Credit limits have been set, and the credit outstandings are periodically reviewed and future limits are accordingly set. The credit risk on customers are, therefore, effectively managed.

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. The Company enjoys high Credit Ratings. CRISIL has conferred "P1+" (pronounced as "P one Plus") rating on us. This rating indicates safety of timely repayment as "Very Strong".

[Operational Risks](#)

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

An adequate internal audit system has been put into place to mitigate such risks, which cannot be completely eliminated. The internal audit programme also takes into consideration A, B and C classification of risks, size and complexities of operations, and focuses its studies and activities accordingly.



Human Resource Accounting (HRA)

Human Resource Accounting is the process for identifying, measuring, and reporting the information about human resources. Human resource is being viewed as a base for strategic development.

It is rightly said, "Our main asset is our people!" This is because employees are not seen as an expense item on Profit and Loss account but as a resource to the organisation.

Beyond doubt, the majority of our business is "knowledge-based". The services provided by our employees are not typecast. It involves understanding the needs of our customers and offering them the best possible combination of travel, foreign exchange products and holidays. There is not slightest of doubt that it is because of their knowledge and skill we have always justified our theme of "Best Holidays. Honest Prices".

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 taken been into consideration.
3. The future earnings have been discounted at 8.05% (previous year- 7.55%) being the cost of equity.

146

HRA Statement

Rupees in Million

Year Ended 31st October	2005	2004	2003
Total number of employees (A)	981	985	952
Employee cost (B)	318	307	264
Value of Human Resources (C)	8509	8619	7521
Profit Before Tax (D)	415	429	334
Value of Human Resource per employee (C/A)	8.67	8.75	7.9
Employee cost/Human Resource value (B/C)	3.74	3.56	3.51
Return on Human Resource value (B/C)	4.88	4.98	4.44

Economic Value Addition (EVA)

Economic Value Added statement measures the value a commercial enterprise that it has created for its shareholders. The company creates shareholder value only if it generates returns in excess of its cost of capital.

The excess of returns over cost of capital is simply termed as Economic Value Added (EVA).

EVA is a financial performance tool to calculate the economic profit of a corporation. Unlike accounting profit, EVA is based on the concept that true wealth of shareholder is when profits cover both the operating costs AND the capital costs.

EVA charges the Company 'rent' for tying up investors' cash to support operations since there is a hidden cost that goes to investors to compensate them for forfeiting the use of their own cash. EVA captures hidden cost of capital that conventional measures ignore.

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

EVA Statement

Rupees in Million

Year Ended 31st October	2005	2004	2003
Share Capital	146	146	146
Reserves	1488	1281	1069
Misc. Expenditure	—	—	—
Capital Employed	1634	1427	1215
Average Capital Employed (A)	1530	1321	1136
Risk Free Debt Cost (%)	5.65	5.15	5.04
Market Risk Premium (%)	5	5	5
Beta Variant	0.48	0.48	0.48
Adjusted Market Risk Premium	2.4	2.4	2.4
Cost Of Equity (%) (B)	8.05	7.55	7.44
Cost Of Capital (C= A*B)	123	100	84
Profit after Tax (D) #	269	259	216
EVA (D-C)	146	159	132

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 the exceptional items.

Value Addition (VA)

An organisation creates wealth through the collective endeavor of capital, management and employees. The wealth that the organisation creates is termed as Value Addition. Value addition is the market price of the output minus the cost of inputs acquired from others. VA is a useful tool to evaluate quantum of activity of an organisation.

Value Added statements are a re-classification of our conventional Profit and Loss Account. The main purpose of the Profit and Loss account is to arrive at the profitability for particular period. The main purpose of Value Added Statements is to find how income is measured and who contributes how much, rather than to arrive at the income.

In general, the following are the broad applications of the value addition of an organisation :-

- 1) To expend on employees and management
- 2) To pay government by way of taxes.
- 3) To pay dividend to the providers of capital.
- 4) To provide for maintenance and expansion of the Company.

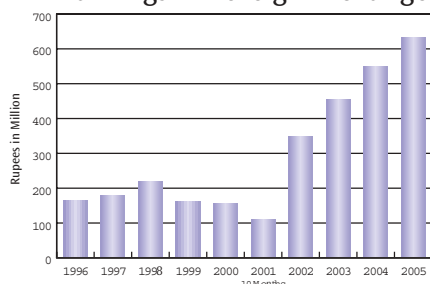
VA Statement

Year ended 31st October	2005		2004		2003	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
Turnover	1,218		1,246		1,051	
LESS: Advertisement and business promotion	(81)		(84)		(69)	
Administration expenses	(420)		(432)		(366)	
Amortisation of start up cost	—		—		(2)	
Interest on working capital loans	(6)		(6)		(10)	
ADD: Other income	87		67		39	
Total Value Added	798		791		643	
Application of Value Added:						
To pay employees & management	318	39.85	307	38.80	264	41.08
To pay Government by way of corporate taxes	154	19.30	161	20.35	125	19.45
To pay providers of capital by way of dividend	55	6.89	55	6.95	55	8.56
To provide for maintenance and expansion of the company	271	33.96	268	33.87	199	30.97
	798	100.00	791	100.00	643	100.00

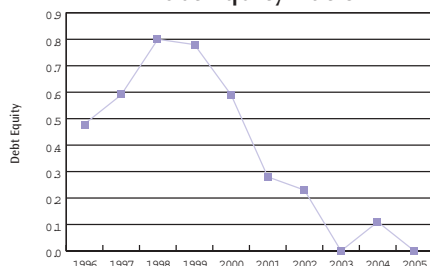
Ten Financial Years' Snapshot

Thomas Cook (India) Limited

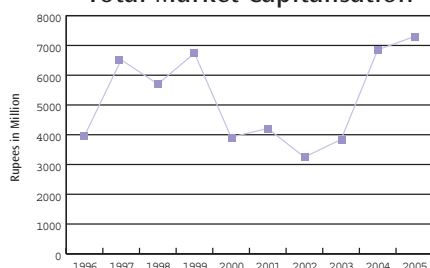
Earnings In Foreign Exchange



Debt Equity Ratio



Total Market Capitalisation



	2005 Rupees	2004 Rupees	2003 Rupees	2002 Rupees
Total Income	1305338	1312946	1089549	1008567
Total Expenditure	890175	884120	755498	706983
Profit Before Taxation	415163	428826	334051	301584
Profit Available for Appropriation	283612	287180	216267	193236
After tax & Adjustments for Prior Years, if any				
Retained Earnings for the Year	221254	225345	154572	145111
Dividend Paid / Payable	54688	54688	54688	48125
Dividend Tax	7670	7147	7007	—
Dividend Percentage	37.5	37.5	37.5	33
Earnings Per Share (Rs.) Before Exceptional Charge	18.4	18.8	14.8	13.3
After Exceptional Charge				
Fixed Assets	536987	526369	472869	445920
Investments	190903	35806	78704	30236
Net Current Assets #	905567	1015028	664038	824225
Misc. Expenditure	—	—	—	1959
Total Application of Funds	1633457	1577203	1215611	1302340
Share Capital	145833	145833	145833	145833
Reserves	1487624	1281370	1068525	913952
Shareholders' Funds	1633457	1427203	1214358	1059785
Loan Funds	—	150000	1253	242555
Total Source of Funds	1633457	1577203	1215611	1302340

† 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

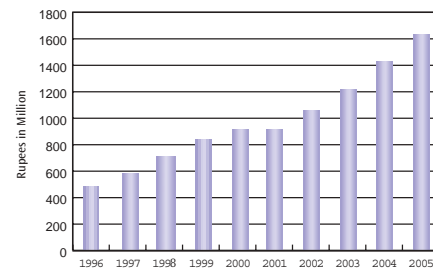


Thomas Cook (India) Limited

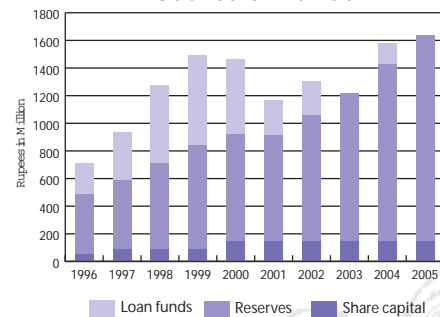
(Rupees in Thousands)

2001 Rupees (10 months)	2000 Rupees	1999 Rupees	1998 Rupees	1997 Rupees	1996 Rupees
743947	856612	745575	752372	566906	541850
553927	653685	499361	509918	351060	291928
190020†	202927	246214	242454	215846	249922
91201	136505	180348	172454	144846	136460
52171	77504	131348	124329	101533	107585
40833	48125	43750	43750	39375	28875
(1803)	10876	5250	4375	3938	—
28	*33	50	50	*45	55
8.2 6.3	9.4	20.6	19.7	16.5	26.0
449583	450068	447509	429931	352698	267181
29774	74373	2500	2500	2500	2500
682674	925157	1018406	844044	577242	444299
4251	12181	25023	—	—	—
1166282	1461779	1493438	1276475	932440	713980
145833	145833	87500	87500	87500	52500
768841	772263	753092	621744	497416	430883
914674	918096	840592	709244	584916	483383
251608	543683	652846	567231	347524	230597
1166282	1461779	1493438	1276475	932440	713980

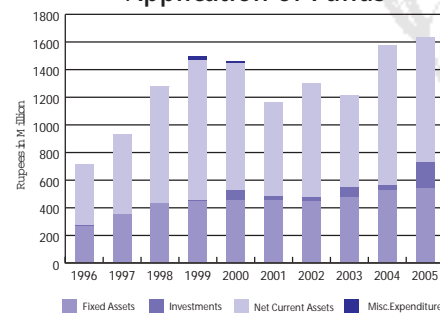
Net Worth



Source of Funds



Application of Funds





NOTICE

NOTICE is hereby given that the Twenty-Ninth ANNUAL GENERAL MEETING of THOMAS COOK (INDIA) LIMITED will be held at Rama Watumull Auditorium, K. C. College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020 on 28th March 2006 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st October 2005, the Profit and Loss Account for the year ended 31st October 2005, the Report of the Directors and the Auditors thereon.
2. To declare a dividend for the year ended 31st October 2005.
3. To appoint a Director in place of Mr. K. Digvijay Singh, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. H. S. Billimoria, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Madhavan Menon, who retires by rotation, and being eligible, offers himself for re-appointment. He shall hold the office of a Director not liable to retire by rotation.
6. To appoint Auditors to hold office from the conclusion of this Meeting, until the conclusion of the next Annual General Meeting of the Company and to authorise the Board to fix their remuneration.
7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, M/s PricewaterhouseCoopers, Chartered Accountants, Colombo, Sri Lanka be and are hereby re-appointed as the Branch Auditors of the Sri Lanka Branch of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting to examine and audit the books of accounts of the Sri Lanka Branch of the Company for the period ended 31-12-06 (from 01-11-2005 to 31-12-2006) at a remuneration to be fixed by the Board of Directors and the Branch Auditors mutually.”

SPECIAL BUSINESS:

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT, Mr. Udayan Bose, who was appointed by the Board of Directors as an Additional Director with effect from 21st January, 2006 under Article 118 of the Articles of Association of the Company and who by virtue of the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

9. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT, Mr. Sayanta Basu, who was appointed by the Board of Directors as an Additional Director with effect from 21st January, 2006 under Article 118 of the Articles of Association of the Company and who by virtue of the provisions of Section 260 of the Companies Act, 1956, holds office

upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

10. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:**

“RESOLVED THAT, Ms. Jacqueline Gorski, who was appointed by the Board of Directors as an Additional Director with effect from 21st January, 2006 under Article 118 of the Articles of Association of the Company and who by virtue of the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member proposing her candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

11. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:**

“RESOLVED THAT, Mr. AbdulHakeem Kamkar, who was appointed by the Board of Directors as an Additional Director with effect from 21st January, 2006 under Article 118 of the Articles of Association of the Company and who by virtue of the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

12. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:**

“RESOLVED THAT, Mr. Dilip De, who was appointed by the Board of Directors as an Additional Director with effect from 21st January, 2006 under Article 118 of the Articles of Association of the Company and who by virtue of the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

13. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:**

“RESOLVED THAT, Mr. A. V. Rajwade, who was appointed by the Board of Directors as an Additional Director with effect from 21st January, 2006 under Article 118 of the Articles of Association of the Company and who by virtue of the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

14. **To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:**

“RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (“the Act”) and/or any statutory modification or re-enactment, thereof from time to time, consent of the Company be and is hereby accorded to the re-appointment of Mr. Ashwini Kakkar as Chief Executive Officer & Managing Director of the Company for the period between 16th June 2005 to 21st January 2006 to exercise substantial powers of management of the Company, subject to superintendence, control and direction of the

Board, upon and subject to the revised terms and conditions including remuneration as are set out in the explanatory statement to the notice dated 13th February 2006;

RESOLVED FURTHER THAT, in the event in any financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII to the Companies Act, 1956, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in the Schedule XIII to the Companies Act, 1956 or any re-enactment or modification thereof;

RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this Resolution.”

15. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT, in partial modification of the ordinary resolution passed by the Company at the 27th Annual General Meeting held on 27th February 2004, and subject to the approval of the Central Government and subject to such further approvals of applicable authority(ies), if any, as may be required, under the applicable law, and pursuant to Sections 198, 269, 309, 310, 311, 318, 319, 320, 321 and other applicable provisions, if any, of the Companies Act, 1956, consent and approval of the Company be and is hereby accorded to the variation in the terms and conditions of appointment of Mr. Madhavan Menon, a Whole-time Director designated as “Executive Director – Foreign Exchange”, as contained in the Agreement dated 5th May 2003 and amended vide Supplemental Service Agreement dated 15th July 2005 entered into between the Company and Mr. Madhavan Menon, a copy whereof is placed before the meeting with liberty to the Board of Directors to accept such modification/s in the terms and conditions, which the Central Government may direct and as is/are acceptable to the Company and Mr. Madhavan Menon;

RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution.”

16. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT, in partial modification of the ordinary resolution passed by the Company at the 28th Annual General Meeting held on 17th March 2005, and subject to the approval of the Central Government and subject to such further approvals of applicable authority(ies), if any, as may be required, under the applicable law, and pursuant to Sections 198, 269, 309, 310, 311, 318, 319, 320, 321 and other applicable provisions, if any, of the Companies Act, 1956, consent and approval of the Company be and is hereby accorded to the variation in the terms and conditions of appointment of Mr. Robin Banerjee, a Whole-time Director designated as “Executive Director – Finance”, as contained in the Service Agreement dated 2nd April 2004 and amended vide Supplemental Service Agreement dated 20th July 2005 entered into between the Company and Mr. Robin Banerjee, a copy whereof is placed before the meeting with liberty to the Board of Directors to accept such modification/s in the terms and conditions, which the Central Government may direct and as is/are acceptable to the Company and Mr. Robin Banerjee;

RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution.”

17. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION to be passed by Postal Ballot:

“RESOLVED THAT pursuant to Section 17 and all other applicable provisions, if any, of the Companies Act, 1956, Clause III (B) of the Memorandum of Association of the Company be and is hereby altered by adding following new Clauses numbered as (32B) and (32C) after the existing Clause (32A).

(32B)

- (1) To undertake and carry on the business of insurance for accident liability, employers' liability, fidelity guarantee, third party, burglary or theft, fire, life, marine, storm, vehicle, travel, glass, plate glass, and mortgage or other investment insurance, or any of them, and to transact all or any other kinds of insurance and carry on all or any class of insurance business, and in particular:
 - (a) Insurances against or upon the contingency of injury, damage, or loss to persons by theft, accident or misadventure of any kind;
 - (b) Insurances to protect employers and principals against liability on account of injury, loss, or damage, either sustained or caused by workmen, servants, employees, or agents in their employment, or acting on their behalf;
 - (c) Insurances to protect and indemnify principals or employers against loss or damage by the fraud, breach of trust or misconduct of their servants, agents, or others acting on their behalf, and to guarantee and provide security for the fidelity and good conduct of persons filling or about to fill offices or appointments and situations of trust or confidence, and also to protect and relieve private sureties against loss arising to them from their liability as cautioners or guarantors for others;
 - (d) Insurances against claims upon the assured for injuries to the persons and property of third parties caused by the assured or his property, or by others for whom he is responsible;
 - (e) Insurances against loss of property by burglary or theft by housebreaking or larceny, and against loss, injury, or damage to property by or resulting from fire or lightning, or against loss, injury, or damage to the property or effects (carried on board ship) of mariners and marine passengers;
 - (f) Insurances against loss or damage from breakage of plate glass or any other description of glass, whether in windows, fittings, mirrors, or in whatever way used;
 - (g) Insurances against loss of monies, principal and interest, lent, invested, or secured on mortgages, debentures, deposits, and loans of every kind to banking, property, investment or financial companies at home or abroad;
 - (h) Insurances against all manner of accidents, liability, and guarantee, and every other description of insurance business kindred to the above.
- (2) To grant, purchase, or sell endowments and annuities, either for lives or for years, or on survivorships, and either immediate, deferred, determinable, contingent, or reversionary and other estates, interests, and securities, whether in real or personal property, and generally to undertake and transact all matters and business which may be in any way connected with or depending on contingencies.
- (3) To carry on business as insurance brokers and agents in respect of all classes of insurance including marine, fire, life, accident, burglary, workmen compensation, indemnity and motor.
- (4) To effect as agents for others insurances of every kind and against every and any contingency.
- (5) To create or set aside out of the capital or revenue of the company, a special fund, or special funds, and to give to any class of its policy-holders, annuitants, or creditors, any preferential right over any fund or funds so created, and for such or any other purposes of the company to place any portion of the company's property in the names or under control of trustees, and to give any class of insurers a right to participate in the profits of the company or any branch of its business.
- (6) To apply out of the revenue or otherwise out of the funds of the company in each year until the first valuation of the company's risks any sum not exceeding the gross amount realized, irrespective of expenses, during the year, from interest on invested capital or other sources of income or profit, in or towards the payment of a dividend upon the capital called up and paid, and to spread any preliminary expenses, including such interest, over any subsequent years.

- (7) To advance monies at interest on the security of any freehold, leasehold or other property in India or abroad, or of any estate or interest in any such property and on the security of any life insurance policy or the combined security of land and such policy.
- (8) To grant, either in India or abroad, policies or other instruments of insurance against, or assuring compensation or payment in case of death or injury to health or limb by railway accident or shipwreck, or other perils of the land, air or water, or any other accident or misadventure, or violence during any journey or voyage by land, air or water, or during any other limited or specified period.
- (9) To assure payment during sickness or incapacity, arising from general or other than the above causes.
- (10) To grant insurances upon the contingency of injury or total loss by reason of real and personal property of any kind.
- (11) To contribute to the funds of such hospitals or other institutions as efficiently serve or agree to serve the Company's clients in cases of accident or illness, and to pay such institutions for the said services.
- (12) To contribute to the funds of societies, institutions, or establishments which effect or promote the spread of sanitary science, and the practical application thereof to public or private use, and to pay for work done or services rendered by them to the company or the company's clients.
- (13) To insure houses, tenements, merchandise, and all other property and effects, real and personal, against loss or damage by fire, explosion, lightning, storm, tempest, flood, aircraft and things dropped there from, accident or otherwise, and to carry on the business of insuring property against all such loss or damage in all its branches.
- (14) To rebuild, repair, replace or reinstate, houses, buildings, machinery and every other description of property which may be insured by the company, and to carry on any kind of business necessary or expedient for any such purposes.
- (15) To join or subscribe to any salvage or protection association or committee, whether mutual or otherwise, in any way connected with any of the objects of the company.
- (16) To grant insurances of all kinds payable upon the happening of all or any of the following events, namely, the death or marriage, or birth or failure of issue of, or the attainment of a given age by any person or persons, or the expiration of any fixed or ascertainable period, or the occurrence of any contingency or event which would or might be taken to effect the interest (whether in possession, vested, contingent, expectant, prospective, or otherwise) of any person or persons in any property, or the loss or recovery of contractual or testamentary capacity in any person or persons.
- (17) Insurances on lives, payable on death or on the attainment of a certain age, or on any other contingency connected with the duration of life.
- (18) To grant annuities, immediate or deferred, payable for any fixed or other period, or contingent as to their commencement or determination upon the happening of all or any of the events above mentioned.
- (19) Generally to transact the business of a life insurance company, including the sale and purchase or re-purchase of annuities and reversionary interests, and life or other interests of uncertain duration or commencement, and endowments for children, and all other business appertaining to or commonly transacted by life insurance companies.
- (20) To insure against every description of marine risks and aerial navigation risks which may legally be undertaken, relating to the perils of the sea and air, fire, war, non-war hostilities, reprisals, riots, rebellion, civil unrest and all other risks of a like nature incidental to navigation (marine or aerial), ships, aeroplanes, vessels, and craft of all descriptions, and also the freights, goods, merchandise, cargo, earnings, and property whatsoever, in or on board of the same, whether the

property of members of the company, or otherwise, howsoever, so far as the same may be effected or made according to law.

- (21) To insure all other matters and things which lawfully may or can be from time to time be insured, or be the subject of insurance against perils of the sea, water or air, and also generally to carry on at all other branches and departments of the Company, the business of marine and aerial navigation insurance.
- (22) To insure or give any guarantee in relation to any stock, shares, debentures, debenture stock, bonds, obligations or securities issued by or having any guarantee of any company or institution or of any Government or Governmental authority, Central, State, Municipal, Local or otherwise, or of any person or persons whomsoever, whether corporate or un-incorporate.
- (23) To insure or give any guarantees against calls and demands for contribution in respect of any liability incident to the ownership of any shares, stocks, debentures or other securities in any company or undertaking.
- (24) To insure or guarantee the holders of, or persons interested in, or proposing or intending to become holders of any shares, stock, debentures or securities issued at a premium, or standing at a premium, against loss arising from redemption at par, depreciation or otherwise.
- (25) To insure or guarantee the safety of securities and property of all kinds placed on deposit with the company or elsewhere, or entrusted to the company or other persons or companies for transmission, or otherwise howsoever.
- (26) To insure and guarantee the due payment and performance of bills of exchange, promissory notes, other negotiable instruments, securities, debts, contracts and obligations of all kinds, on the del credere system or otherwise.
- (27) To grant indemnities to companies or their shareholders, debenture holders or the holders of any security against rights and damages arising from the loss of certificates or other documents of title and indemnities in respect of the loss of title deeds generally.
- (28) To carry on business as insurance brokers and agents, and underwriting agents in all classes of insurance and as insurance advisers, pensions advisers, and consultant assessors, valuers, surveyors and average adjusters and mortgage brokers, and to undertake the provisions of hire purchase and credit sale finance and to act as factors.
- (29) To carry on business as consultants, advisers and managers in relation to insurance and pension schemes.
- (30) To carry on the business of insurance brokers and insurance agents and underwriting agents in all its branches and in particular and without prejudice to the generality of the foregoing to carry on the business of brokers and agents for those classes of insurance business comprising life and pension schemes.
- (31) To act as agents or managers for any insurance company club or association, or for any individual underwriter in connection with its or his insurance or underwriting business (wherever the same may be carried on) or any branch of the same; and to make arrangements for all classes of insurance (including group, life and pension fund schemes) and to enter into any agreements for any of the purposes aforesaid with any such company, club, association or underwriter.
- (32) To re-insure and counter insure all or any risks, and to undertake all kinds of re-insurance and counter insurance connected with any of the business aforesaid.

(32C)

To carry on business of call centre and to provide assistance, help or information or contact customers including prospective customers for the purpose of sales, of all kinds of products including travel related services, financial services, banking products, service/ sale of insurance products through telephone and/ or other electronic communication medium and use of information system for monitoring and recording information on behalf of clients in India and abroad.

AND RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary to give effect to this Resolution.”

18. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner and to the extent following:

- (i) The definition of the word “The Company” or “this Company” in the existing Article 2, be changed to the following: -
“The Company” or “this Company” means Thomas Cook (India) Limited.
- (ii) Definition of “TCO” in the existing Article 2, be amended as follows:
TCO: for the purposes of this Memorandum & Articles of Association means Dubai Financial (LLC), a company incorporated in Dubai and having its principal office at Level 38, Emirates Towers (Offices), PO Box 73311, Sheikh Zayed Road, Dubai, United Arab Emirates or such other address notified to the Board of Directors from time to time, which expression shall include its successors, assigns and nominees and its parent, holding, subsidiary company either direct or howsoever removed or associate companies, companies under common control or management, or bodies corporate and any company, corporation or body corporate in which Dubai Financial (LLC) is amalgamated or merged or its parent, subsidiary or associate companies and bodies corporate have merged.
- (iii) Definition of “Vice Chairman” in the existing Article 2, be replaced by:
Deputy Chairman or Dy. Chairman: “Deputy Chairman” or “Dy. Chairman” means such of the Directors as has been designated by the Board of Directors as Deputy Chairman or Dy. Chairman.
- (iv) Article 4 on Change of Corporate name be deleted entirely.
- (v) In Article 88, the word “Vice-Chairman”, wherever it appears, be substituted by the word “Dy. Chairman”.
- (vi) In clause (2) of Article 115, the word “Vice-Chairman”, wherever it appears, be substituted by the word “Dy. Chairman”.
- (vii) The Article 140(a) on Managing Directors be re-numbered as 140 and the word “Vice-Chairman”, wherever it appears, be substituted by the word “Dy. Chairman”.
- (viii) In Article 149 the word “Vice-Chairman”, wherever it appears, be substituted by the word “Dy. Chairman”.
- (ix) In Article 149A the word “Vice-Chairman”, wherever it appears, be substituted by the word “Dy. Chairman”.
- (x) The Article 159(a) on Prohibition of simultaneous appointment of different categories of managerial personnel be re-numbered as 159A and the word “Vice-Chairman”, wherever it appears, be substituted by the word “Dy. Chairman”.

AND RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary to give effect to this Resolution.”

BY ORDER OF THE BOARD

R.R. KENKARE

HEAD OF LEGAL & COMPANY SECRETARY

Registered Office:

Thomas Cook Building,

Dr. D. N. Road, Fort

Mumbai 400 001

Dated: 13th February 2006

NOTES:

1. Members may please note that ITEM No. 17 of the Notice is to be passed by POSTAL BALLOT pursuant to the provisions of Section 192A of the Companies Act, 1956.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy form, in order to be valid, should be lodged with the Company at its registered office at least 48 hours before the scheduled time of the meeting.
3. The Register of Members and the Share Transfer Register of the Company will remain closed from Thursday, 23rd March 2006 to Tuesday, 28th March 2006 (both days inclusive).
4. The Dividend when declared, will be payable to those shareholders of the Company whose names appear on the Register of Members on Tuesday, 28th March 2006.
5. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed to this Notice.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries in writing to the Company Secretary at least ten (10) days before the date of the Meeting, so that the information required may be made available at the meeting.
7. Members are requested to bring the attendance slips alongwith their copies of the Report and accounts to the meeting. As a measure of economy, copies of the annual report will not be distributed at the Annual General Meeting.
8. Members holding shares in physical form are requested to notify/ send the following to the Company's Registrar and Share Transfer Agents to facilitate better service:
 - (i) any change in their address / mandate / bank details
 - (ii) particulars of their bank account in case the same have not been sent earlier, and,
 - (iii) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.
9. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on the Dividend Warrants as per the applicable regulations of the Depository. The Company will not act on any direct request from such members for change/ deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants immediately.
10. Members may please note that pursuant to the provisions of Section 205(A)(5) of the Companies Act, 1956, dividend for the financial year 1998 and thereafter, which remains unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956, as and when the same falls due for such transfer. Members who have not encashed their dividend warrants for the financial year ended 31st December 1998 or thereafter are requested to write to the Company's Registrars and Transfer Agents.

All Unclaimed Dividend remaining unpaid/ unclaimed for the financial year ended 31st December 1997, has been transferred to the Investor Education and Protection Fund.

Members are requested to note that no claim shall lie against the Company or the said Fund in respect of any amounts which are unclaimed and unpaid for a period of seven years from the dates that they first become due for payment and no payment shall be made in respect of any such claims.

11. Nomination facility for shares is available for members. The prescribed format is attached and can be obtained from the Company's Registrars and Share Transfer Agents, M/s TATA SHARE REGISTRY LIMITED, Army & Navy Bldg., 148, Mahatma Gandhi Road, Mumbai – 400 001.
12. Mr. K. Digvijay Singh, Mr. H. S. Billimoria and Mr. Madhavan Menon retire by rotation and are eligible for re-appointment at the Annual General Meeting. Mr. Udayan Bose, Mr. Sayanta Basu, Ms. Jacqueline Gorski, Mr. Dilip De, Mr. A. V. Rajwade and Mr. AbdulHakeem Kamkar, hold office upto the date of the ensuing Annual General Meeting; notices proposing their candidatures have been received from certain members for their appointment as Directors.

The members' approval is being sought for the terms & conditions of appointment of Mr. Ashwini Kakkar for the period he was in office as Chief Executive Officer & Managing Director.

Brief resumes of the aforesaid Directors being appointed/ re-appointed are included in the Corporate Governance Report forming a part of the Annual Report.

ANNEXURE TO THE NOTICE DATED 13TH FEBRUARY 2006 CONVENING THE 29TH ANNUAL GENERAL MEETING OF THE COMPANY

EXPLANATORY STATEMENT

As required under Section 173(2) of the Companies Act, 1956, the Explanatory Statement sets out all the material facts concerning the Special Business referred to in the accompanying Notice dated 13th February 2006.

Item Nos. 8 to 13

Mr. Udayan Bose, Mr. Sayanta Basu, Ms. Jacqueline Gorski, Mr. Dilip De, Mr. A. V. Rajwade and Mr. AbdulHakeem Kamkar were appointed as Additional Directors on the Board of Directors at the Board Meeting held on 21st January 2006. As Additional Directors, they hold office upto the date of the ensuing Annual General Meeting of the Company. The Company has received notices in writing and deposits of Rs. 500/- in each case under Section 257 of the Companies Act, 1956, from certain members proposing the candidatures of Mr. Udayan Bose and Mr. Sayanta Basu for the office of a Director not liable to retire by rotation and proposing the candidatures of Mr. AbdulHakeem Kamkar, Ms. Jacqueline Gorski, Mr. Dilip De and Mr. A. V. Rajwade for the office of a Director liable to retire by rotation.

The Directors recommend the passing of the Ordinary Resolutions.

No Director other than Mr. Udayan Bose, Mr. Sayanta Basu, Ms. Jacqueline Gorski, Mr. Dilip De, Mr. A. V. Rajwade and Mr. AbdulHakeem Kamkar in their respective capacities may be considered to be concerned or interested in the above.

Item No. 14

At the meeting of the Board of Directors of the Company held on 19th May 2005, Mr. Ashwini Kakkar was re-appointed as Chief Executive Officer & Managing Director of the Company for a period of three years with effect from 16th June 2005 to 15th June 2008 subject to the approval of the Central Government, and subject to such other approvals of applicable authority(ies), if any, as may be required, and of the members in the ensuing general meeting, on the terms and conditions and remuneration as set out herein below. Mr. Kakkar has ceased to be the Chief Executive Officer & Managing Director and Director w.e.f. 21st January 2006. However, the shareholders are required to approve the terms and conditions of appointment and remuneration for the period that he held office. The remuneration of Mr. Ashwini Kakkar is given below:

Salary:

In the scale of Rs. 1,50,000/- to Rs. 3,50,000/- (Rupees One Lakh Fifty Thousand Only to Three Lakh Fifty Thousand Only) per month subject to such annual increments as the Board may determine and approve;

Commission:

Commission based on the net profits of the Company as defined and calculated under the Companies Act, 1956 and as determined by the Board of Directors, subject to the ceiling prescribed in that behalf under the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force ("the said Act");

Accommodation:

Accommodation (furnished or otherwise) as per the policy of the Company in this regard or House Rent Allowance in lieu thereof, house maintenance expenses, society charges and the like thereto on actual basis;

Perquisites:

Perquisites together with utilities such as medical reimbursement, leave travel allowance for himself and his family, club fees and the like in accordance with the rules of the Company or as agreed by the Board of

Directors. The total value of such perquisites to be restricted to an amount not exceeding Mr. Kakkar's annual Basic salary;

Medical Insurance:

Medical Hospitalisation Insurance (Mediclaime) for Mr. Kakkar and his family comprising of spouse and 2 dependent children upto the age of 21 (Twenty One) years and Personal Accident Insurance of Mr. Kakkar as per the Company's policy.

Mr. Kakkar will also be entitled to undergo an Annual Comprehensive Health Check-up, the cost of which will be borne by the Company.

The value of such Insurance and cost of Health Check-up shall not be included in the computation of the ceiling on the remuneration or perquisites aforesaid.

Retirement Benefits:

Company's contribution to Provident Fund as per the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and Superannuation as per Company's policy and Gratuity payable as per the rules of the Company and the value of such benefits shall not be included in the computation of the ceiling on the remuneration or perquisites aforesaid.

Use of Car and Telephone:

- (a) Provision of two Company owned cars and drivers for use on the Company's business and the perquisite value of the cars and drivers shall be determined in accordance with the provisions of the Income Tax Rules, 1962 as amended from time to time.
- (b) Telephone at residence on a Company owned telephone line, Fax machine and mobile phone for the business of the Company (including payments for local calls and long distance official calls) shall not be included in the computation of perquisites for purpose of calculating the said ceiling;

In the event of a change in the ownership / effective control of the Management of the Company which results in termination of office of Mr. Kakkar, not later than 12 months from the date of such change in the ownership / effective control, but prior to the expiry of this Agreement, the Company shall pay to Mr. Kakkar compensation for loss of such office in a single payment of an amount in cash not exceeding the remuneration payable to him for the unexpired residue of the term of this Agreement, calculated on the basis of the average remuneration actually earned by him during the period of three (3) years immediately preceding the Termination Date;

Provided further that no such payment shall be made to Mr. Kakkar in the event of the commencement of the winding up of the Company, whether before, or at anytime within 12 months after, the date on which he ceased to hold office, if the assets of the Company on the winding up, after deducting the expenses thereof, are not sufficient to repay to the shareholders the Share Capital (including the premiums, if any) contributed by them. For the purpose of this Agreement, the term "change of control" of the Company, shall mean the reduction of the shareholding of Thomas Cook AG to 50% or less of the Issued, Subscribed and Paid-up Share Capital of the Company for the time being.

The Company may, if it considers necessary for protection of its business interests, trade secrets and confidential information, require of Mr. Kakkar that he shall not for a period of six months from the termination of this Agreement, either directly or indirectly, and whether alone or in conjunction with, or on behalf of any other person, and whether as a principal, shareholder, director, employee, agent, consultant, partner or otherwise be engaged, concerned or interested in or have business dealings with any other person, organisation or a company carrying on business similar to the business in which the Company is engaged in, and the Company shall, when it so requires of Mr. Kakkar to desist from being engaged in or concerned with any other business, as aforesaid, pay to Mr. Kakkar during the said period, compensation every month for a period of six months equal to his last drawn salary.

Leave:

In accordance with the Rules and Regulations of the Company.

Minimum remuneration:

During the term of employment of Mr. Ashwini Kakkar as a Chief Executive Officer & Managing Director, in the event in any financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII to the Companies Act, 1956, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in the Schedule XIII to the Companies Act, 1956 or any re-enactment or modification thereof.

Mr. Kakkar shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof.

Mr. Kakkar shall not so long as he functions as Chief Executive Officer & Managing Director of the Company, become interested or otherwise connected directly or through his wife, sons or unmarried daughters in any selling agency of the Company without the prior approval of the Company and the Central Government.

Mr. Kakkar shall not, so long as he continues to hold office of Chief Executive Officer & Managing Director, be liable to retire by rotation and if ceases to hold the office of Director for any cause whatsoever, he shall ipso facto and immediately cease to be the Chief Executive Officer & Managing Director of the Company and vice versa.

The Directors recommend the passing of the Ordinary Resolution.

No director may be considered to be concerned or interested in the above.

The Service Agreement dated 19th May 2005 entered into between the Company and Mr. Kakkar is available for inspection to the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturday, Sunday and holidays upto the date of the Annual General Meeting.

Item No. 15

The Board of Directors of the Company had, on recommendation of the Recruitment & Remuneration Committee, vide its circular resolution dated 14th July 2005, approved to extend the term of appointment on revised terms of Mr. Madhavan Menon as a Whole-time Director designated as “Executive Director – Foreign Exchange” upto 30th April 2008 subject to the approval of the Central Government, and subject to such other approvals of applicable authority(ies), if any, as may be required under the applicable law, and of the members in the ensuing general meeting of the Company. The details of the revised tenure of Mr. Menon is given below:

Name & Designation	Current Tenure upto	Proposed Tenure upto
Mr. Madhavan Menon Executive Director – Foreign Exchange	30th April 2006	30th April 2008

Brief particulars of the variation in the terms and conditions of his appointment are as under:

Tenure of Appointment:

To extend the term of appointment on revised terms upto 30th April 2008 i.e. appointment to be for a period of 5 years commencing from 1st May 2003 to 30th April 2008 instead of the present 3 years.

Current Tenure upto: 30th April 2006

Proposed Tenure upto: 30th April 2008

Mr. Menon shall exercise and perform such powers and duties as the CEO & Managing Director and/or

Board may from time to time determine, and have power to appoint and dismiss officers, clerks and servants and to enter into contracts on behalf of the Company in the ordinary course of business.

Mr. Menon shall not on behalf of the Company, the Board or otherwise, issue any debentures, make any calls in respect of moneys unpaid on any shares of the Company or issue additional shares.

Mr. Menon shall also not borrow monies on behalf of the Company otherwise than on debentures, invest any of the funds of the Company, or make loans from the Company's monies except with prior authorisation.

Mr. Menon shall not sell, lease or otherwise dispose of the whole or substantially the whole of any of the undertakings of the Company or remit or give time for the repayment of any debt due by a Director except after obtaining the previous approval.

Mr. Menon shall report to the CEO and Managing Director and shall be responsible and answerable for all his actions to the CEO and Managing Director as well as the Board. Mr. Menon shall, whenever required, undertake such travelling in India or elsewhere, as the CEO and Managing Director and/or the Board may from time to time direct in connection with the business of the Company. The remuneration of Mr. Madhavan Menon is given below:

Salary:

In the scale of Rs. 1,00,000/- to Rs. 2,00,000/- (Rupees One Lakh Only to Rupees Two Lakh Only) per month subject to such annual increments as the Board may determine and approve;

Commission:

Commission based on the Net profits of the Company as defined and calculated under the Companies Act, 1956 and as determined by the Board of Directors, subject to the ceiling prescribed in that behalf under the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force ("the said Act");

Perquisites:

Perquisites together with utilities such as medical reimbursement, leave travel allowance for himself and his family, club fees and the like in accordance with the rules of the Company or as agreed by the Board of Directors. The total value of such perquisites to be restricted to an amount not exceeding Mr. Menon's annual Basic salary;

Medical Insurance:

Medical Hospitalisation Insurance (Mediclaime) for Mr. Menon and his family comprising of spouse and 2 dependent children upto the age of 21 (Twenty One) years and Personal Accident Insurance of Mr. Menon as per the Company's policy.

Mr. Menon will also be entitled to undergo an Annual Comprehensive Health Check-up, the cost of which will be borne by the Company.

The value of such Insurance and cost of Health Check-up shall not be included in the computation of the ceiling on the remuneration or perquisites aforesaid.

Use of Car and Telephone:

- (a) The Company shall provide one car and re-imbursement of expenses for maintenance of car for use on the Company's business. The perquisite value of the car will be determined as per prevailing Income Tax Rules, 1962.
- (b) The Company shall also provide telephone at residence on a Company owned telephone line, Fax machine and mobile phone for the business of the Company (including payments for local calls and long distance official calls) and such provision shall not be included in the computation of perquisites for purpose of calculating the said ceiling;

Income-tax, if any, on or in respect of the entire remuneration payable to him shall be borne and paid by Mr. Menon.

Mr. Menon shall not be engaged or interested, directly or indirectly, in any business, activities, operations or undertaking of a nature similar to or competitive with the Company's business or in any manner conflicting with or adversely affecting the Company's interest. Mr. Menon shall not, so long as he functions as Director in the whole-time employment of the Company, become interested or otherwise concerned, directly or through his wife, sons or unmarried daughters, in any selling agency of the Company without the prior approval of the Company and the Central Government. Provided however that it shall be permissible to Mr. Menon to hold shares of any other Company or Companies quoted on a recognised Stock Exchange or of any other company not in the same line of business as the Company or not having dealings with the Company. The holding of such shares shall not be deemed a contravention of this clause.

The employment of Mr. Menon under this Agreement shall forthwith terminate if he shall become insolvent or is adjudged an insolvent or commit an act of insolvency or make any composition or arrangement with his creditors or shall cease to be a Director of the Company.

Notwithstanding anything to the contrary herein contained:

- (a) The Company shall be entitled to terminate this Agreement at any time by giving Mr. Menon six months notice in writing without assigning any reason or upon payment to Mr. Menon of the Basic Salary payable to him for a period of six months in lieu of such notice, save and except in the case of change of ownership/management control.
- (b) Mr. Menon shall be entitled to terminate this Agreement at any time by giving to the Company six months notice in writing without assigning any reason to the Company, or upon payment of six months Basic Salary in lieu of such notice.

Upon termination of this Agreement as hereinabove provided, Mr. Menon shall cease to be the Whole-time Director of the Company designated as Executive Director – Foreign Exchange whereupon he shall ipso facto cease to be a Director of the Company and/or Company's subsidiary company/ affiliate company / associate company (ies).

If Mr. Menon is found to be guilty of any inattention to or negligence in the conduct of the business, the Company may by six month's notice in writing to Mr. Menon or by payment of six months Basic Salary in lieu thereof terminate this Agreement with immediate effect.

Mr. Menon shall, as long as he continues to hold the office of the Whole-time Director, be liable to retire by rotation. If he ceases to hold the office of Director for any cause whatsoever, he shall ipso facto and immediately cease to be Whole-time Director of the Company and vice-versa.

The termination or earlier determination of this Agreement for any reason whatsoever shall not affect the rights and claims which may have accrued to either party prior to the date of such termination or earlier determination.

In the event of a change in the ownership / effective control of the Management of the Company which results in termination of office of Mr. Menon, not later than 12 months from the date of such change in the ownership / effective control, but prior to the expiry of this Agreement, the Company shall pay to Mr. Menon compensation for loss of such office in a single payment of an amount in cash not exceeding the remuneration payable to him for the unexpired residue of the term of this Agreement, calculated on the basis of the average remuneration actually earned by him during the period of three (3) years immediately preceding the Termination Date;

Provided further that no such payment shall be made to Mr. Menon in the event of the commencement of the winding up of the Company, whether before, or at anytime within 12 months after, the date on which he ceased to hold office, if the assets of the Company on the winding up, after deducting the expenses thereof, are not sufficient to repay to the shareholders the Share Capital (including the premiums, if any) contributed by them. For the purpose of this Agreement, the term "change of control" of the Company,

shall mean the reduction of the shareholding of Thomas Cook AG to 50% or less of the Issued, Subscribed and Paid-up Share Capital of the Company for the time being.

In case Mr. Menon shall die during the course of his employment hereunder, the Company shall pay to his legal personal representatives the salary and other emoluments payable to him hereunder for the then current month together with such further sum as the Board may in its sole and uncontrolled discretion determine.

Upon the termination of his employment under or pursuant to this Agreement, Mr. Menon shall hand over charge to such person nominated for that purpose by the CEO & Managing Director and / or the Board.

Any indulgence granted or forbearance shown by the Company to Mr. Menon in connection with any breach on his part of any of the provisions herein contained shall not constitute a waiver by the Company of its rights hereunder and shall not preclude the Company from any time enforcing its rights under this Agreement against Mr. Menon.

All other terms and conditions stated in the Agreement dated 5th May 2003 shall be applicable accordingly, except as mentioned hereinabove.

The Directors recommend the passing of the Special Resolution.

No director other than Mr. Madhavan Menon may be considered to be concerned or interested in the above.

The Supplemental Service Agreement entered into between the Company and Mr. Madhavan Menon is available for inspection to the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturday, Sunday and holidays upto the date of the Annual General Meeting.

Item No. 16

The Board of Directors of the Company had, on recommendation of the Recruitment & Remuneration Committee, vide its circular resolution dated 14th July 2005, approved to extend the term of appointment on revised terms of Mr. Robin Banerjee as a Whole-time Director designated as “Executive Director – Finance” upto 1st April 2008 subject to the approval of the Central Government, and subject to such other approvals of applicable authority(ies), if any, as may be required under the applicable law, and of the members in the ensuing general meeting of the Company. The details of the revised tenure of Mr. Banerjee is given below:

Name & Designation	Current Tenure upto	Proposed Tenure upto
Mr. Robin Banerjee Executive Director – Finance	1st April 2007	1st April 2008

Brief particulars of the variation in the terms and conditions of his appointment are as under:

Tenure of Appointment:

To extend the term of appointment on revised terms upto 1st April 2008 i.e. appointment to be for a period of 4 years commencing from 2nd April 2004 to 1st April 2008 instead of the present 3 years.

Current Tenure upto: 1st April 2007

Proposed Tenure upto: 1st April 2008

Mr. Banerjee shall exercise and perform such powers and duties as the CEO & Managing Director and/or Board may from time to time determine, and have power to appoint and dismiss officers, clerks and servants and to enter into contracts on behalf of the Company in the ordinary course of business.

Mr. Banerjee shall not on behalf of the Company, the Board or otherwise, issue any debentures, make any calls in respect of moneys unpaid on any shares of the Company or issue additional shares.

Mr. Banerjee shall also not borrow monies on behalf of the Company otherwise than on debentures, invest any of the funds of the Company, or make loans from the Company's monies except with prior authorisation.

Mr. Banerjee shall not sell, lease or otherwise dispose of the whole or substantially the whole of any of the undertakings of the Company or remit or give time for the repayment of any debt due by a Director except after obtaining the previous approval.

Mr. Banerjee shall report to the CEO and Managing Director and shall be responsible and answerable for all his actions to the CEO and Managing Director as well as the Board. Mr. Banerjee shall, whenever required, undertake such travelling in India or elsewhere, as the CEO and Managing Director and/or the Board may from time to time direct in connection with the business of the Company. The remuneration of Mr. Robin Banerjee is given below:

Accommodation:

Accommodation (furnished or otherwise) as per the policy of the Company in this regard or House Rent Allowance in lieu thereof, house maintenance expenses, society charges and the like thereto on actual basis;

Medical Insurance:

Medical Hospitalisation Insurance (Mediclaime) for Mr. Banerjee and his family comprising of spouse and 2 dependent children upto the age of 21 (Twenty One) years and Personal Accident Insurance of Mr. Banerjee as per the Company's policy.

Mr. Banerjee will also be entitled to undergo an Annual Comprehensive Health Check-up, the cost of which will be borne by the Company.

The value of such Insurance and cost of Health Check-up shall not be included in the computation of the ceiling on the remuneration or perquisites aforesaid.

Use of Car and Telephone:

- (a) The Company shall provide one car and re-imbursement of expenses for maintenance of car for use on the Company's business. The perquisite value of the car will be determined as per prevailing Income Tax Rules, 1962.
- (b) The Company shall also provide telephone at residence on a Company owned telephone line, Fax machine and mobile phone for the business of the Company (including payments for local calls and long distance official calls) and such provision shall not be included in the computation of perquisites for purpose of calculating the said ceiling;

If Mr. Banerjee is found to be guilty of any inattention to or negligence in the conduct of the business, the Company may by six month's notice in writing to Mr. Banerjee or by payment of six months Basic Salary in lieu thereof terminate this Agreement with immediate effect.

Notwithstanding anything to the contrary herein contained:

- (a) The Company shall be entitled to terminate this Agreement at any time by giving Mr. Banerjee six months notice in writing without assigning any reason or upon payment to Mr. Banerjee of the Basic Salary payable to him for a period of six months in lieu of such notice, save and except in the case of change of ownership/management control.
- (b) Mr. Banerjee shall be entitled to terminate this Agreement at any time by giving to the Company six months notice in writing without assigning any reason to the Company, or upon payment of six months Basic Salary in lieu of such notice.

Upon termination of this Agreement as hereinabove provided, Mr. Banerjee shall cease to be the Whole-time Director of the Company designated as Executive Director – Finance whereupon he shall ipso facto cease to be a Director of the Company and/or Company's subsidiary company/ affiliate company / associate company (ies).

In the event of a change in the ownership / effective control of the Management of the Company which results in termination of office of Mr. Banerjee, not later than 12 months from the date of such change in the ownership / effective control, but prior to the expiry of this Agreement, the Company shall pay to Mr. Banerjee compensation for loss of such office in a single payment of an amount in cash not exceeding the remuneration payable to him for the unexpired residue of the term of this Agreement, calculated on the basis of the average remuneration actually earned by him during the period of three (3) years immediately preceding the Termination Date;

Provided further that no such payment shall be made to Mr. Banerjee in the event of the commencement of the winding up of the Company, whether before, or at anytime within 12 months after, the date on which he ceased to hold office, if the assets of the Company on the winding up, after deducting the expenses thereof, are not sufficient to repay to the shareholders the Share Capital (including the premiums, if any) contributed by them. For the purpose of this Agreement, the term "change of control" of the Company, shall mean the reduction of the shareholding of Thomas Cook AG to 50% or less of the Issued, Subscribed and Paid-up Share Capital of the Company for the time being.

Mr. Banerjee shall, as long as he continues to hold the office of the Whole-time Director, be liable to retire by rotation. If he ceases to hold the office of Director for any cause whatsoever, he shall ipso facto and immediately cease to be Whole-time Director of the Company and vice-versa.

All other terms and conditions stated in the Agreement 2nd April 2004 shall be applicable accordingly, except as mentioned hereinabove.

The Directors recommend the passing of the Special Resolution.

No director other than Mr. Robin Banerjee may be considered to be concerned or interested in the above.

The Supplemental Service Agreement entered into between the Company and Mr. Robin Banerjee is available for inspection to the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturday, Sunday and holidays upto the date of the Annual General Meeting.

Item No. 17

With the measures of expansion undertaken by the Company, your Company could have the opportunity of entering into new fields of activities and, in particular, the travel insurance related to land, air, and sea travel, which is in harmony with our core business – travel. Further, in view of the fast changing business scenario, the Company is also planning to use its call centre to serve other clients.

The Board of Directors feels that in the existing market scenario, the proposed businesses may be conveniently combined with the business of the Company. Moreover, advancement in the web-related activities will also help the Company carry on its business more efficiently. In anticipation of the above, it would be advisable to add new clauses 32B and 32C after the existing clause 32A of Clause III (B) (Objects Clause) of the Memorandum of Association.

In accordance with the provisions of Section 17 and Section 192A of the Companies Act, 1956, the Objects Clause of the Memorandum of Association may be altered only by a Special Resolution passed by Postal Ballot.

The Board of Directors, therefore, recommend the passing of the Special Resolution contained in Item No. 17 of the accompanying Notice by Postal Ballot.

None of the Directors may be considered to be concerned or interested in the above.

Item No. 18

With the takeover of the entire shareholding of Thomas Cook Overseas Limited (the erstwhile majority stakeholder in the Company) by TCIM Ltd. (TCIM) and subsequent Share Purchase Agreement between TCIM and Dubai Financial (LLC) to take over the entire shareholding in TCIM by Dubai Financial LLC, it is necessary that some of the clauses in the Articles of Association of the Company be revised/ deleted.

In accordance with the provisions of Section 31 of the Companies Act, 1956, the Articles of Association may be altered only by a Special Resolution.

The Board of Directors, therefore, recommend the passing of the Special Resolution contained in Item No. 18 of the accompanying Notice.

None of the Directors may be considered to be concerned or interested in the above.

BY ORDER OF THE BOARD

R. R. KENKARE
HEAD OF LEGAL & COMPANY SECRETARY

Registered Office:
Thomas Cook Building,
Dr. D. N. Road, Fort,
Mumbai 400 001

Dated: 13th February 2006



Thomas Cook (India) Limited

Registered Office : Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai 400 001

PROXY FORM

Folio No. _____ /DP ID No.* _____ & Client ID No.* _____

(*Applicable for members holding Shares in electronic form)

I/We _____ of _____ in the district of _____ being a member / members of THOMAS COOK (INDIA) LIMITED hereby appoint _____ of _____ or failing him/her of _____ in the district of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the **TWENTY-NINTH ANNUAL GENERAL MEETING** of the Company to be held on Tuesday, 28th March 2006 at 3.30 p.m. at Rama Watumull Auditorium, K. C. College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020 or at any adjournment/s thereof.

Signed this _____ day of _____, 2006

Signature

Affix
Rupee 1
Revenue
Stamp

Note: The Proxy must be returned duly completed so as to reach the Registered Office not less than 48 hours before the Meeting.

TEAR HERE



Thomas Cook (India) Limited

Registered Office : Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai 400 001

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting hall

Folio No. _____ /DP ID No.* _____ & Client ID No.* _____

(*Applicable for members holding Shares in electronic form)

Address : _____ Name : _____
(IN BLOCK CAPITAL)

I hereby record my presence at the **TWENTY-NINTH ANNUAL GENERAL MEETING** of THOMAS COOK (INDIA) LIMITED held on Tuesday, 28th March 2006 at 3.30 p.m. at Rama Watumull Auditorium, K. C. College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020.

Signature of Shareholder/Proxy

Name of the shareholder

Notes:

- (1) Members / Proxy holders are requested to bring their attendance slip with them when they come to the meeting and hand it over at the entrance after signing it.
- (2) Members / Proxy holders who come to attend the meeting are requested to bring their copies of the Notice and Annual Accounts.

TEAR HERE